

**Head 174 - Ministry of Rehabilitation and Prison Reforms and the Departments under the Ministry-
Report of the Auditor General - 2013**

This report consists of two parts.

- Part 1 – Summary Report relating to the Accounts of the Ministry and the Departments under that Ministry
- Part 2 - Detailed Report relating to each Head

Part 1

Summary Report relating to the Accounts of the Ministry of Rehabilitation and Prison Reforms and the Departments under the Ministry.

1. Departments under the Ministry

Head	Department
-----	-----
232	Department of Prisons
326	Department of Community Based Corrections

2. Accounts

2.1 Appropriation Accounts

(a) Total Provision and Expenditure

While the total net provision made available for the Ministry and the two Departments under the Ministry was Rs.5,480,654,000, out of that, a sum of Rs.4, 952,239,985 had been utilized by the end of the year under review. Accordingly, savings from net provisions of the Ministry and the each Department were in a range between Rs.3,214,558 and Rs.495,118,478 or 3.27 per cent and 10.22 per cent. Details are shown below.

Head	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
174	539,880,000	509,799,021	34,080,979	5.57
232	4,842,724,000	4,347,605,522	495,118,478	10.22
326	98,050,000	94,835,442	3,214,558	3.27
Total	5,480,654,000	4,952,239,985	528,414,015	9.64

(b) Utilization of Provisions made available by other Ministries and Departments

While provisions amounting to Rs. 4,930,000 had been made available by another two Ministries, particulars relating to utilization of those provisions are shown below.

Ministry	Provision Received as at 31 December 2013	Utilization as at 31 December 2013	Savings as at 31 December 2013	Savings as a Percentage of Provision Received
	Rs.	Rs.	Rs.	
National Languages and Social Integration	4,910,000	3,612,164	1,297,836	26
Child Development and Women's Affairs	20,000	9,033	10,967	55
Total	4,930,000	3,621,197	1,308,803	27

2.2 Advance Accounts

2.2.1 Advances to Public Officers Account

Limits Authorized by the Parliament

Limits authorized by the Parliament on Advances to Public Officers Account relating to the Ministry and the two Departments under that and actual values are shown below.

Item No	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
17401	3,500,000	3,491,470	1,000,000	1,602,250	15,000,000	8,106,258
23201	140,000,000	94,177,993	110,000,000	115,815,477	500,000,000	264,414,055
32601	5,000,000	3,184,819	2,500,000	4,018,326	25,000,000	14,061,928

2.2.2 Commercial Advance Accounts

A Commercial Advance Account had been maintained by the Prisons Department under the Ministry.

(a) Limits Authorized by the Parliament

Limits authorized by the Parliament on Commercial Advance Account and actual values are shown below.

Item No	Expenditure		Receipts		Debit Balance		Credit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
23202	90,000,000	62,316,443	115,000,000	124,038,887	30,000,000	56,311,348	12,000,000	651,865

(b) Financial Results

Financial Results of the Commercial Advance Account was as follows.

Item No.	Advance Account Activity	Financial Results			
		2013		2012	
		Profit(Loss) without Hypothetical Charges	Profit(Loss) with Hypothetical Charges	Profit(Loss) without Hypothetical Charges	Profit(Loss) with Hypothetical Charges
		Rs.	Rs.	Rs.	Rs.
23202	Prison Industrial and Agricultural Advance Activity	38,030,390	(5,513,757)	45,566,785	22,995,444

2.3 Imprest and General Deposits Accounts

2.3.1 Imprest Account

Imprest balances of the Ministry and the two Departments under the Ministry as at 31 December 2013 totalled to Rs.28,508,336. Details are shown below.

Ministry/Department	Imprest Account No	Balance as at 31 December 2013
		Rs.
Ministry of Rehabilitation and Prison Reforms	7002/0000/00/0411/0013/000	2,143
Department of Prison - Do -	7002/0000/00/0078/0013/000	1,656,050
	7002/0000/00/0079/0013/000	26,733,702
Department of Community Based Corrections	7002/0000/00/0412/0013/000	116,441
Total		28,508,336

2.3.2 General Deposits Account

Deposits Accounts balances of the Ministry and the two Departments under the Ministry as at 31 December 201 totalled to Rs.141,932,473. Details are shown below.

Ministry/Department	Deposits Account No.	Balance as at 31 December 2013
		Rs.
Ministry of Rehabilitation and Prison Reforms	6000/0000/00/0015/0179/000	1,103,835
Prisons Department-		
Security Deposits	6000/0000/00/0001/0061/000	70,738,819
Tender Deposits	6000/0000/00/0002/0017/000	4,622,021
Prisoners' Welfare Fund	6000/0000/00/0006/0028/000	6,589,141
Prisoners' Wages and Private Money Account	6000/0000/00/0006/0081/000	4,646,188
Sundry Deposits Account	6000/0000/00/0006/0081/000	54,073,509
Department of Community Based Corrections	6000/0000/00/0180/0028/000	158,960
Total		141,932,473

Part – 2

Detailed Report relating to Each Head

1. Head 174 - Ministry of Rehabilitation and Prison Reforms

1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Ministry of Rehabilitation and Prison Reforms for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 18 September 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

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

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

1.3 Audit Observation

According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (d) and major audit findings appearing in paragraphs 1.4 to 1.12 herein, the Appropriation Account, and the reconciliation statements of the Ministry of Rehabilitation and Prison Reforms had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

It was observed in audit sample checks that following registers had not been maintained by the Ministry.

Type of Register	Relevant Regulation
-----	-----
Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978.
Register of Losses and damages	Financial Regulation 110.

(b) Replies to Audit Queries

While replies had not been furnished to 03 audit queries issued to the Ministry during the year under review, even up to 31 March 2014 the quantifiable value of transactions relating to those queries amounted to Rs.4,716,594.

(c) Budgetary Variance

Due to excessive provisions made under 05 Items of Expenditure, balance left after utilization of net provisions relating to those Items of Expenditure was in a range between 13 per cent and 100 per cent.

(d) Imprest Account

Following observations are made.

- (i) Ad hoc Sub Imprest totaling Rs.70,000 had been issued to two non-staff grade officers in 4 instances contrary to Financial Regulation 371.
- (ii) Although the ad- hoc Sub Imprest obtained should be settled immediately after completion of the work in terms of Financial Regulation 371, Sub Imprest totalling Rs.35,000 had been settled after a delay of 2 months in two instances.
- (iii) In case of advances obtained, but, there was no necessity to spend, such advances need to be re-deposited on the first day of the ensuing week. However, the settlement of such advances obtained in 7 instances totalling Rs.85, 000 had been settled delayed.

1.4 Good Governance and Accountability

Internal Audit

Although an Internal Audit Unit had been established in the Ministry, copies of internal audit reports had not been furnished to Auditor General having conducted an adequate internal audit.

1.5 Assets Management

Conducting Annual Board of Survey

In terms of Public Finance Circular No. 441 dated 09 December 2009 as amended by letter No. PF/Board of Survey/01 dated 17 December 2010, Annual Board of Survey should be carried out before 31 March 2014 and a copy should be furnished to the Auditor General. Office of the Commissioner of Rehabilitation and other related institutions had not carried out Board of Survey accordingly.

1.6 Non-compliance

Non-compliance with Laws, Rules, Regulations etc.

Although the expenses on account of items not essential such as diaries and greeting cards should be restricted in terms of paragraph 02 of Circular No. 157 dated 28 December 2012 issued by the Secretary to the Ministry of Finance and Planning, a sum of Rs.535,722 had been spent for diaries and greeting cards for the year 2014.

1.7 Weaknesses in Implementation of Projects.

Villages Development Program "Punaruda Friendship" included in the Action Plan for the year under review had not been implemented successfully.

1.8 Performance

Following works planned to be implemented since the year 2011 had not been adequately performed.

- (a) Formulation of necessary laws and orders to reform the Department of Prisons to meet the present needs.
- (b) Amending the Individuals, Properties and Industries Rehabilitation Authority Act No. 29 of 1987 to expand rehabilitation works to meet the current needs.
- (c) Amending the Community Correction Ordinance, to refer the individuals who were found guilty for minor offenses, for a community correction process instead of imprisonment.

1.9 Improper Transactions

Certain transactions entered into by the Ministry were improper. Instances of few such transactions observed are shown below.

- (a) Construction of a water tank and a watch-hut in the official bungalow of the Minister had been entrusted to the State Engineering Corporation. The contractual value of that was Rs.2,124,611. Document such as the written agreement entered into relating to that contract, estimate, quantity sheets, progress reports relating to work done etc. had not been furnished to audit. A sum of Rs.2,309,440 had been paid to the State Engineering Corporation on 23 December 2013 out of the value of bills submitted for Rs.2,357,932, without obtaining a certificated for proper completion of work.
- (b) An engine of a jeep owned by the Ministry had been fully overhauled having spent a sum of Rs. 1,771,885 in June 2010. It had to be overhauled again before performing 17,000 k.m. due to careless running. While a Turbo 4D56 Intercooler Engine had been fitted to the vehicle without overhauling again, at an expenditure amounting to Rs.680,000 in June 2012 on the recommendation of an engineer attached to the Ministry of Environment and the approval of the Commissioner of the Motor Vehicle had not been obtained for that. The engine capacity of this engine is less than the earlier engine and after fixing this a sum of Rs.419,017 had been spend for repairs. At present this vehicle is not in running condition.

1.10 Transactions of Fraudulent Nature

Engines of a Jeep and a Double Cab belong to the Ministry had been dismantled without prior approval of the Commissioner of Motor Vehicles. Only a few parts of spares removed from the engines had been handed over and auctioned those on 07 August 2013 for a sum of Rs.2,000.

1.11 Management Weaknesses

Following weaknesses were observed in audit sample checks.

- (a) An officer recruited on contract basis for the post of Consultant to the Minister of Rehabilitation and Prison Reforms vide letter No. MRPR/2/3/2/6 dated 16 January 2013 had resigned on 03 July 2013. If resigning from the post, It is required either to give one calendar month notice or to pay one month salary to government In terms of paragraph 04 of the letter of appointment. However, he had been reinstated on 28 September 2013, without taking such course of action.
- (b) A cocktail party had been held in a restaurant in Colombo on 04 January 2013 for a media meeting. Expenditure of Rs.165,032 incurred on foods and drinks had been accounted as other expenditure.
- (c) Although action was being taken to purchase a video editing machine required for the media unit of the Ministry since the year 2011, without fulfilling that, a machine had been hired during the year and a sum of Rs. 202,500 had been paid as hire charges.

1.12 Human Resources Management

Following observations are made.

(a) Approved Cadre and the Actual

Cadre position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Surplus Cadre
(i) Senior level	11	10	01	-
(ii) Tertiary Level	02	02	-	-
(iii) Secondary Level	68	39	31	02
(iv) Preliminary Level	19	18	01	-
(v) Others (Casual/ temporary/Contract)	40	42	-	02
Total	149	111	33	04

Following observations are made in regard to the above cadre.

- (i) The Ministry had failed to fill 33 vacant posts by end of the year under review.
- (ii) Ministry had not taken action to obtain a proper approval for the surplus cadre.
- (b) The Ministry had employed the staff such as Clark, Programme Assistant and Karyala Karya Sahayaka in the Ministry from a Department since the year 2011

2. Head 232 - Department of Prisons

2.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Department of Prisons for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154(1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Head of Department on 31 October 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

2.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation statements

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

2.3 Audit Observation

According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (e) and major audit findings appearing in paragraphs 2.4 to 2.9 herein, the Appropriation Account, and the reconciliation statements of the Department of Prisons had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

It was observed in audit sample checks that following registers had not been properly maintained and updated by the Department.

Type of Register -----	Relevant Regulation -----
Register of Losses and damages	Financial Regulation 110.
Fixed Assets Registers	Financial Regulation 502(2) and Treasury Circular No. 842 dated 19 December 1978.

(b) Non-compliance with Limits

Following limits authorized by the Parliament with regard to the Commercial Advance Activity of the Department had not been complied with.

Item No. -----	Debit Balance -----		
	Maximum Limit ----- Rs.	Actual ----- Rs.	Excess ----- Rs.
23202	30,000,000	56,311,348	26,311,348

(c) Budgetary Variance

Due to excessive provisions made under 06 Items of Expenditure, balance left after utilization of net provisions relating to those Items of Expenditure was in a range between 20 per cent to 99 per cent.

(d) Reconciliation Statement relating to Advances to Public Officers Account

Following observations are made.

- (i) According to the reconciliation statement relating to Item No. 23201 – Advances to Public Officers Account as at 31 December 2013, arrears of balances totalled to Rs.8,109,355.
- (ii) A difference of Rs.308,907 was observed, when compared the balance shown in the Treasury books, with the balance shown in the advances to Public Officers Account as at 31 December of the year under review.

(e) Commercial Advance Account

Following observations are made with regard to the Prison Industrial and Agricultural Commercial Advance account operated by the Department.

- (i) While there had been deficiencies relating to purchases, sales and stocks in Mahara, Welikada and Anuradhapura Prisons due to non-performance of accounting work properly and those deficiencies had affected the net profit.

- (ii) Closing stock of the Sewing Section in Mahara Prison had been shown at the value shown in the Ledger without carrying out a physical verification. Value of raw materials amounting to Rs.121,745 used during the year had not been subtracted from the ledger balance and due to that closing stock had been overstated resulting a minus value of raw materials in the individual account. Sales amounting to Rs.204,978 in the textile section had not been deducted from the stocks and had not been accounted as sales reflecting a loss of Rs.204,978.
- (iii) A receivable income of Rs.427,497 of the Garage Section in Welikada Prison had not been taken in to account. Credit Purchases of Rs.396,436 in the Coir Broom Industries Section had not been taken to account to closing Stock. As a results it affected erroneously to the increase to the net profit.

2.4 Assets Management

Idle and Underutilized Assets

It was observed in sample checks that there were certain idle or underutilized assets as shown below.

- (a) Agremax Hand Tractor and the Wind Power Machine removed from use in Anuradhapura Prison had been out of order over a number of years and action had not been taken for disposal.
- (b) A van parked in the Anuradhapura Prison Premises was getting corroded and the documents relating to the vehicle were not available with the establishment.

2.5 Non-compliance

Non-compliance with Laws, Rules, Regulations etc.

Instances of non-compliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to Law, Rules, Regulation etc.	Value	Non-compliance
-----	-----	-----
	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 104	4,353,265	Inquires had not been conducted and not reported with regard to losses and damages in terms of the regulation.

(ii)	Financial Regulation 110	3,559,134	Action had not been taken to enter all losses and damages in the Register.
(iii)	Financial Regulation 502(b)	60,875,367	Action had not been taken to recover all receivable amounts in the Advance Account relating to Prison Industrial and Agricultural Activities, without delay.
(b)	Standing Orders of the Prisons Department		

(i)	Standing Orders 673 and 685	-	Although it had been stated that individuals who have obtained 3 or 4 badges for good who conduct are suitable for work out side, prisoners who had been involved in serious criminal offences had been engaged in outside work, instances of escape had been reported.
(ii)	Standing Order 911	-	Although a Register should be maintained to record all produce of the farm, such register had not maintained in the Anuradhapura Prison.
(iii)	Standing Order 914	-	Livestock Registers in the camps at Kandewaththa and Meethirigala farms belong to Anuradhapura and Mahara Prisons respectively, had not been prepared as required by the standing orders.
(iv)	Standing Orders 909(a) and 909(b)	-	Although it is required to open a file relating to the farm and details relating to each unit and other information should included therein, a such file had not been maintained in the Anuradhapura farm.

2.6 Weaknesses In Implementation of Projects

Following observations are made in a sample audit examination carried out with regard to implementation of projects by the Department.

(a) Abandonment of Projects without Commencement

Although advances totalling Rs.6,845,500 had been paid to the Department of Buildings during the years 2001,2004 and 2009 for construction of official quarters for Kuruvita Prison and construction of a kitchen for the Magazine Prison, those projects had not been implemented.

(b) Delays in Implementation of Projects.

Following observations are made.

- (i) Although a provision of Rs.355 Million had been made in the annual estimates under the Project for Relocation of Metropolitan Prisons, for the construction works of Mahara, Watareka and Kalutara Prisons, those Projects had not been implemented.
- (ii) Out of the provision made under the Project for Relocation of Prisons in Colombo, a sum of Rs.240.3 Million had been transferred to the Project for Construction of the New Prison in Angunakolapelessa, Tangalla. Accordingly, the total provision made for the year 2013 had been Rs. 355 Millions, but, that Project had not been implemented.

(c) Projects not Showing Progress, Although the Funds have been Released.

Following observations are made.

- (i) A total cost estimate of Rs.8,500,000 had been made during the year 2008 for the construction of a two storied prison ward for 500 inmates of the Wariyapola prison. Due to the delay in commencement of this Project, a sum of Rs.5.5 Million had been spent up to December 2013 and it was about 40 per cent of the building only up to 6 feet in height.
- (ii) A sum of Rs.29.68 Million had been provided during the year 2010 for the construction of a two storied buildings for inmates in the Vavunia Prison. However, the plan had been altered and a kitchen in the down floor and a rest room in the upper floor had been constructed. Due to that, adequate space facilities had not been made for the inmates.

2.7 Deficiencies in Operating Bank Accounts

Dormant Bank Accounts

A bank account named as Prisons Rewards Fund had been opened in a state bank out of 10 per cent deduction made from the wages of the inmates and the balance in that account as at 31 December 2013 amounting to Rs.3,832,383 remained idle. Although the income received are credited to this account, monthly statements of the account had not been obtained.

2.8 Improper Transactions

Deviation from the Government Procurement Procedure

Following observations are made.

- (i) While Rs.12 Million had been provided for the purchase of two steam boilers and large cooking pots, detailed estimates had not been prepared and approval of the Procurement Committee had not been obtained. Apart from the purchase, attention had not been paid for the fixing process of the steam boilers resulting a delay in the Project. Although the quotations had been evaluated, it had been based on incomplete quotations furnished by two bidders. Purchase had been made for a sum of Rs. 30.6 Millions without a reasonable bid evaluation. Due to improper planning for fixing the boiler, certain constructions in the kitchen had to be altered. After fixing the boiler, different type of lubricant oil had been used causing technical problems and it had not been possible to carry out cooking works of the inmates continuously. At present one boiler is out of order.
- (ii) Four weight lifting machines and relevant accessories for those had been purchased on the basis of limited quotations for a sum of Rs.6,174,000 to be used in Welikada and Pallekele prison garages. Although the maximum limit allowed to make purchases based on limited quotations by a Procurement Committee is Rs.2 Million contrary to the Government Procurement Guidelines , purchases had been made exceeding that limit. Two weight lifting machines so purchased for more than Rs.3 Million in value were lying idle the Pallekele Prison due to inadequate electricity supply.

- (iii) Although the Shoe Production Section in Palkeleke Prison had been closed down and expensive machines and raw materials had been transferred to Pallansena Youth Offender Based Correction Centre, shoe production work had been delayed.

2.9 Human Resources Management

Approved and the Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Surplus Cadre
(i) Senior level	95	38	57	-
(ii) Tertiary Level	53	21	32	-
(iii) Secondary Level	7,098	5,565	1,533	-
(iv) Preliminary Level	364	289	75	-
(v) Others (Casual/ Temporary/ Contract basis)	-	15	-	15
Total	7,610	5,928	1,697	15

Following observations are made.

- (a) Department had failed to fill 1,697 vacant posts by end of the year under review.
- (b) It had been failed to obtain proper approval for the excess cadre recruited.

3. Head 326 - Department of Social Based Correction

3.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Department of Social Based Correction for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Head of Department on 23 September 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

3.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation statements

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

3.3 Audit Observation

According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) and (b) and major audit findings appearing in paragraphs 3.4 to 3.9 herein, the Appropriation Account, and the reconciliation statements of the Department of Social Based Correction had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

A Register of Losses and damages had not been maintained by the Department in terms of Financial Regulation 110.

(b) Budgetary Variance

Due to excessive provisions made under 05 Items of Expenditure, balance left after utilization of net provisions relating to those Items of Expenditure was in a range between 31 per cent and 70 per cent.

3.4 Good Governness and Accountability

3.4.1 Annual Procurement Plan

Internal Audit Annual Procurement Plan had not been prepared up to 31 December 2013 In terms of National Budget Circular No. 128 dated 24 March 2006.

3.4.2 Internal Audit

While an Internal audit Unit had not been established in the Department, only vouching of payment vouchers had been carried out by the Internal Audit Unit of the Ministry and therefore an adequate internal audit had not been taken place.

3.4.3 Implementation of Audit and Management Committee.

The Audit and Management Committee had not been properly implemented in the Department. There had been only participation in the common meetings of the Audit and Management Committee meetings of the Ministry.

3.5 Unsettled Liabilities

The balance of the Liabilities unsettled for a period less than one year by the Social Based Correction Department as at 31 December 2013 amounted to Rs.603,311.

3.6 Non-compliance

 Non-compliance with Laws, Rules, Regulations etc.

Instances of noncompliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to laws, Rules, Regulation etc.

Non-compliance

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

- | | |
|-----------------------------------|---|
| (i) Financial Regulation 447(2) | Correctness of the Provision shown under each Item of Expenditure in the votes Ledger had not been certified by a Staff Officer |
| (ii) Financial regulation 447(3) | Receipt of additional provisions had not been recorded in red ink and shown added to the original provision. When transferring provisions to other Items of Expenditure under financial regulations 66 and 69, reduction made from the total provision had not been deducted and shown and it had not been subject to the attention of a staff officer. |
| (iii) Financial Regulation 447(8) | Votes Ledger had not been balanced. |

(b) Public Finance Circulars

 Circular No. 441 dated 09 September 2009

Although the Annual Board of Survey Should be carried out before 15 March 2014 and reports should be sent to the Auditor General, action had not been taken accordingly

3.7 Weaknesses in Implementation of Projects

----- Project Abandoned without Completing -----

Although the following Project had been commenced, subsequently it had been abandoned by the Department without being completed.

Project	Estimated Cost	Date of Commence	Expenditure as at 31 December	Reasons for Abandonment
-----	-----	-----	-----	-----
	Rs.		Rs.	
Construction of Kurunegala Social Based Correction Centre	1,333,472	12.12..2012	208,417	Difficulty in acquiring the construction land to the Government

3.8 Performance

Observations regarding the progress of the Social Based Correction Department in relation to the Action Plan for the year 2013 are shown below.

Main Activities not Performed to an Adequate Level.

Instances of non-performance of activities shown in the Annual Action Plan to an adequate level by the Social Based Correction Department were observed. Details are shown below.

- (i) Although it had been planned to hold 20 awareness seminars to the Magistrates and lawyers under the Program for Strengthening Social Correction Process, only 12 seminars had been conducted. Work relating to Project for Computerization of all activities of the Department too had not been finalized.
- (ii) Although it had been planned to implement 52 Agricultural Crop Growing Projects and 20 Nurseries and Forest Growing Projects under the Program for Social Service Projects, 40 Agricultural Crop Growing Projects and 18 Nurseries and Forest Growing Projects had been implemented.
- (iii) Although it had been planned to implement training programs for three Work Supervisors and three officers of the other staff under the Program for Social Resources Development, training programs had been implemented only for two Work Supervisors and one officer of the other staff.

3.9 Human Resources Management

(a) Approved and the Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Surplus Cadre
(i) Senior level	16	04	12	-
(ii) Tertiary Level	102	99	03	-
(iii) Secondary Level	454	292	162	-
(iv) Preliminary Level	11	05	06	-
(v) Others (Casual/ Temporary/ Contract basis)	-	05	-	05
Total	583	405	183	05

Following observation is made.

Department had failed to fill 183 vacant posts by end of the year under review.

(b) Human Resources Released to other Parties Improperly.

Particulars relating to Human resources released to other parties improperly by the Social Based Correction Department during the year under review are shown below.

Category of Employees	Number	Other party	Period Released
Clerks	02	Ministry of Rehabilitation and Prisons Reforms	From the year 2011 to date
Laborer	01	-do-	-do-

Although there were vacancies in the posts of Clerks, these employees had drawn their salaries from the Social Base Correction Department and during the year under review engaged in Ministry duty a sum of Rs.835,634 had been paid as their salaries.