

## **Head 326 –Department of Community Based Corrections**

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The audit of the financial statements of the Department of Community Based Corrections for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 to be read in conjunction with provisions of the National Audit Act No.19 of 2018. The summary report including my comments and observations on the Financial Statements of the Department of Community Based Corrections was issued to the Accounting Officer on 07 June 2019 in terms of section 11 (1) 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 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 the Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Department of Community Based Corrections as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

### **1.2 Basis for Qualified Opinion**

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer in relating to the Financial Statements.**

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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 provision 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**

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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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit 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.
- It had been included that structure and contained of the financial statements are based transactions and events appropriate and fairly included when presenting the financial statements as a whole.
- Evaluate the overall presentation, 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.

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 and Regulatory Requirements**

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I express the following matters in accordance with section 6 (d) and section 38 of National Audit Act, No. 19 of 2018.

- (a) Since there was no need for the presentation of financial statements for the preceding years. It could not be stated that the financial statements presented was consistent with the preceding year.

- (b) Since there was no requirement for the Department of Community Based Corrections to prepare financial statements for the preceding year, recommendations on the financial statements had not been presented.

**1.6 Comments on Financial Statements**  
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**1.6.1 Financial Statements were not non – compliance with the Circular Regulations**  
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Financial Statements should be prepared as per the Public Accounts Circular No.267/2018 dated 21 November 2018. one instance deviating from that requirement is given below.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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As per the paragraph 7 (ii) of the guideline for the preparation of the financial statements of the State Accounts Circular No. 267/2018 dated 21 November 2018 collecting of revenue by other Ministries in respect of Revenue Accounting Officers that revenue is treat as imprest received from the Treasury and that revenue should be entered in the format ACA – 3 but an amount of Rs.10,595,473 collected like that in respect of Accounting officers had been entered in the Format ACA – 1 in the statement of financial performance report of the year 2018 as non-tax income and receipt of other revenue.	Circular instructions of the State Accounts Circular No.267/2018 dated 21 November 2018 should be complied with.	Action would be taken to prepare with the relevant format of the financial statements in the year 2019.

**1.6.2 Non-compliance with Laws, Rules and Regulations**  
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The following observation is made.

<b><u>Observation</u></b>	<b>Non-compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
<b>Reference to the Laws, Rules and Regulations</b>			
<b>Public Finance Circulars.</b>			

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Paragraph 3.2 of the Circular No. 05/2016 dated 31 March 2016.	Eventhough Board of Survey Boards for the year 2017 had been appointed, Board of Survey had not been done while the recommendations of the Board of Survey for the year 2016 had not been implemented even as at 19 May 2019.	Comply with the Public Finance Circular instructions of 05/2016	Necessary actions will be taken quickly.

## 2. Financial Review

### 2.1 Expenditure Management

The following observations are made.

<b>Audit Observations</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) Provisions amounting to Rs.10.76 million made for five recurrent objects and there were savings over 15 per cent that was Rs.1.68 million while percentage of savings in each object had been ranging between from 11 per cent to 49 per cent.	Correct expenditure budget should be prepared as per Financial Regulation 50.	Expenditure had not been made as expected therefore provisions had been saved.
(b) Out of the provisions amounting to Rs.10.44 million made for the 5 capital objects 35 per cent namely Rs.3.66 million had been saved. The savings in each object had been remained ranging between from 20 per cent to 78 per cent.	Correct expenditure budget should be prepared as per Financial Regulation 50.	Reasons for the savings; construction estimates are old, time for the renovation is not sufficient. expenditure had not made as expected and non-receipt of imprests.

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| (c) | Provisions amounting to Rs.1.44 million obtained by transfer under Financial Regulation 66 for the object code 2102 and the entire provision had not been utilized. | Provisions obtained by transfers should be utilized. | Provisions were saved as a result or non-receipt of imprests. |
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**2.2 Balances of Advance Accounts**  
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The following observation is made.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
Loan balance amounting to Rs.131,020 was recoverable from a interdicted officer as at 31 December 2018. Although a time period of over 7 years had elapsed action had not been taken to recover that balance by taking disciplinary action immediately and complete.	Loan should be recovered after the completion of the disciplinary actions immediately.	Action will be taken in immediately to recover the loan balance after completion of the disciplinary action.

**3. Operational Review**  
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**3.1 Non- achieving the Expected Output Level**  
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The following observations are made.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(a) Out of the officers affiliated to the 13 Divisional Secretaries of Colombo District for the Community offenders in Colombo District on the reasons of non-having 07 Development officers (community corrections) activities such as to prepare necessary programmes to prevent from community offence order again and again by the Community Offenders orderers implementing that programmes, preparing of family development plans and fulfilling of follow up activities fruitfully such	Action should be taken to fill the vacancies in collaborations with the relevant institutions by the top manag	This situation had been occurred on the reason of vacancies of the officers which had been informed to the Director General of Combined Services.

activities had not been carried out properly.

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| <p>(b) On the reason the offenders after the process of corrections again enter in to the acquainted to self-living environment for prevent of offence again religious admonition and parallel to the private admonition should be give according to their risk level and there had not been necessary environment and space in the community corrections offices.</p> | <p>It is suitable to take step by the top management to construct a centre in covering several judiciary zones.</p> | <p>Non having necessary environment and space.</p>   |
| <p>(c) Although it had been planned to 399 vocational training programmes and non-paying community works and 893 shramadana programmes but 292 programmes and 792 programmes respectively only had been implemented for the offenders during the year under review.</p>  | <p>Necessary steps should be take to achieve the approved planned targets.</p>                                      | <p>Offenders could be engaged in shramadana programmes in connection with community works but at present attention is being taken to engage in corrections activities rather than community works.</p> |

### 3.2 Projects Abandoned without Completing

The following observation is made.

#### **Audit Observation**

Although construction activities of a building for the centre of the Kurunegala District Community corrections had been commenced on 14 December 2012 construction had been stopped on the way for reason such as not carry out a site survey to select a suitable land, not properly vesting the land. Payment of Rs.231,575 made to the contractor had become fruitless because not taking any action in this connection even as at 25 May 2019.

#### **Recommendation**

Proper administrative decisions should be taken by the top management.

#### **Comments of the Accounting Officer**

As the expected objects could not be achieve on the construction of a centre for community corrections in this land and future activities had not been happened on the reason of the Department was under 2 Ministries from time to time in the later part of the year 2015.

### 3.3 Management Weaknesses

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) While implementing the consultancy for offenders, religious and spiritual programmes for the offenders in one occasion to make corrections for the offenders crowd there are no sufficient facilities and not having suitable centres in carry on this functions the Corrections Officers had happened faced to various problems.	Management is responsible for the fulfilment of the objectives of the institute while the activity of the corrections to implement more efficiently and fruitfully even in minimum in district level or to search ability to establish one corrections centre.	Action will be taken to give a rough plan to the Ministry Justice for relating to allocation of space and there is a urgent requirement for a separate centre. Corrections offices, the necessity of a separate centre for collective consultancy has existing in hardly. Observation is accept, because of the space facilities are not enough for intoxicated treatment centres attention had refer for get treatment centre in the under -utilized hospitals with discussion make with the Director General of Health Services.
(b) Most of the community corrections offenders are related to narcotic effences. Although, directed to necessary treatment for they have to wait a long time to get treatments as result of not having necessary facilities in hospitals. There had been existing problems to continue corrections process while the offenders fall into the narcotic again and there were instances of violation of offence but no remedies for that.	-do-	

**4. Good Governance**

**4.1 Fulfilment of Services to General Public**

The following observation is made.

**Audit Observation**

It is necessary to give informations to the general public and other parties by the Government Institutions. A sum of Rs.284,700 had paid on 17 April 2013 to the Sri Lanka Development Administration Institute by the Department of Community Based Corrections to create the website and it had elapsed more than 6 years to date. English language of the primary plan of the website had been created by 31 May 2019 but not yet finished. In this connection taken action had not been enter into an agreement by the Department of Community Based Corrections with the Sri Lanka Development Administration Institute.

**Recommendation**

Necessary procedures to be take to give informations to the general public in terms of provision.

**Comments of the Accounting Officer**

Necessary steps to take to complete this activities before end of this year with discuss make with the Development Administration Institute.



#### 4.2 Internal Audit

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The following observation is made.

##### Audit Observation

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In terms of the Section 40 of the National Audit Act No.19 of 2018 An Internal Auditor had not been appointed and also an audit plan had not been prepared.

##### Recommendation

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Internal Audit activities should be planned as per the provision of the National Audit Act No.19 of 2018.

##### Comments of the Accounting Officer

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Request had been made from the Department of Management Services relating to approval for a post of an Internal Auditor.

#### 5. Human Resources Management

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The following observation is made.

##### Audit Observation

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Even though interviews had been held by the Ministry in the year under review for the post of Assistant Commissioner appointments had not been given. Even though, the Director General of Combined Services had been informed regarding vacancies in the Post of Development Officer and the Ministry had been informed regarding the Driver vacancies. But there were vacancies in the posts of Deputy Commissioner, Accountant, Administrative Officer, Translator (Tamil), 21 Community Corrections Officers and 56 Development Officers as at 31 December 2018. As a result, it is difficult to carrying out the duties successfully such as, translation works, creation of problems in making corrections received by the offenders on corrections orders and conducting narcotic programme properly.

##### Recommendation

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Action should be taken to fill the vacancies in collaboration with relevant institutions by the top management.

##### Comments of the Accounting Officer

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Accept the observation.