

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 2022 comprising the statement of financial position as at 31 December 2022 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 read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Department of Prisons was issued to the Accounting Officer on 31 May 2023 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 15 May 2023 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of 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 paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Prisons as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and 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 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 and its materiality depends on the influence on economic decisions taken by users 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:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained 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 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.

- Evaluate the overall presentation, structure and content of the financial statements including 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 requirements

In accordance with Section 6(1)(d) of the National Audit Act No. 19 of 2018, I declare the following facts.

- (a) That the financial statements are consistent with the previous year,
 (b) The following recommendations I had made regarding the financial statements related to the previous year had not been implemented.

Reference to paragraphs of the report relating to the previous year -----	Recommendation that was not implemented -----	Paragraph reference in this report -----
1.6.2.(a)	Existence of a difference between the closing balance of non-financial assets of the previous year and the opening balance of non-financial assets of the year under review.	1.6.1(a)(i)
1.6.2.(a) (iv)	Lands accounted for without taking title in the name of the Department.	1.6.2(a)(viii)
1.6.3	Non-submission of evidence to verify debtor balances	1.6.2.(a)

1.6 Comments on the Financial Statements

1.6.1. Accounting deficiencies

(a) Property, plant and equipment

The following deficiencies were observed during the accounting of property, plant and equipment

Audit observation	Comments by the Accounting Officer	Recommendation
<p>(i.) Although the balance of non-financial assets as at December 31, 2021 was Rs.9,812,358,938, the value of the opening balances as per ACA-6 Form (SA-82) and Treasury Accounts Statements in Form SA 82 submitted with the financial statements of the year under review were Rs.9,866,493,587 and Rs.10,036,552,452 respectively, so as a difference of 54,134,650 and 224,193,514 were observed.</p>	<p>A comparison with the closing balances of the year 2021 shows the changes with the opening balances of the year 2022. This change has been identified as problematic conditions in the Cigas system, and discussions are ongoing with the Public Accounts Department to make corrections. I will notify you soon after the correction.</p>	<p>The opening balance of the year under review of non-financial assets should be equal to the closing balance of the previous year.</p>
<p>(ii.) Although additions to the opening balance of non-financial assets as per Form ACA-6 (SA-82) contained in the financial statements were Rs.143,777,803, as per Form SA 82 of the Treasury Accounts Statements submitted for audit, it was Rs.311,783,096 as against Rs.168,005,293, a difference was observed. Schedules relating to additions made to opening balance were not submitted for audit.</p>	<p>Do</p>	<p>Accruals adjusted to the opening balance of non-financial assets as per Form ACA-6 (SA-82) of the financial statements and Form SA 82 of the Treasury Accounts Statements submitted for audit should be the same. Schedules related to them should be submitted for audit.</p>
<p>(iii.) As per Form SA-82 included in</p>		<p>The closing balances of</p>

<p>the financial statements (ACA-6), the closing balance of non-financial assets is Rs.10,223,624,941, but as per Form SA-82 submitted for audit, the balance is Rs.10,246,231,293 between the closing balances of Rs. A difference of Rs. as 22,606,352 was observed.</p>	<p>Do</p>	<p>financial assets contained in Form SA-82 (ACA-6) included in the financial statements and Form SA-82 submitted for audit should be the same.</p>
<p>(iv.) A difference of Rs.2,144,397 was observed between the closing balance of non-financial assets as per ACA-6 Form (SA-82) entered in the financial statements and the closing balance of non-financial assets as per departmental CIGAS programme.</p>	<p>Do</p>	<p>The closing balance of non-financial assets as per the ACA-6 form (SA-82) included in the financial statements and the department's CIGAS program should be the same.</p>
<p>(v.) A difference of Rs.20,461,955 was observed between the closing balances of non-financial assets as per SA-82 form submitted for audit and departmental CIGAS programme.</p>		<p>The closing balance of non-financial assets as per the SA-82 form submitted for audit and departmental CIGAS program should be the same.</p>
<p>(vi.) 36.34 acres of land worth of Rs.460,940,000, which has been assigned to the Prisons Department, was not accounted for.</p>	<p>36.34 acres of land has been assessed at the acquired value, but the assessed value has not been accounted for and this is scheduled to be accounted for on 24th April, 2023.</p>	<p>These lands should be accounted for.</p>
<p>(vii.) 44.4 acres of land valued at Rs.119,500,000 had been accounted for in the name of the department without taking ownership.</p>	<p>It informed the audit that the appraised value of the land that has not been transferred to the name of the department was accounted for, and this has been removed from the account.</p>	<p>Before accounting for untitled lands in the name of the department, the title should be transferred.</p>

(viii.) 69 items related to 30 subjects worth of Rs.1,397,399 in the sample check carried out in Welikada, Magazin, Colombo Remand, Galle and Bussa prisons on accounting of non-financial assets received as donations to the Prisoner Welfare Fund in the year 2022 and assets were not included in the CIGAS program.	The prison superintendents of all prison institutions have been informed to account for the consumables of the prison institutions, and from the year 2023, the accounting reports have been brought to the headquarters from quarter to quarter.	All non-monetary donation assets received from the department should be included in the CIGAS program.
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(b) Liabilities

Audit observation	Comments by the Accounting Officer	Recommendation
<p>-----</p> <p>Although the Statement of Liabilities and Liabilities under Annexure (III) and (IV) of the Financial Statements should be reconciled with the Statement of Liabilities and Liabilities issued by the Treasury, a difference of Rs.891,334,970 was observed from the value of Rs.1,823,707,456 in the financial statement to Rs.932,372,486 according to the treasury books.</p>	<p>-----</p> <p>Even though if there are several obligor sections in one organization, the practical problem of having all of them access the CIGAS system and enter information about the obligations and some of the obligations in the CIGAS program has been resolved, this is due to many years of outstanding debt in the CIGAS program.</p>	<p>-----</p> <p>The value of obligations and liabilities shown in the financial statements should be the same as the value shown in the treasury books.</p>

(c) Non availability of audit evidence

No audit evidence was submitted in respect of the following transactions.

Audit observation	Comments by the Accounting Officer	Recommendation
<p>-----</p> <p>i) Evidence required to ascertain the balance of Rs.25,990,192 out of the receivable balance of Rs.97,388,180 shown in the Industrial and Agricultural Advances Account for the year under review.</p>	<p>-----</p> <p>The bills before 2015 are missing, making it difficult to get accurate figures on those values.</p>	<p>-----</p> <p>The debtor must submit the necessary evidence to establish the entire balance.</p>

<p>ii) Evidence required to confirm that non-financial assets worth Rs. 2,371,275 of the Prisoner Welfare Fund included in the CIGAS program were physically identified and recorded in the books of accounts by the Prisons Department</p>	<p>For all goods received at the central warehouse, it is mandatory to proceed as per the Goods Receipt Notice. From the year 2023, the relevant quarter to quarter accounting reports have been brought to the headquarters.</p>	<p>Relevant evidence should be submitted for audit.</p>
<p>iii) Information related to obtaining the Certificate of Registration (CR) in the name of the Prison Department for 87 vehicles that had been handed over to the Prison Department from various institutions.</p>	<p>Due to difficulty in obtaining the necessary details for taking over by the Prisons Department, it has not been possible to obtain the registration certificates in the name of the Department.</p>	<p>Arrangements should be made to obtain the registration certificate in the name of the Prison Department.</p>

2. Financial Review

2.1. Revenue Management

<p>Audit observation</p> <p>-----</p>	<p>Comments by the Accounting Officer</p> <p>-----</p>	<p>Recommendation</p> <p>-----</p>
<p>Department officials were assigned to work in the welfare canteens and shops operating in the prison department and the cost of water and electricity is borne by the prison department. But the rental incomes due for running these welfare restaurants and shops were not identified and those incomes were not credited to the government's income as rental income under income code number 20-02-01-01 under the income code number 05 of the government's revenue head number 05 according to financial regulation 83. In the audit conducted on a sample basis, the prison department had paid an amount of Rs. 7,528,306 as</p>	<p>Because of the security situation in different institutions under the department of prison , outside officers cannot be employed in the canteens, so prison officers are employed for that purpose. These canteens are run with the welfare of the prison officers in mind, and the entire income is credited to the sports and welfare associations for the welfare of the officers.</p>	<p>83 of the Financial Regulations shall be dealt with.</p>

salaries and allowances for 27 prison officers attached to 09 prison institutions in the first 06 months of the year 2022.

In addition, 5,581 man-days of prison labor had been used and an income of Rs. 104,827,723 had been earned only from the sale of food and sanitary items to the inmates.

2.2. Management of Expenditure

Audit observation	Comments by the Accounting Officer	Recommendation
<p>a) Of the estimated allocations of Rs.111,875,000 that had been made for 05 capital expenditure subjects, the allocations of Rs.44,050,471 were saved and that saving was in the range of 21 percent to 59 percent.</p>	<p>In agreement with the observation made by the audit, the following reasons can be given regarding the savings under the relevant expenditure subjects.</p> <ul style="list-style-type: none"> • Failure to complete the intended task • Dealing with Budget Circular No. 03/2022 dated April 26, 2022 • Inability to make supplies due to shortage of market goods • Non- supply of imprest 	<p>Annual Estimates are to be prepared as per financial Regulation 50.</p>
<p>b) Even after money was transferred to other expenditure subjects under Financial Regulation 66 from the provisions reserved for one capital expenditure subject and 02 recurrent expenditure subjects, further savings remained in the range of 18 percent to 100 percent on the net provision of those expenditure subjects.</p>	<p>In agreement with the audit observation, following are the factors which led to the remaining provision in the respective expenditure subjects even after the transfers under Financial Regulation 66.</p> <ul style="list-style-type: none"> • Inability to incur expected expenditure due to non-receipt of cash from treasury. • Not having to utilize the provision in the expected manner due to the significant control of 	<p>Annual Estimates are to be prepared as per Financial Regulation 50.</p>

the Covid epidemic situation in the last year.

- Dealing with Budget Circular No. 03/2022 dated April 26, 2022

2.3. Non-compliance with laws, rules and regulations

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

Reference to the Laws, Rules and Regulation	Observation		Comments by the Accounting Officer	Recommendation
	Amount Rs.	Non Compliance		
i) 25(1) of the Motor Vehicles Act	-	85 vehicles of the Prisons Department are operating without a valid revenue permit.	The activities related to obtaining revenue licenses for the 48 vehicles are being carried out.	A valid revenue license must be obtained and used to drive vehicles.
ii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
F.R. 210	1,014,415	In every case where discounts are available, payments should be made in advance in order to be able to get the discounts, but in relation to 21 accounts of 04 prison institutions, in the payment of water bills in the year 2022, it was not possible to get the discounts due to the fact that the payments were	Due to having to make payments according to the imprest released, it takes considerable time to settle the bills, so the treasury will be informed and a system will be prepared for this in the future.	210 of the Financial Regulations shall be dealt with.

F.R. 502(b)	-	not made within the period related to getting the discounts.	Most of these outstanding bills are from before 2015. Accurate statistics on these bills have been difficult to obtain.	-Balances due must be dealt with in accordance with Cash Regulation 502(b).
		The following debt balances, which have been standing for a long time, have not been recovered promptly.		
		<ul style="list-style-type: none"> • Receivables of Rs.97,836,732 for sales made by the prison to the public sector, with a balance of Rs.1,643,588 over 20 years and a balance of Rs.24,310,986 between 5-20 years 		
		<ul style="list-style-type: none"> • Due to sales made by the prison to the private sector, Rs. 35,618 balance which is more than 20 years old Rs. 19,034 and a balance due of Rs.16,584 between 10-20 years. 		- There is difficulty in recovery as correct information is not available.
F.R. 571	82,801,855	Not dealing with financial regulations in relation to deposits that have exceeded 02 years related to 04 public deposit accounts.	The Superintendents of Prisons have been instructed to deal with these balances as per the Financial Regulations.	571 of the Financial Regulations shall be dealt with.
F.R.751(i)	-	Although all the goods received by the department should be entered in the inventory book	All Store keepers have been informed to make relevant	751(1) of the Financial Regulation to be dealt with.

immediately, in the corrections and inspection done on a make notes in the sample basis, the raw ration documents as materials purchased from soon as the Welikada, Mahara, material is Colombo Remand, New received in the Magazine and Wataraka storse. prisons were only included in the raw food register of the recipe section.

F.R.756(6) -

Although the goods survey reports of the previous year must be submitted to the Auditor General before June 15 of the next year, the reports on the appropriate handling of the goods mentioned in the general 47 report of the goods survey reports of the year 2021 are not submitted until 25 May 2023 and the submission of the goods survey reports of the year 2022. Not submitted until 14 July 2023.

I inform the audit that all the goods mentioned in the common 47 documents related to the goods survey activities in the year 2021 have been dealt with according to the characters of the relevant document.

756(6) of the Financial Regulations to be dealt with.

F.R. 770(4) -

In the case of 44 existing vehicles of the prison department, the dispose activities have not been carried out and despite receiving recommendations for the dispose activities regarding another 19 vehicles, the dispose activities have not been completed so far.

Arrangements are being made for 07 vehicles to be auctioned, while another 12 vehicles have been taken over in the name of the department and arrangements are being made for disposal.

770(4) of the Financial Regulations to be dealt with.

F.R. 780	522,272	Every department should be mindful of the need to perform government work and services with economy and efficiency. But instead of complying with that, Kalutara, Welikada and Prison Headquarters had paid fines (surcharges) for non-payment of electricity bills in the year 2022 in the prescribed period.	Electricity bills could not be paid within the stipulated time due to non-receipt of imprest.	780 of the financial regulations shall be dealt with.
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2.4. Informal transactions

The following observations are made.

Audit observation	Comments by the Accounting Officer	Recommendation
<p>-----</p> <p>A large-scale restaurant has been running for a long time as a private business under the prison of a restaurant run by the Welfare Association using the resources of the Anuradhapura prison using buildings of more than 1800 square feet and unlimited electricity and water. The daily income from the sale of bakery products in the industrial sector from this restaurant is Rs. 19,000, although an approximate income of Rs.300,000 can be earned by providing other goods and services to customers, but no bills are issued for that. More than 6 prisoners were employed daily in the restaurant, and the salary and allowances of Rs.707,241 were paid for the prison officer attached to the restaurant in the year 2022. Although a very small portion of</p>	<p>-----</p> <p>The prison officer who ran the welfare shop in the Anuradhapura prison has been removed from the relevant work and another officer has been appointed for that purpose. A committee consisting of a representative of the Ministry of Justice has been appointed to conduct the investigation and obtain a report regarding the matters pointed out by the audit. I inform that after receiving the relevant report, I will report to the audit about the actions taken.</p>	<p>-----</p> <p>1:5 and 1:11 of Chapter XLVII of the Establishment Code shall be dealt with.</p>

profit is credited to the welfare society as monthly profit, no amount is credited to the government revenue. The officer attached to the restaurant had personally supplied a lot of high value inventory items like freezers, refrigerators, home appliances etc. to the restaurant.

2.5. Issuance and Settlement of Advances.

Audit observation	Comments by the Accounting Officer	Recommendation
<p>-----</p> <p>According to the Financial Regulation 371(2), an advance amount received should be settled immediately after the completion of the work, but the advance amounting to Rs.357,480, which was given on 11 occasions for various works of the Prison Department, was between 18 and 236 days from the date on which the amount was to be settled but delayed to the and settlement.</p>	<p>-----</p> <p>There has been some delay in settlement of advance and necessary instructions have been given for settlement of advance immediately after completion of the concerned work.</p>	<p>-----</p> <p>371(2) of the Financial Regulation to be dealt with.</p>

2.6. Bank account management

Below are the deficiencies revealed during the sample audits conducted regarding the management of bank accounts.

Audit observation	Comments by the Accounting Officer	Recommendation
<p>-----</p> <p>As at 31 December 2022, 24 checks amounting to Rs.112,707, which were not presented to the bank after 06 months from the date of issue in 12 bank accounts, had not been dealt with in</p>	<p>-----</p> <p>The Prison Superintendents have been instructed to proceed as per the regulations regarding the check values to be settled in respect of the year 2022 from the bank statements of March 2023.</p>	<p>-----</p> <p>396(d) of the Financial Regulations to be dealt with</p>

accordance with 396(d) of the financial Regulations.

3. Operational review

3.1. Performance of the Industrial Sector of the Prisons Department

Audit observation	Comments by the Accounting Officer	Recommendation
<p>-----</p> <p>During the year under review, out of 18 prison institutions where industries are operating, 07 institutions did not produce any work in 11 departments. The production of 05 prison institutions decreased between 16 percent and 77 percent in 2022 compared to 2021, and the sales of 03 prison institutions decreased between 42 percent and 48 percent in 2022 compared to 2021.</p>	<p>-----</p> <p>Difficulty in procuring raw materials, insufficient prison labor, lack of physical resources, non-production due to economic crisis, have led to less production and less sales.</p>	<p>-----</p> <p>Arrangements should be made so that the objectives of the industrial sector of the prison department are adequately fulfilled.</p>

3.2. Failure to perform duties.

The following observations are made.

Audit observation	Comments by the Accounting Officer	Recommendation
<p>-----</p> <p>The Department of Prisons shall receive prisoners of all levels imprisoned under the authority of any court in the country and provide adequate protection, care and rehabilitation for them in accordance with the prison rules and regulations and reduce prison overcrowding in relation to the implementation of prison reforms, introduce modern technology, physical enhancing resources and developing infrastructure are key responsibilities of the Prisons</p>	<p>-----</p>	<p>-----</p>

Department. The following observations are made in this regard.

(a) Lack of space for inmates

In accordance with accepted international standards and the provisions of the Prison Ordinance Act and in accordance with internal circulars, there should be sufficient space to suit the mental and physical fitness of the inmates, but as of 01 July 2022, there was a shortage of 108,689 square feet of space for male inmates in 14 prisons.

Agree with the observation. The daily increase in the number of inmates entering prisons has resulted in insufficient space in the wards and cells. However, it always tries its best to work according to accepted international standards and the provisions of the Prison Ordinance.

179 and internal circulars prepared under section 94 of the Prisons Ordinance (54 Authority) shall be conducted in accordance with accepted international standards.

(b) Overcrowding in prisons beyond the capacity of the prisons.

As at 31 December 2022, 11,291 inmates could be detained according to the prison capacity, but the number of inmates held beyond that was 14,885. As at 31 December 2022, figures from each of the 27 prison institutions ranged from 62 to 1,907 inmates over capacity.

Agree with the observation. The daily increase in the number of inmates entering prisons has resulted in insufficient space in the wards and cells. However, it always tries its best to work according to accepted international standards and the provisions of the Prison Ordinance.

179 and internal circulars prepared under section 94 of the Prisons Ordinance (Authority 54) shall be conducted in accordance with accepted international standards.

(c) Inadequate sanitation facilities

As at 30 April 2023, there was a shortage of 187 toilets in 27 prisons, and 278 of the existing toilets were in a state of repair.

In the fourth quarter of 2022, 46 toilets will be constructed, 291 will be repaired and 36 disabled toilets will be repaired and constructed.

Adequate sanitation facilities should be provided.

(d) Detention of prisoners without segregated

Inmates shall be segregated and detained in accordance with the provisions of the Prison Ordinance. But during the physical checks conducted in the prisons by the audit, it was observed that 2,222 inmates were detained without segregated in 04 cases.

As per the availability of space in the prison, much effort is made to keep the prisoners of each category separately.

The law of 178 should be conducted in accordance with accepted international standards and under section 94 of the Prisons Ordinance (Authority 54) as amended vide Gazette No. 2288/15 and Extraordinary Gazette dated 12 July 2022.

(e) Disrepair of prison wards, cells and prison cells.

During the physical inspections conducted in Anuradhapura, Kalutara and Kegalle prisons, unrepaired buildings were observed in a dilapidated condition and in addition, the D and Chapel Ward premises of Welikada Prison were also dilapidated.

Agree with the observation. The 2023 draft estimates have already called for repairs to dilapidated buildings. Although the repair works of the buildings of many prison institutions are in a condition to be done, due to the fact that the provisions and funds received are not sufficient for this purpose, the repairs of the buildings are carried out on a priority basis by making maximum use of the provisions.

Prisoners at all levels of imprisonment should be provided with protection, care and maintenance in accordance with the prison rules.

(f) Inadequate human and physical resources required to rehabilitate the prisoners due to non-availability of facilities for formal rehabilitation.

By 01 November 2022, the number of inmates detained in Welikada prison for more than 06 months was 1,271 who were ordered for rehabilitation by the court and expected to be sent to rehabilitation centers.

Agree with the observation. Overcrowding in prisons has become a challenge for the successful completion of rehabilitation work. The majority of prison inmates are imprisoned for drug-related offenses. "Amadivi Rithma" program has been started in 09 prison institutions to separate and rehabilitate such prisoners.

Prisoners should be formally rehabilitated by providing adequate human and physical resources for rehabilitation.

(g) Repeated imprisonment of prisoners

During the physical inspection of 05 prisons conducted on a sample basis by the audit, there were 1,029 prisoners who had been re-incarcerated during the period from January to the end of August 2022.

This kind of situation can occur due to lack of space to carry out formal rehabilitation as above.

Establish a strong and adequate rehabilitation process to reduce re-incarceration.

(h) Suspects being imprisoned for a long time due to not submitting the test reports of government analysis to the court.

As of 31 December 2022, the number of suspects remanded in custody was 5,676 due to the fact that the test reports related to the drug samples submitted by the police to the department of government analysis have not been submitted yet.

It is pointed out that the prison department cannot control the situation of them being in prison for a long time due to the delay in providing the forensic reports of these suspects by the Government Analysis Department.

The social background necessary for the departure of the inmates as good citizens should be arranged according to the needs of the time.

(e) Issues related to security of prisoners

According to Prison Morning Open on 31 December 2022, 53 percent of the inmates are inmates serving sentences for drug-related offenses and those held on suspicion. 68 percent of these detainees are detainees held on suspicion. Most of the inmates involved in drug offenses are drug addicts, so they try to get the

Agree with the observation. Currently, as a solution to this, serious criminals are detained in Bussa High Security Prison, security camera systems are installed in Agunakolapassa, Kalutara, Migomuwa, Mahara and Bogambara prisons, a unit called the Emergency Response Tactical Force is established within the Prison Department, telephone blocking signal systems are installed for prison institutions and such methods are currently implemented.

Efforts should be made to minimize the obstacles to the provision of security of the prisoners which is the primary purpose of the prison.

required amount of drugs in any way and to prevent such situations, the prison officials have to pay more attention and due to the lack of human resources, it has also hindered the internal security and functioning of the prison.

3.3. Non achievement of expected outcome

The following are observed.

Audit observation	Comments by the Accounting Officer	Recommendation
<p>-----</p> <p>As of December 31, 2022, Rs.151,915,478 had been paid for the project of establishing the Management Information System, which was Rs.221 million in the Prison Department. In the implementation of the information management system in the prison institutions, only the main gate, prison registration, prison transfers and release activities are carried out. Discipline, industry, rehabilitation, management of private property of prisons, showing visitors and recipes department etc. functions are not performed using this information management system.</p>	<p>-----</p> <p>Due to the inability to provide the necessary infrastructure and human resources for this system, it has become difficult to carry out the work efficiently.</p>	<p>-----</p> <p>Efforts should be made to adequately achieve the desired objectives of the project.</p>

3.4. Projects abandoned without completing

The following are observed.

Audit observation	Comments by the Accounting Officer	Recommendation
----- A project was planned to replace the Welikada prison complex in Borella at the expected cost of 30.6 billion rupees in order to protect the rights of the inmates in accordance with international standards, to ensure the safety of the inmates and to formally rehabilitate the inmates. According to the circular No. 03/2022 dated April 26, 2022 issued by the Ministry of Finance, although about 30 percent of the activities such as environmental impact assessment report, planning and design work, internal roads, water and electricity, etc., have been completed, the implementation of the project was temporarily suspended.	----- According to circular No. 03/2022 issued by the Ministry of Finance and dated 26.04.2022, the implementation of this project has been temporarily suspended.	----- The project to re-establish the suspended Welikada prison complex in Horana area should be started and implemented soon.

3.5. Projects that have not progressed even though funds have been released

The following are observed.

Audit observation	Comments by the Accounting Officer	Recommendation
----- Installation of the plumbing system in Hangilipola Agricultural Farm On 20 September 2022, a water motor and accessories were purchased for the installation of the agricultural plumbing system in Hangilipola Open Air Prison at a cost of Rs.656,728, but the	----- Plumbing system could not be established due to power supply problem at the respective location.	----- The water supply system should be installed as soon as possible and efforts should be made to reap the benefits of the project as soon as possible.

relevant plumbing system has not been installed until now.

3.6. Procurement

The following observations are made.

Audit observation	Comments by the Accounting Officer	Recommendation
(a) Supply of rice		
(i.) Procurement price per kg of rice being higher than the local price.	<p>During the period from 18 July 2022 to 03 November 2022, the prisons had procured rice under local procurement in case suppliers failed to supply rice as per annual procurement. In 21 cases where the price of a kilogram of rice was lower than the annual procurement price, an expenditure of Rs. 3,079,304 could have been saved.</p> <p>In the supply of rice on a cash-back basis, a certain percentage is added to the price for bank overdrafts, so there is an increase in the procurement price over the regional price. A price revision is done every 3 months during the procurement process.</p>	128 (1) (A) and 156(7) of the Financial Regulations.
(ii.) Supply of foreign steamed Nadu rice in place of domestic steamed Nadu rice.	<p>- In the physical inspection carried out on a sample basis at Welikada, Nawa Magazin, Colombo Remand, Mahara, Negombo and Wataraka</p> <p>Due to the shortage of local rice due to the economic crisis in the country, suppliers have provided</p>	137 of the Financial Regulations should be dealt with.

prisons, although the contractors are required to supply local steamed Nadu rice according to the annual procurement agreements, instead 413,593 kg of foreign steamed Nadu rice were supplied in 68 cases.

- After the audit observation, the suppliers had supplied foreign parboiled nadu rice using local wrappers for 50 kg rice bundles instead of local parboiled nadu rice. In this way, 11,000 kilograms of rice were supplied to the warehouses of Welikada, New Magazine and Colombo Remand prisons, of which 5,500 kilograms were utilized.

(b) Supply of raw and dry ration materials

During the physical inspection conducted on a sample basis, the following matters are observed regarding the supply of goods related to annual procurements.

- (i.) Supplying raw ration material to Welikada, New Magazine, Colombo Remand, Mahara, Monaragala, Negombo, Anuradhapura and Wataraka jails in a manner that is beneficial to the

imported rice. The overpaid amount has been recovered after making adjustments according to the prices prevailing in the market at that time.

The raw ration material required by the prison institutions is purchased on a post-payment basis and the contract is awarded to contractors on the condition of continuous supply.

156(7) of the financial Regulation to be dealt with.

contractors when the market price fluctuates.

(ii.) In supplying raw food to Welikada, Negombo and Colombo remand prisons, the suppliers supply raw food items that do not meet the specifications and are not suitable for consumption.

When supplying related items to prisons, instructions are given in all three languages to be inspected and accepted according to the procurement specifications, and these materials are inspected by public health inspectors.

137 of the financial Regulations should be dealt with.

(iii.) Delivery of raw ration food items by the suppliers of Welikada, New Magazine, Negombo and Colombo Remand Prisons in the supply of raw ration food items on a daily basis.

We also observe that some suppliers are delaying delivery of goods due to practical reasons. prison authorities have been informed to ensure that such situations do not happen as a matter of routine.

137 of the Financial Regulations should be dealt with.

3.7. Asset management

The following observations are made.

Audit observation	Comments by the Accounting Officer	Recommendation
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<p>(a) Lands</p> <p>(i.) The ownership of the land amounting to 369.9 acres was held by the Prisons Department but was not accounted for due to non-valuation.</p>	<p>Requests have been made from the relevant Provincial Valuation Offices and the Chief Government Valuer to provide the valuation reports for these lands immediately.</p>	<p>The value of land owned by the Prisons Department should be assessed and accounted for.</p>

(ii.)	The acquisition, valuation and accounting of 315.2568 acres of land used by the Prisons Department as prisons, prison cells, open-air prison camps, rehabilitation centers and farms had not been done.	The activities of acquiring the unallocated land are already being done promptly, and all the prison superintendents have been informed in this regard.	The ownership of these lands should be taken over and the value assessed and accounted for
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(b) Inventory control

(i.)	In the physical stock inspection of equipment stores of prisons, there was a shortage of 07 stock items worth Rs.51,993 and an excess of 18 stock items worth Rs.282,286.	Since this error has occurred due to non-recording of the items received in stores of the prison institutions, correct instructions have been given to rectify and record the goods in the relevant books as soon as they are received and released.	Any deficiency or discrepancy in respect of stock shall be dealt with in terms of Currency Regulation 757(2).
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(ii.)	Although all the goods received should be immediately entered in the inventory and stock books, the quantity of 115,764 units of medicine in relation to 74 subjects physically present in Wariyapola and Wataraka prison institutions was not mentioned in the stock books.	Necessary instructions were given to the drug compounding officers for this purpose and the money was entered in the stock books as per the regulations.	751(1) of the Financial Regulation to be dealt with.
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(c) Idle Assets

In the physical inspection conducted on sample basis, 02 Generators, 107 CCTV Cameras, 09 Fire Extinguishers, Gas Cooking Stove System, Electric Oven, Cassette Recorder and DVD were found in 07 prison	It works to dispose of the goods that need to be disposed of and to identify and repair the goods that need to be repaired.	Decommissioned assets should be suitably repaired or disposed of
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institutions and remained as idle asset.

(d) Underutilized Assets

In the physical inspection done on sample basis, 02 machines of making Block Stones in Wataraka and Taldena prisons were underutilized assets.

Agree with the observation. It will be used for future production process.

Efforts should be made to utilize underutilized assets to their full capacity.

3.8. Losses and damages

The following observations are made.

Audit observation	Comments by the Accounting Officer	Recommendation
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<p>(a) The loss related to 108 incidents including 103 vehicle accidents dating back more than 10 years is Rs.37,546,184 and the loss related to 72 incidents including 71 vehicle accidents dating back from 05 to 10 years is Rs.15,302,592 and the loss related to 93 incidents, including 25 vehicle accidents in the year 2022, including 92 vehicle accidents that have been going on for less than 05 years, related loss of Rs.31,746,145 was continuously stated in the financial statements without proceeding in accordance with the Financial Regulation 103(1).</p>	<p>It has been observed that the loss in the majority of these cases has been recovered from the insurance companies, and inform the audit that the cases where the losses have been recovered will be referred to the committee appointed to write off the books.</p>	<p>In respect of losses on vehicle accidents, shall act as mentioned in Financial Regulation 103(1).</p>
<p>(b) Out of 273 losses and cases to be further recovered or written off or waived under Annexure (1) of the financial statements of the year 2022, 21 losses</p>	<p>It informed the audit that arrangements have been made to obtain the loss assessment values related to 21 vehicle accidents.</p>	<p>In respect of losses on vehicle accidents, shall act as mentioned in Financial Regulation 103(1).</p>

incurred from 2017 to the end of the year 2022 were not assessed.

- (c) If a delay of more than 07 days is expected in submitting a full report in terms of financial regulation 104(3), an initial report in respect of losses and losses shall be sent forthwith. But in relation to the Prison Department, an initial report was not submitted in terms of Financial Regulation 104(3) in relation to 253 damages which have been delayed for more than 07 days.

It will be informed that the relevant reports have been brought from all institutions.

Should be dealt with according to Financial Regulations

3.9. Uneconomic transactions

Audit observation	Comments by the Accounting Officer	Recommendation
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<p>a) In order to properly maintain the security of the prisons, all the details related to the arrivals and departures are maintained in the books maintained at the entrance gates of the prisons. Accordingly, the arrival and departure of doctors working in prison hospitals are also formally recorded in those books and documents. According to the prison books, in the payment of salaries and allowances to the medical officers on the basis of the arrival and departure information mentioned in the duty day book of the medical officers, the payments were considered as the time when the medical officers did not report to work. In a sample</p>		

audit, in one month of the year 2022 (March/May/July), 24 ranked doctors and 09 registered doctors working in hospitals of 05 prison institutions were paid as salaries and allowances of Rs.7,879,273. The following matters are observed in this regard.

- (i.) According to the Ministry of Health Secretary's Circular No. 02-20/2014 and dated 05 February 2014, doctors should work for a minimum of 06 hours a day on weekdays and 04 hours on Saturdays, but doctors attached to the above prison hospitals 33 persons were required to work a total of 4,570 man-hours for a period of one month but had worked only 1,296 man-hours and 35 minutes. No short leave, half day leave or full leave was taken for this period.
- According to the letter dated February 14, 2003 of the Director General of Health Services, it has been informed that in certifying the allowances of medical officers and registered medical officers, the duty day book of said medical officers should be certified. Accordingly, as the duty day book of the medical officers is an accepted document as the document that records the attendance of the medical officers, it can be shown that the medical officers have worked for the minimum period of time and have reported for duty accordingly on the days indicated as absent.
- The Ministry of Health Secretary's Circular No. 02-20/2014 and dated 05 February 2014 should be followed.
- (ii.) Weekends and public holidays as per letter No. MA/MS/A/07/2021 of the Director General of Health Services, Ministry of Health dated 11th October 2021 and circular No. 7/2001 (a) of the Secretary to the Ministry of Health dated 31st August 2001 In order to get 1/20th of the basic pay as holiday pay for reporting to duty on the
- But 30 doctors attached to the above prison hospitals for a period of one month reported for duty on weekends and public holidays in the 87 man-days they had to work for 540 man-hours, but they worked only 133 man-hours and 35 minutes.
- According to the letter No. MA/MS/A/07/2021 of the Director General of Health Services of the Ministry of Health dated 11 October 2021 and the circular of the Secretary of the Ministry of Health No. 7/2001 (a) dated 31 August 2001.

dates, a minimum of 06 hours of continuous service must be rendered per day. But 30 doctors attached to the above prison hospitals for a period of one month reported for duty on weekends and public holidays in the 87 man-days they had to work for 540 man-hours, but they worked only 133 man-hours and 35 minutes.

b) From the year 2014 to the end of the year 2022, 33 vehicles that are not used for running in the prison department had obtained insurance coverage valid for the period from 01 January to 31 December 2023 at a cost of Rs.363,837. The audit observed that these vehicles were not put into operation till the date of audit, so it was an uneconomical transaction.

I inform the audit that steps have been taken to correct the relevant situations.

128 (1) (A) of the Financial Regulation shall take such measures as may be necessary to ensure that the Government receives the maximum value of the money spent.

3.10. Management weaknesses

The following observations are made.

Audit observation	Comments by the Accounting Officer	Recommendation
<p>a) Convicts who are unable to pay fines shall be imprisoned, and those prisoners shall be released from prison as soon as the order of release is made after paying the fines. But during the period from January to June 2022, 46 cases were observed in 03</p>	<p>Due to the administrative difficulties, the release is delayed and from now on, I would like to inform you that special attention will be paid to the release on the ordered date.</p>	<p>Convicts should be released immediately after receiving the order of release.</p>

prison institutions where the order of release was not released.

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| (b) | Detainees who are unable to pay bail shall be imprisoned, and those inmates shall be released from custody as soon as the bail order is received. However, in the period from 1 January 2022 to 30 June 2022, 291 cases were observed in Agunakolapalassa and Monaragala prisons that were not released from custody on the date of the bail payment order. | Due to difficulties in the administrative affairs, the release is delayed and from now would like to inform you that special attention will be paid to the issue and the release will be made on the same day as ordered. | Should be released from custody on the same day as the order of release after payment of bail. |
| c) | The audit revealed that the active functioning of the telephone signal blocking system of the Agunakolapalassa prison is not within the premises of the prison but in the external areas around it. In this situation, the people living around the prison premises were greatly hindered the educational activities of the children of those families who were doing their education using the internet. | Agree with the observation. The Sri Lanka Navy has been informed about the non-functioning of the phone signal blocking system and is taking immediate action. | To achieve the objectives of establishing the telephone signal blocking system, the signal blocking system must be implemented properly. |

4. Human Resource Management

The following observations are made.

Audit observation	Comments by the Accounting Officer	Recommendation
(a) The approved number of officers in the department as on 31 December 2022 was 7,872, the actual number of officers was 6,268, there were 13 redundant officers related to 05 posts and 1,617 vacant officers related to 71 posts.	The Ministry has been informed to make recruitments for vacant posts and on the basis of the Government's policy, completion of essential vacancies under the chairmanship of the Chief Minister's Secretary has been approved to fill 22 vacancies on the recommendations of the committee.	Vacancies in respective posts should be filled.
(b) As on 31 December 2022, the number of graded doctors was in excess of 13 over the sanctioned number. Considering the number of ranked medical officers and registered medical officers as hospitals in the prison institutions where doctors are attached, there is an excess of 22 and 05 respectively in the number of ranked medical officers and 05 registered medical officers in 08 prison institutions. .	Medical officers are also posted by the Ministry of Health and the personal files of these officers are updated by the Ministry of Health.	Physicians shall not maintain an actual number of officers in excess of the approved number of officers
(c) As at 31 December 2022, in relation to the period from 2014 to 2022, there were 309 disciplinary investigations related to the offenses mentioned	As the number of prisoners is high, there are a large number of disciplinary investigations as disciplinary investigations also arise for prisoner escapes, problems with officers. That	Disciplinary inquiries should be conducted, concluded and disciplinary orders issued without delay in connection with the offenses mentioned in Chapter XLVIII of Group II of the

in the first schedule of Chapter XLVIII of Group II of the Establishment Code and 113 disciplinary investigations mentioned in the second sub-schedule of that chapter.

- d) Public Service Commission for redeployment of two officers of the Prisons Department to the post of Commissioner on contract basis from 02nd January to 30th December 2023 or the date on which the relevant vacancies are filled or whichever is earlier as per the provisions of State Administrative Circular 3/2018 the council had approved. As per paragraph v of the Public Service Commission Circular No. 3/2019 dated 10th October 2019 and Cabinet Decision No./18/Miscellaneous(008) dated 27th February 2018 by the officials seeking promotion on the relevant vacancy, covering of duty or complete duty coverage. It has been stated that no retired officer should be re-employed despite being able to do so. But by 22 February 2023, while there were seven officers who met the qualifications for the post

informs the audit that pending disciplinary investigations will be dealt with formally from the year 2023.

At that time, as there were no qualified officers for the post of Special Grade Prison Superintendent, two officers were recruited on contract basis and currently the approval for promotion to the post of Special Grade Prisons Superintendent has been referred to the Public Service Commission.

Establishment Code.

In accordance with paragraph v of Public Service Commission Circular No. 3/2019 dated 10 October 2019 and Cabinet Decision No./18/Miscellaneous(008) dated 27 February 2018.

of special grade superintendent in the prison department, two suitable officers from among those officers had not done so despite having the ability to work for the vacancies in the above positions, perform duties or be appointed on duty cover.

- e) According to the Public Service Commission's work procedural rule No. 203, a government official should be taken into account in formulating annual transfer policies and procedures to prevent unfair practices that may occur due to long continuous service in the same office or long continuous performance of the same duty. But it was observed in the audit that 96 officers and 20 officers from Mahara Jail and Anuradhapura Jail have been working continuously in that jail for a period of 06 to 13 years from the date of their assignment. It was further observed in the audit that 09 of these officers have been attached to Mahara Prison before.

Agree with audit observation. Officers who have served for 05 years have been dealt with regarding transfers.

The work of the Public Service Commission should be done according to the procedure