

Head 189 – Ministry of Public Security

1. Financial Statements

1.1 Opinion

The audit of the financial statements of Head 189 - the Ministry of Public Security for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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.

In terms of Section 11(1) of the National Audit Act, No. 19 of 2018, the summary report including my comments and observations on the financial statements of the Ministry of Public Security was issued to the Chief Accounting Officer on 31 May 2023. In terms of Section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Ministry was issued on 27 June 2023 to the Chief Accounting Officer. This report is submitted to Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, which should be read in conjunction with provisions of 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 Ministry of Public Security as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

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, under those standards is further described in the Auditor's Responsibility 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 opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer on the Financial Statements

The Chief 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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer determines 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 Ministry of Public Security is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry of Public Security and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibility 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 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 judgement and maintain professional skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed identify and assess the risks 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 audit 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 Chief 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

As required by Section 6(1)(d) of the National Audit Act, No.19 of 2018, I state the followings:

- (a) The financial statements are consistent with that of the preceding year.
- (b) Recommendation made by me on the financial statements related to the preceding year had been implemented.

1.6 Audit Observations on the preparation of Financial Statements

1.6.1 Accounting Deficiencies

(a) Property Plant and Equipment

The following deficiencies were observe in accounting for property, plant and equipment.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(i) Although the balance of buildings and work in progress as at 31 December 2021 is Rs.608,836,986, but as at 01 January 2022, it was shown as Rs.670,873,053. Therefore In SA-82, the opening balance was overstated by Rs.62,036,067.	The difference between the opening balance of the year under review and the closing balance of the previous year is Rs.62,036,067. This is the payment made for the bills received in the year 2022 related to the building and construction in progress (WIP) started in the previous years of the Special Task Force and it is entered into the CIGAS program as a collection under the same capitalized code as when the first payment was made. Moreover it was indicated that the opening balance has changed as it is not recorded as a new purchase in the CIGAS program and is added to the opening balance.	The closing balance of the previous year should be brought forward as the opening balance of the year under review.
(ii) Although the balance of other machinery and equipment as at 31 December 2021 is Rs.2,656,391,978, but as at 01 January, 2022, it was shown as Rs.2,647,338,195. Therefore the opening balance of SA-82 was understated by Rs.9,053,783. As a result, fixed assets were understated in the statement of financial position in same amount.	The difference between the balances is Rs.764,640. It is the remaining amount paid in 2022 after part of the money to be paid for a generator purchased for the Special Task Force in 2021. The generator has been capitalized under an asset code of the previous year and the amount of Rs.764,640 in the year 2022 has been added under the same code.	The closing balance of the previous year should be brought forward as the opening balance of the year under review.

Therefore, it is not recorded as a new purchase in the CIGAS program and it is added to the opening balance.

After get in consultation by the Public Accounts Department, It had been informed that necessary measures will be taken to correct it in the future.

- (iii) Although capital assets of Rs.202,982,036 were acquired in the year under review and due to accounting under purchases in SA-82 as Rs.139,073,445, the value of property, plant and equipment had been understated by Rs.63,908,591 in the statement of financial position.

In relation to 2103 and 2102 expenditure object, it is mention the total purchase of the year is Rs.129,891,191, however an asset of Rs.129,126,550 is shown in the statement of assets as non-financial assets. The difference is Rs.764,640. It is the remaining amount paid in 2022 after remaining part of the money to be paid for a generator purchased for the Special Task Force in 2021.

And this generator has been capitalized under an asset code of the previous year and the amount of Rs.764,640 in the year 2022 has been added under the same code.

Therefore, it is not recorded as a new purchase in the CIGAS program and it is added to the opening balance.

Also, the amount of Rs. 70,261,948 has been stated as purchases in the year 2022 in relation to the expenditure object of 2104 (Buildings and Construction). But as non-financial assets, the statement of assets shows Rs.7,118,001.

The difference between the expenditure and the asset of that expenditure object is Rs.63,143,943.

Payments made for bills received in the year 2022 related to Buildings and Construction in Progress (WIP) initiated in previous years of the Special Task Force. And it is entered into the CIGAS program as an added under the same capitalized code as when the first payment was made.

Moreover it has been mentioned that it will not be recorded as a new purchase in the CIGAS program and will be added to the opening balance.

(b) Lack of Audit Evidences

Audit evidence was not submitted in respect of the following transactions

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>As per Gazette Extraordinary No. 2277/53 dated 28 April 2022, and according to the cabinet amendments, the functions and tasks of the State Ministry of Community Police as well as all assets and responsibilities belonging to the State Ministry of Community Police Services were transferred to the Ministry of Public Security.</p> <p>Thus in transfer of assets, although accounting of non-financial assets should be done in accordance with Budget Circular No. 06/2022 dated 21 September 2022, Paragraphs No. 20, 21, 22 and 23, and to verify whether correct accounting was done, the expenditure ledgers belonging to the State Ministry of Community Police, the fixed assets register and the journal entries related to the transfer were not submitted for audit.</p>	<p>After the Ministry of Public Security is acquisition all the non-financial assets under the State Ministry of Community Police Services, while all receiving orders for transferred assets have been received by now, it was stated that the relevant reporting activities will be done by the SIGAS software in the future.</p>	<p>Action should be taken accordance with Budget Circular No. 06/2022 dated 21 September 2022.</p>

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) Three (xvii) of Budget Circular No. 03/2022 dated 26 April 2022, If there is any remaining balance in the provision set aside for incurring expenses during the year, although they should not be used for other expenses before the end of the year. However, from Rs.91,000 to Rs.92,600,000 for 25 objects, which were provisions ranging from 22 percent to 3000 percent had been transferred by Finance Regulation 66/69.	Based on the verbal instructions received from the National Budget Estimates, it was stated that allocations were transferred by the approval of F.R.66 on 22.12.2022 for the expenditure objects for which the allocations are insufficient for the settlement of the fourth quarter expenses and the liabilities brought forward.	Action should be taken as pre the circular.
(b) For the object of losses and write-offs of 189-1-03-1701, although money was not allocated by the annual budget estimates, an amount of Rs.9,059,731 obtained under F.R.66/69 had been used for the expenditure object of losses and write-offs.	At the time of preparation of the 2022 budget estimate, There was no requirement to obtain the necessary provision to incur the expenses under the expenditure object 189-1-3-0-1701 for written off the vehicle losses under F.R.109 for the special task force's accident vehicles. And it was stated that the requirement arose in the year 2022.	Future requirement should be taken into consideration while preparing the annual estimates.
(c) Although allocations of Rs.41,866,000 have been transferred from other expenditure objects under the transfer of provisions by F.R.66/69 for 08 expenditure objects, provisions were remaining between 65 percent and 958 percent of those expenditure objects.	Allocations were made on a quarterly basis in the financial year 2022 and although there was a balance of allocations from the previous quarter, In some cases problems arose in transferring allocations to the next quarter. In such cases remaining are expected from other expenditure objects, it had been stated that the provisions under F.R.66 have been transferred.	Action should be taken to utilize provisions with maximum efficiency.

2.2 Incurring of Liabilities and Commitments

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
As per Annexure (iii) Statement of Liabilities and Commitments of the financial statement of the year under review, although the liabilities are Rs.219,957,091, however, Rs. 2,937,860 had been paid in excess of the liabilities.	Bills presented for payment up to 20.01.2023 which was the last date given for uploading Liabilities and Commitments to the CIGAS application, are shown in the Liabilities and Commitments report. It was stated that certain bills presented after 20.01.2023 could not be shown in the report of liabilities and Commitments.	Action should be taken to disclose all liabilities in Annexure (iii) of the financial statement.

3. Operating Review

3.1 Delays in the Execution of Projects

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) In terms of the Cabinet decision No. AMP/1610738/703 /033 dated 11 May 2016, Cabinet approval had been received to purchase necessary Weapons, Armored vehicles, Logistic vehicles, Communication devices and other equipment to establish a combat brigade of the Special Task Force to discharge duties of the United Nations Peace Keeping Mission in Mali state. This project had been initiated with the objective of earning foreign exchange, developing skills, gaining international experience, upgrading living standard by deploying them in peace keeping missions. And 160 officers were selected by the interview panel and given	Due to the change of the line ministry on many occasions, the procurement activities of the project were delayed in the initial stages and also due to the Covid epidemic situation that started in 2019 hence the necessary purchases could not be made properly, and due to the economic crisis in 2022 and severe import restrictions, therefore it had been stated that there has been a significant delay in the purchase of essential goods such as vehicles and military equipment that were to be imported.	Action should be taken to focus on achieving desired objectives.

training. Although Rs.1,779,848,358 had been spent on this project as at 31 December 2022, the objective of joining the peace mission duties had not been achieved even by the end of the year under review.

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| <p>(b) It was planned to establish a sufficient and strong communication network in the period 2017-2020 to successfully perform the duties assigned to the Special Task Force and the total value of this project was Rs.195,582,818. Although Rs.160,366,208 had been spent for the project by the end of 2018 and by the end of 2022, the work of this project has not been completed. Therefore the Special Task Force had not been able to create the desired strong communication network.</p> | <p>It had been stated that prepare an agreement to resolve defects and deficiencies within a certain period of time and the agreement will be submitted for approval to the parties providing consultancy services for this project and the future work of the project will be carried out.</p> | <p>Steps should be taken to set up the relevant systems as planned.</p> |
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3.2 Assets Management

Audit Observation

Comment of the Chief Accounting Officer Recommendation

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| <p>(a) Since 2017, forty two vehicles have been purchased to be carried for the duties of the United Nations peacekeeping project and are being placed in Katukurunda, Horana and Gonahena special task force camps and maintenance work is being carried out and at Katukurunda Training School stores, store and maintains other goods and equipment purchased to be carried for these duties.</p> <p>Further for these purchases so far Rs.1780 million had been spent. And the attention of the responsible officials had not been focused for that</p> | <p>Due to the Covid epidemic situation that started in 2019, it is not possible to make the necessary purchases properly, changes in the line ministry on several occasions had a significant impact on the delay in the initial stages of procurement of the project.</p> <p>Due to the economic crisis of 2022, there was a significant delay in the purchase of essential goods such as vehicles and military equipment to be imported due to strict import restrictions.</p> | <p>Action should be taken to focus on achieving desired objectives.</p> |
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the purchased vehicles and other equipment's have been idle for a period between 01 and 05 years and regarding the expiry of the warranty period given in relation to those goods without use and the damages caused by the equipment being idle.

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| (b) | During the year under review, 19 lands of the Special Task Force had not been taken over and accounted for. | There is no assessment capability until a land is handed over to the Task Force. Therefore, the accounting cannot be done. Out of the 19 lands mentioned in the audit inquiry, it was stated that the transfer work has been completed for 03 and the assessment reports are to be obtained. | Action should be taken to take over and account for land promptly. |
| (c) | Appraisal values of land and buildings which are located in Vacare, Valachchena were no longer available. | The reports regarding the valuations related to Vakare and Valachchena camp have been forwarded to the relevant Ampara Valuation Office on 15.12.2022. It was informed that accounting will be done after receiving the assessment reports. | Action should be taken to obtain the appraised value of the assets Promptly. |

3.3 Management Inefficiencies

Following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Due to the reasons of retirement of disabled officers, dismissal and leaving the service, The total amount of debt balance over 05 years to be collected from officers and employees who are not currently employed as of 31 December, 2022 was Rs.379,850.	As at 31.12.2022, a case has been filed under case number 2285/20/BMR under the district court to recover an outstanding loan amount of Rs.218,187 and it was stated that the next court date was at 17.07.2023.	Sufficient steps should be taken to recover outstanding loan balances.

4. Good Governance

Following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(i) There are 18 vacancies in the secondary level management service officer post of the ministry, and 15 officers were excess in the post of development Officer.	<p>It had been stated that the letters forwarded to Department of Management Services, Director General of Integrated Services and Secretary of the Ministries of State Administration, Home Affairs, Provincial Councils and Local Government for vacant posts.</p> <p>The State Ministry of Community Police Services has been transferred to this Ministry by the Extraordinary Gazette No. 2257/53 dated 28.04.2022 of the Democratic Socialist Republic of Sri Lanka. Accordingly, it was stated that 14 development officers were assigned to this ministry from the State Ministry of Community Police Services.</p>	Focusing on filling vacancies and Steps should be taken to revise the number of approved posts.
(ii) A human resource plan was not prepared and implemented in the year under review based on the format in Annexure 02 mentioned in the Public Administration Circular No. 02/2018 dated 24 January 2018.	It was stated that the preparation of a human resource plan was delayed due to the limited attendance of the staff due to the Covid-19 situation in the years 2020, 2021.	A Human Resource Development Plan should be prepared in accordance with Public Administration Circular No. 02/2018 dated January 24, 2018
(iii) Although Special Task Force approved uniformed staff is 10743, but there were 3191 vacancies, which had taken a percentage of 30 percent.	<p>Invitation letters were sent to recruit 300 apprentice police constables to Katukurunda Training School at 20.04.2022.</p> <p>Due to the economic crisis in the country, the existing provisions are insufficient. And due to the restriction of recruitment due to non-availability of additional provisions, the recruitment of apprentice officers has been temporarily suspended.</p>	Sufficient steps should be taken to fill up the existing vacancies.

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| (iv) | Three women Chief Inspectors of Special Task Force, 76 police inspectors, 40 officers of the rank of police sergeant, one woman police sergeant and 36 police sergeant drivers were also working as excess. | As per the approval of the Cabinet, it was stated that the following excess positions were due to the promotion on the basis of the period of service as at 31.12.2018, regardless of the vacancies, which are effective only one time to the holder of the promotion on a periodical basis. | Action should be placed on filling vacancies |
| (v) | Although the authorized strength of civilian staff of Special Task Force is 709, There were 180 vacancies and it had taken a percentage of 25 percent. | Vacancies in the civil staff indicated in the audit inquiry have arisen due to annual retirement of officers; The Director of Civil Administration has communicated the relevant data to the Ministry of Public Administration for filling up the vacancies.

Also, since the recruitment activities have been temporarily suspended to fill the vacancies of primary level officers, As an alternative to that, it has been informed that 144 multi-purpose support workers will be provided by the Multi-Purpose Development Department. And It was stated that 36 of them are currently working in the Special Task Force. | Action should be placed on filling vacancies. |