

Head 145 - Report of the Auditor General on the Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs -Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs. The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations

1.3 Scope of Audit

The audit of Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs – Head 145 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Secretary of the Ministry on 29 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs for the year ended 31 December 2017 revealed in audit appear in Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations appear in paragraph 2.1 to 2.7 of this report. It was observed that the accountability as the Chief Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 127 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Chief Accounting Officer in terms of Financial Regulation 127	Non-compliance with that Provision by the Chief Accounting Officer	Reference to the Paragraph of the report which included the Observation
--	---	--

Financial Regulations

127(1)(a)	That all financial work is planned with correctness and financial propriety (the business must be transacted in accordance not merely with the financial and departmental orders but also with the high standards of integrity expected in the transaction of public business),	1. Failure in planning the procurement process/ Failure in planning adequately.	2.1
127(1)(b)	That a system which provides adequate control over expenditure and the collection of revenues,	1. Management Deficiencies 2. Non-compliances 3. Deficiencies in Human Resources Management	2.3 2.6 2.7
127(5)	That important variations between Estimates and expenditure receive critical examination at the Ministry,	1. Deficiencies in the utilization of provisions obtained from supplementary estimates.	2.4

127(6)	That the collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry.	1. Deficiencies in the Advances to Public Officers Account	2.5.2
127(7)	That the procedure laid down in Financial Regulations 103 to 108 is followed by the Accounting Officers, in case of losses caused to Government by the delays, negligence, fault or fraud on the part of officers/employees and surcharges are imposed on the officers/employees responsible for such losses, in terms of F.R.156(1). It is also a duty of the Chief Accounting Officer to appear before the Committee on Public Accounts and to assist it along with his Accounting Officer in explaining and justifying the accounts of the departments for which he is responsible.	1.Losses and damages	2.2

2. Material and Significant Audit Observations

2.1 Obtaining Supplies and Services through the Procurement Process

The following observations are made.

- (a) A performance security had not been obtained in respect of the contract of Rs.62,998,989 pertaining to the purchase of 2 motor vehicles while an agreement had also not been entered into.
- (b) A contract had been awarded for a sum of Rs.757,944 for partitioning and cafeteria of the Bureau of Commissioner General of Rehabilitation without carrying out a procurement. An agreement had not been entered into and the total amount had been paid without being recovered the retention money.

2.2. Losses and Damages

Even though the damage amounting to Rs.131,328 caused to motor vehicles by 03 accidents in the years 2012 and 2015 had been identified, no action had been taken to recover it from the officers responsible even by October 2018.

2.3 Management Weaknesses

The following observations are made in this connection.

- (a) Twenty semi-permanent buildings constructed in Kandakadu area had not been completed within 90 days as per the Agreement while liquidated damages of 5 per cent had been recovered instead of 10 per cent which should be recoverable from the contractor in this connection. As such, it had been recovered less by a sum of Rs.1,335,288.
- (b) The construction work of Kandakadu Hospital commenced in the year 2014 had not been completed even by October 2018. It had been planned to use the labour required for the constructions from Army and due to the failure in fulfilling the said function, a sum of Rs.2,119,060 had been paid for the external labour obtained. Nevertheless, the necessary approval had not been obtained therefor.
- (c) Even though a provision of Rs.3,100,000 had been made for the construction of the Rehabilitation Centre at Poonthottam in Vavuniya, the land required therefor had not been identified even by October 2018.

2.4 Utilization of Provisions authorized by Parliament for the Performance of Functions

Information on the utilization and savings of provision made for the Ministry during the year ended as at 31 December 2017 and the preceding year and the audit observations thereon are given below.

Year	Category of Expenditure	Net Provision	Actual Expenditure	Savings	Savings as a percentage of net provision
-----	-----	-----	-----	-----	-----
		Rs.million	Rs.million	Rs.million	
2016	Recurrent	955	933	22	2
	Capital	16,970	13,690	3,280	19
	Total	17,926	14,623	3,303	18
2017	Recurrent	1,015	1,003	12	1
	Capital	11,712	10,278	1,434	12
	Total	12,727	11,281	1,446	11

(c) Appropriation Account

i Non-utilization of Provisions made

The entire net provision of Rs.100,000 made for one Object had been saved.

ii Making Overprovision

Excess provision totalling Rs.694 million had been made for 22 Objects and as such the savings, after the utilization of provisions amounting to Rs.459 million, ranged between 22 per cent to 100 per cent of the net provisions relating to the respective Objects.

2.5 Advances to Public Officers Account

2.5.1 Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account No.14501 of the Ministry and the actual amounts 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
9	8.9	4	4.8	37	15.6

2.5.2 Non-recovery of Outstanding Loan balances

According to the Reconciliation Statement presented to Audit, the outstanding balances as at that date totalled Rs.235,206. These loan balances were relating to a period ranging from 05 years to 07 years while the follow up action on the recovery thereof had been at a weak level.

2.6 Non-compliances

2.6.1 Non-compliance with Laws, Rules and Regulations

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

**Reference to Laws, Rules,
Regulations etc.**

Non-compliance

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

(i) Financial Regulation 104

Even though preliminary inquiries had been held in respect of 11 accidents to motor vehicles occurred in the years 2016 and 2017 and the loss had been identified as Rs.2,919,447, inquiries had not been finalized in this connection.

(b) Paragraph 5.1 of the Circular No.CA/1/17/1 of 14 May 2010 issued by the Presidential Secretariat

Even though only 01 mobile phone should be obtained for official telephone connections, 03 mobile phones had been purchased for the personal use of the Minister in the years 2015, 2016 and 2017.

2.7 Human Resources Management

2.7.1 Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The particulars relating to the approved cadre, actual cadre and vacancies as at 31 December 2017 are given below. The Ministry had spent a sum of Rs.97.39 million on the category of Personal Emoluments for the year under review.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	21	12	09
(ii)	Tertiary Level	07	03	04

(iii)	Secondary Level	106	86	20
(iv)	Primary Level	37	29	08
		----	----	----
	Total	171	130	41
		=====	=====	=====

Even though requests to take necessary action to fill the said vacancies, had been made to the Secretary of the Ministry of Public Administration in 4 instances, it had not been so done by October 2018 to fill the vacancies.