

Head 326 - Department of Community Based Corrections

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Department of Community Based Corrections for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 19 May 2022 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 01 June 2022 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, 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 2021 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 Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those auditing standards are further described in the Scope of Audit section of my report. 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

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

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 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

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.

2. Financial Review

2.1 Expenditure Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
The provision of Rs. 6,954,661, which was more than 44 percent of the estimated allocation of Rs. 15,700,000 made for 04 capital expenditure subjects, was saved and savings in each of those expenditure subjects ranged from 11 percent to 100 percent.	This amount of provision was saved due to expenditures lower than estimations and the limitation of expenditures.	Financial Regulations 50 should be followed in preparation of the annual estimates.

2.2 Certification of Accounting Officer

Accounting Officer should certify the following matters in terms of provisions set out in Section 38 of the National Audit Act No. 19 of 2018. However, it had not been so done.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The Accounting Officer should be certified that an effective system of internal control is developed and maintained for the financial control of the Department and the previous review should be done on the effectiveness of the system and accordingly the necessary changes should be made to maintain the system effectively and those reviews should have been done in writing and a copy of the same should have been submitted to the Auditor General, but statements that such reviews had been made were not submitted to the audit.</p>	<p>A systematic internal control system has been developed for financial control and no progress review committee meetings have been held in this regard and therefore, it has been difficult to review the effectiveness of this system. Therefore, it was not possible to submit the review reports to the Auditor General and I would like to inform that arrangements will be made to submit it in future.</p>	<p>Should be followed the provisions of Section 38 of the National Audit Act No. 19 of 2018.</p>

2.3 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.

Reference to Laws, Rules and Regulations	Amount (Rs.)	Observation Non-compliance	Comments of the Accounting Officer	Recommendation
<p>(a) Financial Regulations 371 (2) of the Democratic Socialist Republic of Sri Lanka.</p>	<p>113,355</p>	<p>Although the received advance should be settled immediately as completion of the work, the advance</p>	<p>The settlement of advances has been delayed due to delays in settlement of received advances</p>	<p>Should be complied with Financial Regulations.</p>

money on 05 for transportation occasions for various of stationery by tasks was settled train and post by between 14-164 days the regional delay from the due offices and date. received vouchers in delay from the Development Section to the Accounts Section.

(b) Public Administration
Circular No. 02/2018
dated 24 January 2018
Paragraph 1

- (i) - Annual performance agreements were not signed for all the staff employed in the institution. Annual performance agreements for the entire staff of this department have not been prepared yet as per Annexure 01 format of Public Administration Circular No. 02/2018 and I would like to inform that the initial work of preparing the annual performance agreements are currently being done. Should be act in accordance with the circular.

- (ii) Paragraph 4
- It is imperative to develop the human resources of the public sector in a planned manner in order to use the human resources concentrated in the public service more efficiently and effectively for the development of the country. The human resource development plan that should be prepared to fill the gap between the existing and required skills of the entire staff of the institution was not prepared.
- I am informed that the necessary activities are taken currently to appoint a Senior Community Corrections Officer to be responsible for the preparation of the Human Resource Development Plan, the development of capacity development programmes and the implementation of skills development programmes in accordance with paragraph 6.5 of the Public Administration Circular No. 02/2018.
- Should be act in accordance with the circular.
- (c) Public Administration Circular No. 05/2008 dated 06 February 2008.
- A citizen/ client Charter had not been introduced.
- While the Community Based Amendment Act No. 46 of 1999 does not directly interact with the public in its operation in the Hon'ble Courts and there are also cases where it is not possible to provide information openly to the public.
- Should be act in accordance with the circular.

Specially, not in direct contact with the public in grants offices. But, I would like to inform you that a suitable and appropriate Citizen Client Charter will be prepared for the Department in future with accepting the need to establish the concept of citizen client service beneficiary charter.

3. Operational Review

3.1 Performance

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>10 main activities were identified in the annual action plan and out of that, 08 tasks had not achieved sufficient performance. Also, although they plan to obtain orders for 20,000 petitioners during the year for obtaining community correction orders of petitioners by the courts which was the main function, only 4,674 petitioners had received community correction orders actually.</p>	<ul style="list-style-type: none"> ➤ The achievement of that goal was limited due to the limitation of judicial proceedings and the granting of community correction orders by the courts under the health law regulations imposed under the Covid epidemic situation. ➤ The assistance of banks is required to obtain credit facilities for self-employment 	<p>The department should be ensured to implement the activities in the action plan to be achieved the adequate progress.</p>

projects and no positive responses have been received yet from the banks regarding the provisions of loans to the petitioners.

3.2 Procurements

<p>----- Audit Observation -----</p>	<p>----- Comments of the Accounting Officer -----</p>	<p>----- Recommendation -----</p>
<p>The procurement plan should be prepared for the expected procurement activities for a period of at least 03 years according to the Section 4(2) 2006 of the Code of government Procurement Guidelines and although a detailed procurement plan should be prepared indicating the steps of each procurement action from the time of initiation to completion of the procurement activities as stated in the Section 4(2) 2006,a procurement plan was prepared only for the year 2021.</p>	<p>A detailed procurement plan has not yet been prepared as indicated the steps in each procurement action and I will take action to prepare that plan from next year.</p>	<p>Action should be done in terms of Section 4(2) 2006 of the Code of Government Procurement Guidelines.</p>

4. Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
An Internal Audit Unit was not established to carry out the internal audit work of the department according to the Section 40(1) of the National Audit Act No. 19 of 2018.	A post of Internal Auditor has been approved yet, but the Ministry of Public Administration has not appointed an officer for the post of Internal Auditor until now.	Action should be taken in accordance with the Section 40(1) of the National Audit Act No. 18 of 2018.

5. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
There were 40 vacancies in the department including 03 senior level vacancies, 19 tertiary level vacancies, 12 secondary level vacancies and 06 primary level vacancies during the year under review.	Among the senior level vacancies, the Ministry of Public Administration has been informed to fill the vacancies of Internal auditor 01 and SLAS 01. There are currently no qualified officers required for departmental posts in the department. Interviews related to recruitment of officers for the 10 posts of Senior Community Correction Officer among the tertiary level vacancies have been conducted and completed and no eligible applications have been received for the recruitment of Community Correction Officers. Applications has been made through online system to fill the vacancies of Administrative Officer, Interpreter and 12 posts at secondary level and 06 posts at primary level.	Action should be taken to recruit suitable officers for vacancies and maintain an effective level of service.