

Police Reward Fund - 2012

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Police Reward Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Accounting Policies

Although the financial statements of the Police Reward Fund had been prepared by using 02 methods such as cash basis and accrual basis, that had not been disclosed under the accounting policies.

1.2.2 Accounting Deficiencies

The following observations are made.

- (a) A sum of Rs. 184,166 received as court fines during the year under review had been omitted in the accounts while two cheques amounting to Rs.512,997 received as courts fines during the year under review had been dishonored but those dishonored cheques had not been accounted for.

- (b) Out of the advances for exhibition amounting to Rs. 2,500,000 given to Police Narcotics Bureau, a sum of Rs. 1,880,000 had been settled on 28 December 2012, though the entire amount had been shown as advances in the financial statements.

1.2.3 Un-reconciled Control Accounts

A difference of Rs. 34,972,547 had been observed between the expenditure relating to rewards payments during the year under review shown in the financial statements and the

reports submitted by the Crime Division of the Police Headquarters. Details are shown below.

Item of Accounts -----	Expenditure according to the Financial Statements. ----- Rs.	Expenditure according to the Reports of the Crime Division ----- Rs.	Difference ----- Rs.
Reward Payments under general and special imprest	585,251,602	553,382,055	31,869,547
Payments for Special Rewards	33,091,500	29,988,500	3,103,000
	----- 618,343,102 =====	----- 583,370,555 =====	----- 34,972,547 =====

1.2.4 Suspense Account

Action had not been taken to identify and correct the credit balance of Rs.48,929 existed in the suspense account since the year 2003.

1.2.5 Accounts Receivable and Payable

The following observations are made.

- (a) Even though a period of nearly 13 years had elapsed for the advances of Rs.2,000,000 given to the Police Sponsor Fund, action had not been taken to settle that amount.
- (b) Action had not been taken for more than 07 years to settle the balance amount of Rs. 660,997 out of the funds received for 02 activities.
- (c) A sum of Rs. 64,800 deposited in the courts by the fund in respect of fraud of Tsunami aid had been written off against the Accumulated Fund considering as an irrecoverable balance.

1.2.6 Lack of Evidence for Audit

Special rewards payable as at 31 December 2012 amounted to Rs. 65,304,411 while the schedules and an age analysis thereon had not been presented to audit.

1.2.7 Non-compliance with Laws, Rules and Regulations etc.

A budget had not been prepared for the year 2012 in terms of Public Finance Circular No. PF/423 dated 22 December 2006.

2. Financial Review

2.1 Financial Results

The activities of the Fund for the year under review had resulted in a surplus of Rs. 369,271,321 as compared with the corresponding surplus of Rs. 248,926,156 for the preceding year. Accordingly, there was an improvement in the financial results during the year under review by Rs.120,345,165. The increase of court fines and other receipts and the income on investments by Rs. 92,921,561 and Rs. 79,164,379 respectively are mainly attributed for this improvement.

3. Operating Review

3.1 Management Inefficiencies

Approximately Rs.90 million had been retained in a Bank Current Account throughout the year. It was observed that if the necessities had been forecasted correctly, an interest income amounting to Rs.11.2 million could have been earned by investing the surplus funds in the fixed deposits.

3.2 Performance

3.2.1 Payments for Rewards

An amount of Rs. 553.4 million had been paid as rewards under general and special imprest for 396287 police officers in the rank of Chief Inspector and lower ranks from

the Police Reward Fund in various instances during the year under review while a sum of Rs. 373.4 million had been incurred in respect of 81276 officers for this purpose during the previous year. Further, on the recommendation made by the Inspector General of Police a sum of Rs. 29.9 million had been paid as special rewards for 1160 officers and 72 civil persons in respect of revealing the crimes during the year under review while a sum of Rs. 17.5 million had been paid for 762 officers for this purpose during the preceding year.

4. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Inspector General of Police from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Control over the Payment of Rewards