

National Child Protection Authority – 2019

1.1 Qualified Opinion

The audit of the financial statements of the National Child Protection Authority for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies, 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 provision of the National Audit Act No.19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statement give a true and fair view of the financial position of the Authority as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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 sections 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 Management and related parties responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authorities reporting process.

As per section 16(1) of the National Audit Act No.19 of 2018, the Authority 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 of the Authority.

1.4 Auditors 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 and error and to issue an auditors 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. Misstatement 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, misrepresentations, or the override of internal control.
- Obtain an understanding of company's internal control relevant 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.
- Reasonable evaluate the appropriateness of accounting policies and reasonableness of accounting estimates that are used and related disclosures followed by the management.
- Determined on the relevance of using the institute's going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty company's going concern due to events or condition. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors report to the related disclosures in the financial statements and if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of auditors report. However, future events or conditions may cease on going concern.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements, including relevant and fair base on transaction and events.

The audit scope are expanded to check the following in whenever possible and when ever necessary.

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Authority and whether such systems, procedures, books, records and other documents are in effective operation.

- Whether the Authority has complied with applicable written law, or other general or special directions issued by the governing body of the Authority.
- Whether the Authority has performed according to its power, function and duties; and
- Whether the resources of the Authority had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Financial Statement

1.5.1 Internal control about preparation of Financial Statement

The company need to maintain an adequate “well-designed” internal accounting control system to ensure fairness for implement transaction management with general and specific authority, record transaction as required to prepare financial statements in compliance with applicable reporting standards and maintain accountability for assets, access to assets only with the general and specific authority of management, accountability for recorded assets compares with available assets at reasonable times and takes corrective action if any.

1.5.2 Non compliance with Sri Lanka Public Sector Accounting Standards

The following observations are made.

	Non compliance with Applicable Standards	Comments of the Management	Recommendation
(a)	Assets and liabilities should not be setoff except as required or permitted in terms of the paragraph 48 of the Sri Lanka Public Sector Accounting Standard 01, a sum of Rs.602,509 of debit balances of three project funds and a sum of Rs.3,322,669 of credit balances of six funds had been set off with out being settled and net credit balance of Rs.2,720,160 had been shown under non-current liabilities of the financial statements.	Responsible officers were advised to present these debit and credit balances separately in the financial statements when preparing accounts in the year 2020.	Should be performed in accordance with public Sector Accounting Standards.
(b)	Even though a sum of Rs.1,502,528 of gratuity payable for the year under review should be shown as current assets in terms of paragraph 80 (d) of the Sri Lanka Public Sector Accounting Standards 01 it had been shown as non current assets.	Responsible officers were advised to take actions to show gratuity relevant to the year under review in the financial statements when preparing financial statements in the year 2020.	Should be performed in accordance with public sector Accounting Standards.

- (c) In accordance with paragraph 65 of Public Sector Accounting Standards 07, the cost of non current assets had not been revised annually for a life expectancy of fixed assets which amounted to Rs.11,192,030 had been fully depreciated, but were still in use accordingly the estimated error was not revised in accordance with Sri Lanka Accounting Standards 03.
- Actions to be taken to revalue of motor vehicle and adjust in the books when preparing financial statements in the year 2020.
- Actions should be taken in accordance with public sector Accounting Standards.

1.5.3 Accounting Deficiencies

The following observations are made.

Audit observation	Comments of the Management	Recommendation
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(a) A total expenditure cost of Rs.3,635,654 relevant to the year 2018 and 2019 for the construction of a new boundary wall for the old boundary wall which was in front of the Authority had been debited to the income statement as a recurrent expenses instead of capitalized the cost and an amounting to Rs.1,741,535 should be payable further had not been shown as a liability in the financial statements and also, action had not been taken to written of identifying the value of the old boundary wall.	Being an issue of provisions which was relevant to be used for the final payment for the construction of the wall. Accrued expenses relevant to that could not be recorded and officers were advised to examine and correct those in the year 2020.	Should be accounted capital and recurrent expenses identifying accurately.
(b) A sum of Rs.470,734 had been shown as a repayment of distress loan under the current assets in the statement of financial position and that value had been brought forward for more than 5 years. Information relating to that had not been submitted to the audit to verify that balance.	Responsible officers were advised to correct those when preparing financial statements in the year 2020.	Actions should be taken to settle the balances of accounts which should be settled.
(c) Revaluation value of fixed assets amounting to Rs.1,230,959 had been recorded incorrectly as a purchase of fixed assets, when preparing statement of cash flow. And also adjusted under the non financial adjustments in the operational activities.	No comments of the management.	Should be prepare the statement of cash flow accurately.

1.6 Accounts receivable and payable

1.6.1 Cash receivable

The following observation is made.

Audit observation	Comments of the Management	Recommendation
Even though the balances of receivable amounting to Rs.235,379 and Rs.256,510 from the year 2006 and 2013 respectively, from the Funds of Save the Children and UNICEF had been shown in the financial statements and recovering of those balances were in doubtful.	Action to be taken to correct in the future.	Actions should be taken to settle the balances.

2. Financial Review

2.1 Financial Results

The operating result for the year under review had been a surplus of Rs.2,900,087 as against the corresponding deficit of Rs.7,438,888 for the preceding year, Accordingly an improvement of Rs.10,338,974 of the financial result was observed. Increasing of recurrent Treasury Grant by Rs.30,403,655 in respect of increase of administration expenses by Rs.15,407,716 had been mainly attributed to this improvement.

3. Operating Review

3.1 Management inefficiencies

The following observations are made.

Audit observation	Comments of the Management	Recommendation
(a) A sum of Rs.900,000 had been paid in years 2016/2017 to a consultant to obtaining the recommendations for the purpose of preparing suitable mechanism and to improve the relevant procedure regarding actions to be taken to the complaints received over the telephone number 1929 of the Authority. Even though two years lapsed by presenting that report, the attention of the management had not been paid to follow the recommendations and procedures, included that report.	This data system had been upgraded again due to incompatibility with the 1929 software.	Should be prepare an appropriate mechanism for the implementation of the complaints received to the Authority.

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| (b) | Number of 48,361 complaints had been received from the year 2010 to the year 2019 to the police division of the National Child Protection Authority and out of that, 413 complaints had been investigated and referred to the Attorney General to institute indictments at the High Court Cases had not been filed at the High Court relating to 228 of the complaints referred to the Attorney General. | Filing cases relating to the children had been expedited and those cases are being handling further involvement of the Authority and also expected to be co-ordinate the activities of the expedition of filing cases by paying much attention in the future. | Filing cases should be expedite. |
| (c) | A data base of solving of complaints received to the Authority since year 2014 due to the requirement of having an accurate methodology for receiving data was emphasized to the Authority at the 23 rd meeting of the committee of Public Enterprises held on 06 January 2009. Even though the Authority had entered in to an agreement for a sum of Rs.1,200,000 with the school of computing of the University of Colombo for that data base in the year 2016, that data base had not been completed up to the date of audited 30 June 2020. | Discussions had been with the University of Colombo and informed in writing to solve this in expedition. | It is required to take necessary actions to formulate a national data base and conduct of the data system in accordance with the Act. |
| (d) | The number of 81,259 complaints had been reported from the year 2011 to year 2019 to the Authority and out of that 41,142 had been brought forward without being resolved out of those complaints and the percentage was 50 percent out of the total complaints. | An expedite procedure had been implemented for the finalization of investigation files by that time. | Should be take actions to finalize with expatiation the complaints which had been brought forward without being resolved. |

3.2 Human Resources Management

The following observations are made.

Audit observations	Comments of the Management	Recommendation
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(a) The approved cadre were 534 and actual cadre were 348 as at the end of the year under review and 186 posts were vacant.	Action to be taken to the recruitment procedure by that time.	Regulating the management of human resources for the fulfillment of the objectives of the Authority.
(b) It was observed in audit that increasing of staff turnover	With the co-ordination of the Management Service Department,	Regulating the management of

and delay in fulfilling the social responsibility due to the reasons of inability to revising the scheme of recruitment to recruit officers and revision of salary scales for the purpose of control the staff turnover. issues relating to the salary scales of the positions of the District and Divisional officers of Child Protection had been suggested to upgraded and processes had been regulated giving arrears increments had been expedited take necessary actions relating to apply of transfers. human resources.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit observation	Comments of the Management	Recommendation
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(a) Provisions amounting to Rs.250,000 had been allocated to facilitate children who became victims of child abuse and provisions amounting to Rs.1,500,000 had been allocated to for video evidence recording and maintenance out of that only Rs.51,000 and Rs.27,000 had been spent respectively.	Maximum opportunity to recording evidence shall be received in the future according to the requirements received using provisions properly in the future after recruitment had been done for the permanent posts.	Should be take actions according to the action plan.

- (b) 'Janapaura' was an island wide programme to identify civil society activists which had been established village level since year 2018 for the purpose of strengthening the civil society and to improve knowledge of adults community to protect every child from all forms of abuse and ensure their safety. Provisions allocated for that amounting to Rs.6,577,000 during the year under review had been spent only for identifying rural civil society activists and awareness programmes in the 22 Divisional Secretaries of the District of Anuradhapura.
- 'Janapaura' programme which had been implemented under protect children programme of office of the president. It was informed by the president office that programme shall not be implement further from the date of 17 December 2019. Therefore there had been an issue of implementing the programme further.
- Should be take actions according to the action plan.
- (c) Provisions amounting to Rs.8,075,000 had been allocated to the National Child Protection Authority under the project of Social Protection for the purpose of implementing social protection activity plans. Out of them Rs.1,975,000 had been allocated to implement 25 programmes for the awareness and training of the officers relating to National Guideline of Daycare Centres in Sri Lanka. 7 programmes had been held and 415 number of officers in 7 District by paying Rs.478,000 during the year under review amounting to Rs.4,805,000 of total provisions had only been spent for the
- Printing of National Guideline for Daycare Centres had been finished in the month of August of the year 2019. Therefore these training programmes had been stated after the printing of that Guideline, and also caused unable to held meetings due to the presidential Election held in the month of November was also caused to this.
- Should be take actions according to the action plan.

implementation of social protection activity plans at the end of the year under review and it was only 59 percent.

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| <p>(d) Provisions amounting to Rs.4,250,000 had been provided for the implementation of action plan of the 24 Toll Free Child Telephone Service. Out of that activities should have to be done by sum of Rs.2,900,000 establishment of Server Room, making shelves for officers and purchasing of chairs for the room of 1929 had not been done.</p> | <p>Planned activities under this action plan had been delayed due to the issues had been arisen when having approval and the delay of allocating provisions in the year 2019.</p> |
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4.2 Internal Audit

Audit observation	Comments of the Management	Recommendation
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In accordance with the paragraph 3 of the Audit and Management Circular NO.DMA/2009/(1) dated 09 June 2009, a sufficient staff had not been attached to the staff of the internal audit division to performed duties.	Due to the difficulties of filling the vacancies of the Authority it had been a difficult to recruit an officer from the existing cadre.	Should be recruit sufficient staff.

4.3 Budgetary Control

Audit observation	Comments of the Management	Recommendation
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The estimate of the Budget had been revised on 08 August 2020 on the basis of expenditure incurred at the end of the year under review.

No comments of the management.

Budget should be use as an effective financial control system.