

## Head 326 - Department of Community Based Corrections

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Department of Community Based Corrections for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance and cash flow statement for the year then ended 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 read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Department of Community Based Corrections was issued to the Accounting Officer on 06 May 2021 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 28 June 2021 in terms of Section 11(2) 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 of the Democratic Socialist Republic of Sri Lanka 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 paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Community Based Corrections as at 31 December 2020 , and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Qualified Opinion

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My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for 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 provisions 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 summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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 Requirements

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I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Non-compliance of Financial Statements with Circular Provisions

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Audit Observation	Comments of the Accounting Officer	Recommendation
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Capital assets acquisitions for the year under review were Rs. 3,611,189 in the Statement of Financial Performance and Cash flow statement. It had been amounted as Rs. 3,684,435 in the Statement of non-financial assets.	This difference was due to a misrepresentation of a journal entry adjusted for the opening balance of non-financial assets as an acquisition of capital assets in the format ACA-06 of the statement of non-financial assets.	Financial statements should be prepared in accordance with paragraph 3.6 of the guideline No. 06 relating to paragraph 10.1 of Public Finance Circular No. 02/2020.

## 2. Financial Review

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### 2.1 Expenditure Management

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The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Out of the estimated allocation of Rs. 27,619,000 for 13 recurrent expenditure subjects, Rs. 8,330,635 was remained and the savings in each of the expenditure subjects	Recurrent provisions were remained due to the following reasons. (i) Reporting limited number of officers to the office for nearly 04 months due to Covid-19 epidemic, restricting the officers from	Financial Regulations 50 should be followed in preparing annual estimates.

ranged from 16 percent to 100 percent.

field duties, inability to travel abroad, not attending progress review meetings and various programmes, minimizing the utilization of vehicles for official purposes.

- (ii) Payment was made from another expenditure subject for uniforms of two drivers due to lack of provisions, but the transfer of funds to that subject was omitted.

- (iii) Payments were made from another expenditure subject to print the performance report due to insufficient amount of received funds, inability to do the office repairs as planned for about 04 months, closure the head office and regional office and irregular postal work, closure the head office and regional offices for about 04 months, failure to report cleaning staff for about 08 months.

- (iv) Minimization of demand for the implementation of the language policy of the officers.

Minimization of expenditure on transport expenditures.

- (b) Out of the estimated allocation of Rs. 7,232,000 for 04 capital expenditure subjects, Rs. 3,606,792 was remained and the savings in each of the expenditure subjects ranged from 42 percent to 80 percent.
- Capital provisions were remained due to the following reasons.
- (i) Although allocations have been made to the relevant High Courts for the repair of 02 regional offices and which repairs could not be carried out due to the corona epidemic.
- (ii) Expenditure incurred on obtaining antivirus soft wares for computers, but no other upgrades.
- (iii) The vehicles are in good condition.
- (iv) The capacity building of the officers and the need to cancel the activities to strengthen the economy of the commanders who are socialized as good citizens without drugs.
- Financial Regulations 50 should be followed in preparing annual estimates.

## 2.2 Comparison statement on Advance Account to Public Officers

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Due to non-conduct of formal disciplinary inquiries, the recoverable loan balance of Rs. 131,020 for more than 09 years from suspended officers could not be recovered.	The formal disciplinary inquiry on behalf of the suspended Mr. J.G.P.P. Weerasinghe is continuing and sent the letter DCBC/ACC/07/04 dated 27 August 2020 to recover the loan balance of Rs. 131,020 due from him to guarantor, Mrs. D.Virithamulla. Letters have been sent to her Divisional Secretary of the Elapatha	Immediate action should be taken to recover the debts.

Divisional Secretariat. A reminder letter was sent on 05 April 2021.

- (b) According to the National Budget Circular No. 118, Rs. 300,551 to be charged from 05 officers who were transferred to Government Ministries and Departments and to the Provincial Ministries and Departments had not been recovered.
- Salary details have been sent to the relevant institutions to recover the amount of Rs. 186,676 to be charged from three officers who transferred to the Government Ministries/ Departments in the year 2020. Further, letters have been sent to the Akuesssa Zonal Education office requesting the immediate payment of Rs. 113,875 to be charged from Mr. M.K.M. Rashmi who was appointed to the Provincial Teachers' Service in the year 2020.
- Action should be taken to act in accordance with Budget Circular No. 118.

### 2.3 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>In accordance with paragraph 6 of Guideline No. 06 relating to paragraph 10.1 of Public Finance Circular No. 02/2020, the domestic travel expenses of Rs. 202,164 which are not subject to Financial Regulation 94(2) and (3) were included in the liabilities.</p>	<p>I will proceed in accordance with paragraph 6 of Guideline No. 06 relating to paragraph 10.1 of Public Finance Circular No. 02/2020.</p>	<p>Should be act in accordance with the Public Finance Circular.</p>

### 2.4 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

<b>Observation</b> -----	<b>Comments of the Accounting Officer</b> -----	<b>Recommendation</b> -----
<b>Reference to Laws, Rules and Regulations</b> ----- Financial Regulation 371(2) of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka.	<b>Non-compliance</b> ----- Although the received advances were to be paid as soon as the work completed, the advances of Rs. 759,470 received on 43 occasions were delayed by 13 days to 227 days.	From 01 January 2020 to 31 December 2020, Rs. 1,530,620 has been paid for the acting interim imprest for the various functions of the Department of Community Based Corrections in 165 occasions. Out of that advances, it was mentioned the facts of an interim imprest of Rs. 759,470 related to 43 occasions which was not settled immediately after the completion of work.
		Should be act in accordance with Financial Regulations.

## 2.5 Operation of Bank Accounts

Deficiencies revealed at the audit test checks carried out on operation of bank accounts, appear below.

<b>Audit Observation</b> -----	<b>Comments of the Accounting Officer</b> -----	<b>Recommendation</b> -----
(a) 29 cheques valued at Rs. 37,035 which had not been presented to the bank from issued date to 31 December 2020 in Account No. 100159027420 for more than 06 months had not been act in accordance with the Financial Regulation 396 (d).	In other years, cheques exceeding 06 months have been dealt with in accordance with Financial Regulation 396(d) and settled the bank reconciliations. With the beginning of the second wave of Covid 19 again in October 2020, could not be followed the terms of Financial Regulation 396(d). I also inform you that the bank reconciliation is being settled in accordance with Financial Regulation 396(d).	Should be act in accordance with Financial Regulations.

- (b) As per the bank reconciliation as at 31 December 2020, 16 unidentifed cheques amounting to Rs. 30,048 had not been identified and corrected. Copies of receipts credited to the department account have not been duly received by the head office due to the beginning of the second wave of Covid 19 again in October 2020, the occasional isolation of areas and the closure of regional offices. As the result of that, there was a problem of identifying the balances in separately. Unidentifed balances should be identified immediately and relevant corrections should be made.

### 3. Operational Review

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#### 3.1 Projects without Progress despite the release of Money

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Audit Observation	Comments of the Accounting Officer	Recommendation
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Although allocations of Rs. 922,896 and Rs. 679,810 had been made to upgrade the Pelmadulla and Kalutara offices of Community Based Corrections respectively, the work had not commenced by the end of the year under review.	Due to inform that although the Rathnapura High Court has completed the procurement for the construction work, the lowest bidder will not be able to complete the work by 31 December 2020 and the incomplete submission of the bid of the second bidder, it has been returned provisions to the Department by the letter No. Rath/Mahadhi/Ganaka/Procurement /2020 dated 14 December 2020. Although the Kalutara High Court had completed the procurement for the construction work, the repairs were not carried out due to the Panadura Magistrate's Court stating that outsiders could not be allowed to enter the work due to repairs under the Covid 19 situation. Due to this, the allocations have been transferred back to the Department by the letter No. Kalu/Mahadhi/Gi/Prathi.illeem/2020 dated 10 December 2020 from the Kalutara High Court.	Projects that have received allocations should be implemented as planned.



### 3.2 Procurements

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) According to section 4(2) 2006 of the Government Procurement Guideline, a procurement plan for the year 2020 had to be prepared only for a period of at least 03 years including the expected procurement plan and a detailed procurement plan with each procurement steps, a procurement plan had been prepared only for the year 2020.	As there is no large scale long term procurement work to be done by this department, I kindly inform you that the main procurement plan has been approved according to the provisions allocated to the department in the relevant year and the procurement process has been carried out accordingly. Further, a detailed procurement plan with the steps taken in each procurement process has not yet been prepared and I will take action to prepare a detailed procurement plan from next year.	Action should be taken to act in accordance with Section 4(2) 2006 of the Government Procurement Guideline.
(b) No contract had been entered for the procurement of office equipment worth Rs. 3,307,159 under Section 8.9.1 (a) of the Procurement Guideline.	This department will not sign a contract agreement with the selected supplier or bidder for selected goods or services above Rs. 500,000 according to a letter of acceptance. At present, when purchasing goods or services to the Department, an agreement made by a purchase order with the supplier or bidder as an acceptance letter included the terms and conditions of the department. The Department of Public Finance has not introduced forms of an agreement in accordance with the Standard Bidding Document – National shopping procedures recommended in the bidding process. However, I kindly inform you that the department will enter into a formal contract for goods or services exceeding Rs. 500,000 in future.	Should be act in accordance with Section 8.9.1 (a) of the Procurement Guideline.

#### 4. Human Resource Management

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>At the end of the year under review, the total number of vacancies was 102 including 03 senior level vacancies, 27 tertiary level vacancies, 69 secondary level vacancies and 03 primary level vacancies due to not maintaining an effective level of service and timely review of staff.</p>	<p>The numbers of attached employees were 744 with 201 Development Officers attached from 01 April 2021. Financial Regulation 71 applications dated 02 October 2020 have been submitted for the creation of 354 posts of Development Officers. Out of the 15 vacant posts of the Community Corrections officer, 10 officers and 21 inspectors have been recruited.</p> <p>Work is in progress to fill 10 vacancies for the post of Senior Community Corrections officer. There were 52 vacancies for Development Officers and 201 new officers have been attached to the Department with effect from 01 April 2021.</p> <p>Requests have been made to the Director General of Combined Services to attach officers to the posts of Accountant, Language Translator, Administrative Officer, Management Service Officer, Office Assistant and Driver.</p>	<p>Necessary officers should be recruited for vacancies and action should be taken to maintain an effective level of service.</p>