

Head 225 – Report of Auditor General on the Department of Police - Year 2015

The audit of the Appropriation Account and Reconciliation Statements, including the financial records, books, registers and other records of the Head 225 Department of Police for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Inspector General of Police on 03 October 2016. 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 and the Accounting Officer for the Accounts and Reconciliation Statements

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

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs. 57,868.94 million and out of that Rs. 54,224.02 million had been utilized by the end of the year review. Accordingly, savings out of the total net provision made for the Department amounted to Rs.3644.92 million or 6.3 percent. Details appear below.

Expenditure	As at 31 December 2015			Saving as a Percentage of Net Provision
	Net Provision	Utilization	Saving	
	Rs.millions	Rs.millions	Rs.millions	
Recurrent	52,329.15	51,343.70	985.45	1.88
Capital	5,539.79	2880.32	2659.47	48.01
Total	57,868.94	54,224.02	3,644.92	6.3

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament and the actual amounts of the Advances to Public Officers Account under Item No.22501 of the Department are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions
1687.08	1005.08	1387.08	1609.11	4000.00	1759.85

2.3 Imprest Accounts

The balance of the Imprest Account No.7002/0000/00/0031/0015/000 under the Department as at 31 December 2015 was Rs.51.6 million.

2.4 General Deposit Accounts

The total of balances of 5 Deposit Accounts under the Department as at 31 December 2015 were Rs.296.4 million . Details appear below.

Deposit Account No.	Balance as at 31 December 2015
	Rs.millions
6000/0000/00/0001/0062/000	4.75
6000/0000/00/0002/0080/000	0.04
6000/0000/00/0013/0050/000	34.40
6000/0000/00/0016/0032/000	255.06
6000/0000/00/0018/0040/000	2.19

	296.24
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2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Police had been prepared satisfactorily subject to the Audit Observations appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and important audit observations included in that Management Audit Report appear in paragraph 3 herein.

3. Material and Important Audit Observations

3.1 Non –Maintenance of Registers and Books

It was observed during the audit test check , below mentioned registers had not been maintained by the Department.

Type of Register	Relevant Regulation
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(i) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978
(ii) Register of Fixed Assets for Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002

3.2 Appropriation Account

3.2.1 Budgetary Variance

The following observations are made.

- (i) Excess provision had been made for 11 Objects and as such as the savings after utilization of provision, ranged between 17 per cent to 99 per cent of the net provisions relating to those Objects.
- (ii) The entire net provision of Rs.500,000,000 made for an Object had been saved.

3.3 Imprest Account

Out of unsettled advances amounted to Rs.614,760 as at 31 December 2015, a sum of Rs.435,510 had not been settled even by 14 October 2016.

3.4 General Deposit Account

The following observations are made.

- (a) Action had not been taken with regard to 2 deposits totalling Rs. 5,794,934 over 2 years in terms of Financial Regulation 571.
- (b) Out of a sum of Rs.1,386,651 given for the activities of pension as at 31 December 2015 by the Department of Pensions, a sum of Rs.181,800 had remained in the Deposit Account even by 14 October 2016 without doing relevant activities.
- (c) Out of 06 cheques issued but cancelled amounting to Rs. 338,254 as at 31 December 2015 a cheque valued at Rs.218,803 had remained in the Deposit Account even by 14 October 2016.
- (d) Out of stamp duty which should be remitted to the Commissioner General of Inland Revenue as at 31 December 2015 totalling Rs.479,316 , a sum of Rs. 187,325 had remained in the Deposit Account even by 14 October 2016.

3.5 Reconciliation Statement on Advances to Public Officers' Account

The following deficiencies were observed during the audit test check carried out in respect of the Reconciliation Statement as at 31 December 2015 on the Advances to Public Officers' Account No.22501.

- (a) According to the Reconciliation Statement presented to audit, the outstanding balances as at 31 December 2015 totalling Rs.133,676,044 and that amount as at 30 September 2016 had been Rs.128,043,755. Even though those outstanding balances had lapsed over a period from 01 to 03 years, the Department had failed to recover those outstanding loan balances.
- (b) According to the Advances to Public Officers' Account furnished to audit, an unidentified difference amounting to Rs.3,935,763 was observed between the Department Control Account and the Classification of Individual Balances prepared by the Divisional Offices.
- (c) Although a sum of Rs.211,794 had been over charged from the officers who are attached to the Batticaloa Division, action had not been taken to settle that money up to 31 December 2015.

3.6 Good Governance and Accountability

Annual Performance Report

Although the Annual Performance Report should be tabled in Parliament by the Department of Police within 150 days after the close of the financial year in terms of the Public Finance Circular No.402 dated 12 September 2002, that report had not been tabled in the Parliament even by 31 August 2016.

3.7 Assets Management

The following deficiencies were revealed with regard to the assets of the Department of Police during the audit test checks.

(a) Annual Boards of Survey

According to the Public Finance Circular No. 02/2004 dated 17 October 2014 the Annual Board of Survey for 2015 should have been conducted and the report should be furnished to the Auditor General before 17 March 2016, the Department had not furnished those reports to audit even by 31 August 2016. At last, the Annual Board of Survey had been conducted for the year 2014.

(b) Liabilities

A commitment of liability exceeded by Rs. 7,833,283 savings had occurred after the utilization of provision contrary to the Financial Regulation 94(1) relating to 02 Objects in the year under review.

3.8 Performance

The observations on the progress of the Department of Police for the year 2015 are given below.

(a) Bodily Harm Crimes

A review of the bodily harm crimes reported in Sri Lanka with regard to the years 2013,2014 and 2015 appear below.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Reported number of crimes	40,188	50,962	55,349
Solved number of crimes	13,049	29,396	32,791
Unsolved number of crimes	27,139	21,566	22,558
Solved number of crimes as a percentage of reported number of crimes	32.47	57.68	59.24
Unsolved number of crimes as a percentage of reported number of crimes	67.53	42.32	40.76

Due to the lack of methodology for bringing forward the information relating unsolved complaints of each year, it had been impossible to find the actual number of unsolved complaints as at 31 December 2015. Accordingly, follow up action for the unsolved crimes relating to past years had also become weak.

(b) Traffic Management and Road Safety

Review of the road accidents reported in Sri Lanka during the years 2014 and 2015 are given below.

	2015	2014
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Number of fatal accidents	2,590	2,261
Number of major wounded accidents	7,719	6,847
Number of minor wounded accidents	13,095	12,950
Number of damaged accidents	13,514	13,992
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Number of Total accidents	36,918	36,050
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The number of fatal accidents and the number of major wounded accidents had been increased by a considerable amount in the year 2015 while compared with the year 2014.

(c) Recorded illegal hypnotic material ,arrested and charged

Information relating to the past 03 years in arrested and charged illegal hypnotic material (heroin, cannabis , cocaine, opium, hashish ,other) together with Sri Lanka Police and the Special Task Force in the country are given below.

Year	Number of Arrested	Number of Recorded	Number of Charged	Percentage of Charged from Recorded
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2013	10,837kg 2,777g 1,800mg	73,383	70,678	96.31
2014	11,117kg 1,522g 3,012mg	74,366	71,712	96.43
2015	13,548kg 2,435g 2,686mg	89,996	87,846	97.61

Accordingly, it was observed that the use of illegal hypnotic material had been increased by the amount of arrested hypnotic material in the years 2013, 2014 and 2015.

3.9 Uneconomic Transactions

The following observations are made.

- (a) Eight sets of Motor Vehicle Searching Equipment which were in high value such as Rs. 13,245,717 had been purchased 08 years ago. Those equipment had remained in the stores of the Inspector General, Kotahena without issuing for any matter.
- (b) Thousand cloth stands amounting to Rs.2,000,000 had been purchased for the Sub Police Inspectors and Police Inspectors in the year 2014. Considerable number of those cloth stands remained in the Mahara police stores, had been damaged by insects such as weevils because they being made of very low quality timber . Likewise, quotation had been called according to the specifications of the Department with one year warranty. Even though half of the warranty period had been spent as at 16 August 2015, action had not been taken to issue a big number of those stands.
- (c) Thirty thousand meters of uniform material (white) amounted to Rs.9,900,000 purchased in the year 2013 had been received to Kotahena Inspector General Stores. A balance of 1468 meters of cloth had remained in the store as at that date and issuing of those uniform material (white) was in very slow manner. However, 21,577.92 meter stock remained as at 22 September 2015. According to the issuance of cloth materials during the period of the year 2014 and the month of September 2015 it was observed that the next 04 years would have been taken to complete the issuance of the stock of cloth materials which remained up to 22 September 2015. Further, the balance stock of cloth materials had been arranged in a dirty and dusty environment at the Inspector General's store.
- (d) A sum of Rs.6,373,874 had been paid for the purchase of 1000 wooden beds for the officers in the Police Inspector Grade by 07 payment vouchers to a private institution during the year under review. The following deficiencies were observed relating to the above purchase.
 - (i) Provision had not been made for the purchase of wooden beds according to the Procurement Plan in the year 2015.
 - (ii) More than one year period had been spent for the procurement procedure.
 - (iii) The technical specification had not been prepared completely.
 - (iv) Wooden beds had been purchased by amending the specification which was submitted after the selection of the bidder.
 - (v) An assurance had not been taken with regard to the quality of the timber protection liquid and the wood seasoning of produced beds.

3.10 Transactions of Contentious Nature

The following observations are made.

- (a) Sixty lecture hall chairs had been purchased for Rs.231,000 in the year 2015. Although the lecture hall chairs should be woven chairs with left hand holder according to the photograph attached to the Departmental specification sheet , the left hand holders were not available among the purchased chairs and also the sitting area had been finished using stripped timber.
- (b) Although curtains square meter 4915 had been sewn and fixed by a private institution for the Circuit Bungalow built in Nuwaraeliya town for the Police Inspector Officials, an assurance had not been taken from a specialized organization with regard to the quality as per the agreement.
- (c) Hundred wooden cupboards used for storing food items amounting to Rs.1,499,000, each per Rs. 14,990 had been purchased in the year 2014 to the Department of Police neglecting the recommendations of the Technical Evaluation Committee . Those cupboards remained in the Kalutara Police Training School damaged by weevils and other wood destroying insects.
- (d) Animals valued at Rs. 174,197,923, animal food, animal vitamins and drugs had been purchased to the Department from two private institutions during the period of the year 2011 to 2014. Those two institutions had not obtained below mentioned Licenses.
 - (i) License which should be obtained annually from the Department of Animal Production and Health for the importation, distribution and sale according to the Animal Food Act No.15 of 1986.
 - (ii) License which should be obtained according to the Animal Diseases Act No.29 of 1982 for the importation of livestock drugs from the Livestock Drugs Institution. (Validity period of that is 03 years)
 - (iii) Full permit which should be obtained by all the importers from the Department of Animal Production and Health with regard to the animal importation for entire imports under the Animal Diseases Act.
- (e) Thirty one official horses belonging to the Horseman Division of the Department of Police valued at Rs.60,232,873 were dead during the period of five and half years from the year 2011 to 29 May 2016 . Out of that 25 horses were dead living in a very short time period from the day of purchase. According to the veterinary report regarding the postmortem of the horses, it was observed that the majority of foresaid death had been caused by infection circumstances in stomach ,in alimentary canal or in digestive system.

In this regard, Senior Deputy Inspector General (Administration) had informed me as “fifty acres of land in extent is reserved in Horana area for this because the veterinary doctors had instructed that the Police Horseman Division is situated at Pettah area Colombo 11, frequency of noise pollution, high level of environmental pollution and also an unbeneficial place for the existence of horses. It is planned to take action to carry these horses and stables to that place to raise good health condition of horses, to get horses to the Police Horseman Division by breeding horses at that place in future”.

3.11 Weaknesses in Procurement Process

The following observations are made.

- (a) An individual firm established in the year 2010 using a bogus address by a female police officer and had supplied furniture equipment to the Department of Police. According to the audit test checks the Department had bought furniture totalling Rs.284,525 in 06 instances in the year 2011 from that firm.
- (b) By using the same female officer’s business name, an individual firm had been established stating a bogus address by an outside person in the year 2011. As per revealed in audit test checks, furniture totalling Rs.2,801,992 had been supplied in 12 instances by this agency using letterheads with four bogus addresses.
- (c) Foresaid outside supplier had submitted a bogus address again and had established an individual firm using another business name on 12 October 2011. As per revealed in the audit test checks, quotations had been rendered in 04 instances under these 02 bogus trade names by the same supplier and 03 instances thereof furniture totalling Rs.1,284,350 had been purchased by the Department.

3.12 Human Resources Management

Approved Cadre and the Actual Cadre

The position on the cadre as at 31 December 2015 appear below.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	878	531	347
(ii) Tertiary Level	4,644	3,570	1,074
(iii) Secondary Level	98,764	83,555	15,209
(iv) Primary Level	2,521	1,952	569
Total	106,807	89,608	17,199