

Appropriation Head 174 - Report of the Auditor General relating to the Ministry of Rehabilitation and Prisons Reforms and the Departments under the Ministry – Year 2010.

This report consists of 2 parts.

Part I – Summary report relating to the Ministry and the Departments under the Ministry.

Part II – Detailed report relating to each Appropriation Head

Part I

Summary report on the Accounts of the Ministry of Rehabilitation and Prisons Reforms and the Departments under the Ministry

1. Departments under the Ministry

<u>Head of Expenditure</u>	<u>Name of Department</u>
232	Department of Prisons
326	Department of Community Base Correction

2. **Accounts**

2:1 **Appropriation Accounts**

Total Provision and Expenditure

The total net provision made for the Ministry and two Departments under the Ministry amounted to Rs.4,444,339,224 and out of that a sum of Rs.4,416,425,969 had been utilized by the end of the year under review. Therefore, the net savings of the Ministry and the Departments ranged between Rs.7,969,504 and Rs. 11,443,738 or 0.25 per cent and 11.01 per cent of the total net provision. Details appear below.

Prisons

Department of Community Base Correction	32601	3,000,000	2,931,000	1,800,000	1,861,682	13,000,000	15,535,208
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2.2:2 Commercial Advance Accounts

Department of Prisons under the Ministry had maintained a Commercial Advance Account.

(a) Limits Imposed by the Parliament

The following limits authorized by Parliament for activities of the Commercial Advance Account had been complied with.

Department	Object Code	<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balances</u>		<u>Liabilities</u>	
		Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual	Maximum Limit	Actual
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		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Department of Prisons	23202	153,000,000	121,765,174	175,000,000	113,116,394	35,000,000	59,481,687	15,000,000	4,590,506

(b) Financial Results

The financial results of the Commercial Advance Account are shown below.

<u>Financial Results</u>					
		2010		2009	
Item Number	Advance Account Activity	Profit (excluding hypothetical charges)	Profit (including hypothetical charges)	Profit (excluding hypothetical charges)	Profit (including hypothetical charges)
-----	-----	-----	-----	-----	-----
		Rs.	Rs.	Rs.	Rs.
23202	Agriculture and Industrial	39,666,949	15,687,296	46,661,964	25,110,670

2.3 Imprest and General Deposit Accounts

Detailed Report relating to each Appropriation Head

1. Appropriation Head 174 - Ministry of Rehabilitation and Prisons Reforms

1.1 Scope of Audit

The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Ministry of Rehabilitation and Prisons Reforms for the year ended 31 December 2010 were audited in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements 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.

1:2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and reconciliation statements in accordance with the provisions of Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1:3 Audit Observations on the Accounts and Reconciliation Statements

According to the Financial Reports and the Books for the year ended 31 December 2010, it was observed that except for the general observations appearing at (a) to (b) and the other major audit findings appearing in paragraphs 1.4 to 1.5 herein, the Appropriation Account and Reconciliation Statements of the Ministry of Rehabilitation and Prisons Reforms have been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

2.1 Scope of Audit

The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Department of Prisons for the year ended 31 December 2010 was audited in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements 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.

2.2 Responsibility of the Chief Accounting Officer and Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and Reconciliation Statements in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2.3 Audit Observations on the Accounts and Reconciliation Statements

According to the financial reports and the books for the year ended 31 December 2010, it was observed that except for the effects of the general observations appearing at (a) to (f) and the other major audit findings appearing in paragraphs 2.4 to 2.6 herein, the Appropriation Account and the Reconciliation Statements of the Department of Prisons have been prepared satisfactorily.

(a) Non-maintenance of Books and Registers

- (i) It was observed during test checks that the Department had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register

Relevant Regulation

Observation

----- Register of Fixed Assets	----- Financial Regulations 502 (2)	----- Register of Fixed Assets had not been maintained
Register of Losses and Damages	Financial Regulations 110 and 103(1)(e)	Not maintained in prescribed format.

- (ii) Replies to 02 audit queries issued to the Department during the year under review and 02 audit queries issued in the preceding year had not been furnished even by 31 March 2011. The quantifiable value of transactions relating to those audit queries amounted to Rs.1,453,567.

(b) Budgetary Variance

Excess provisions had been made for 03 Objects and as such the savings there under after utilizing the provisions, ranged between Rs. 1,182,787 to 1,959,225 while savings relating to those Objects, ranged between 12 per cent and 63 per cent of the net provision.

(c) General Deposits Account

Action had not been taken in terms of provision of the Financial Regulations 571 in respect of 07 balances of deposits amounting to Rs.54,175,327 remaining over 2 years period.

(d) Reconciliation Statement of Advances to Public Officers Account

The following observations are made.

- (i) The balances that remained outstanding by 31 December 2010 according to the Reconciliation Statement on Advances to Public Officers Account, Item No.23201 totalled Rs.324,972,459 and the follow up action on the recovery of these outstanding balances had been at a weak level.
- (ii) A register of balances on individual accounts showing balances of loan and advances had not been prepared by the department in terms of Financial Regulation.

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Total	6,361	4,813	1,553	05
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The following observations are made

- (a) Action had not been taken to fill 1553 vacancies by the end of the year under review.
- (b) Action had not been taken to obtained proper approval in respect of excess employees recruited.
- (c)

3. Appropriation Head 326 – Department of Community Base Correction

3.1 Scope of Audit

The Appropriation Account including the financial reports, books, registers and other reports of the Department of Community Base Correction for the year ended 31 December 2010 was audited in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements 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.

3:2 Responsibilities of the Chief Accounting Officer and Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions of Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

