

## **Head -217 Department of Probation and Child Care Services**

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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 Probation and Child Care Services 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 including my comments and observations on the financial statements of the Department of Probation and Child Care Services in terms of Section 11(1) of the National Audit Act, No.19 of 2018 was issued to the Accounting Officer on 06 April 2021. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 30 August 2021 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. The report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 will be tabled in Parliament in due course.

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 Probation and Child Care Services 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 responsibilities for the financial statements are 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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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 judgment 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 Statement of Financial Position**  
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The following observation is made.

<b>Audit Observation</b> -----	<b>Comment of Accounting Officer</b> -----	<b>Recommendation</b> -----
<p><u>Non Financial Assets</u> A difference amounted to Rs.92,481 were existed when comparing the value of Property, Plant and equipment with the Statement of Financial Position and the Statement of Non-Financial Assets.</p>	<p>As per the instructions given by the Treasury, the assets removed by the transfer notes during the settlement of the accounts in the year 2020 will be removed through our Cigars program and will be re-adjusted as the opening balances of the year 2021.</p>	<p>The correct values of the Property Plant and equipment should be stated in the Financial Statements and the Statement of the non-financial assets.</p>

## 1.6.2 Non-maintenance of Registers and Books

It was observed during audit 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.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) <u>Fixed Assets Register</u>	Paragraph 08 of the Guideline No.06 stated that there was no further compulsory to maintain a fixed assets register. Accordingly, A fixed assets register had been maintained including the assets to the Cigas program.	A Fixed Assets Register should be maintained in terms of the Circulars and the Financial Regulations.
(b) <u>Security Register</u>	That a register of securities had been maintained in accordance with the relevant regulations and necessary actions had been taken to keep the securities from whom that had not been kept securities.	A Security Register containing the details of all officers required to give security should be maintained in terms of Financial Regulation.
(c) <u>A Register of Vehicles</u>	Instructions had been given that to maintain a register of vehicals properly.	A Register of Vehicles should be maintained in terms of Financial Regulation.
A Register of Vehicles had not been maintained in terms of Financial Regulation 1647(e).		

(d) Attendance Register of the Procurement Committee and Technical Evaluation Committees.

An attendance register had not been maintained in terms of the Guideline 2.11.2 of the Government Procurement Guidelines

That the attendance of procurement and technical evaluation committee was recorded and that an attendance register had been maintained from the next year.

In terms of the Government Procurement Guidelines, the Secretary of the Committee should maintain an attendance register.

(v) Register of Counterfoil Books

A Register of Counterfoil Books had not been maintained in terms of Financial Regulation 341.

Although a Register of Counterfoil Books had been maintained, actions had been taken from this year to maintain that according to the G.A.N.20.

A Register of Counterfoil Books should be maintained in terms of the provisions in Financial Regulation.

## 2. **Financial Review**

### 2.1 **Management of Expenditure**

The following observation is made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
The entire net provision made available for one expenditure object had been remained saved and out of net provision made available for four expenditure objects had been remained saved ranging between 24 percent to 47 percent.	Due to the covid-19 pandemic that the programs was not conducted.	Estimates should be prepared accurately.

## 2.2 Entered in to Liabilities and Commitments

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Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The insurance premium of Rs.82,007 to be paid for a motor vehicle was not included in the statement of liabilities.	Accepting that liabilities and commitments should be included in the register.	All liabilities should be included to the statement of liabilities.
(b) A total of 44 liabilities amounting to Rs.398,915 which was not stated in the treasury printout had been included in the statement of the liabilities submitted with the financial statements.	That later received vouchers are included in the statement of liabilities submitted with the financial statements and are not included in the Treasury printout.	The statement of liabilities should be compared with the treasury printouts.
(c) A total of 15 liabilities amounting to Rs.122, 169 included in the treasury printouts was not included in the statement of liabilities submitted with the financial statements.	Beyond our control the liabilities are included to the Cigas program and it is difficult to compare with the liabilities of the department with the treasury printouts.	-Do-
(d) It had been entered in to liabilities amounted to Rs.3,020,146 relevant to 11 expenditure objects exceeding the savings	Entered in to liabilities for recurring services and supplies yearly and the bills relevant to the month of December will be received in next January.	Should not be entered in to liabilities exceeding the savings.

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

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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> -----	<b>Non-compliance</b> -----		
(i)	Paragraph 3.1 and 3.3 of Public Administration Circular No.30/2016 dated 29 December 2016.	Records had not been maintained by carrying out a test on fuel consumption of the vehicles belonging to the department.	Offices have been closed for several months due to corona 2020 epidemic and decrease the running of vehicles and a test on fuel consumption is scheduled for 2021.	Action should be taken in accordance with the provisions of the circulars.
(ii)	Public Administration circular No.02/2018 dated 24 January 2018.	Human Resources Development Plan had not been prepared.	Information had been gathered from the officers to prepare a human resources plan, but due to the covid 19 epidemic it was unable to finalize the human resources plan.	-Do-

### 3. **Operating Review**

#### 3.1 **Vision and Mission**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Although 64 years have been passed since the inception of the Department in the year 1956 under review, according to the mission the department had not been to formulate a national policy and relevant legislation in accordance with the Universal Charter to protect the rights of the children. Although Cabinet approval was received for the Alternative Care Policy on 06 March 2019 that policy had not been implemented even by the audited date of 25 March 2021.	A census about the children of child homes was conducted jointly with the department of census based on the alternative care policy. Necessary actions had been taken to prepare an action plan and to be implemented based on the information revealed.	National policy should be prepared and implemented to act in accordance with the mission.

#### 3.2 **Planning**

The following observation is made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Action plan had not been prepared in terms of the Public Finance Circular No.01/2014 dated 17 February 2014.	That actions had been taken to prepare the action plan of year 2021 in terms of the Public Finance Circular No.01/2014 dated 17 February 2014.	Actions should be taken in accordance with the circulars.



### 3.3 Non- performance of Functions

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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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<p>(a) Even though coordinating the activities, to assist and review the progress of the Provincial Department of Probation and Child Care Services are identified as key functions of the department, 03 meetings of provincial commissioner's in year 2018 and one meeting in year 2019 had only been conducted.</p>	<p>Two days programme on 21.03.2019 and 22 were held for all commissioner's of provincial and child care services and senior probation officer's of provinces.</p>	<p>Should be act efficiently to achieve the activities of the deparment.</p>
<p>(b) According to the progress reports it was observed that amounted to Rs.5,575,000 had been spent for 167 children by the end of the year under review out of the provision amounted to Rs.5,587,500 provided for the year under review for the implementation of the care plans for vulnarable children.Weaknesses such as requests for care plans not being properly documented, No specific system being prepared for selecting children for care plans and no follow-up process to ensure that the provisions sent to the Divisional Secretariats are used to the specific activity in a timely manner were observed.</p>	<p>When allocating the provisions for care plans properly prepare plans were documented and submitted to the committee. that all the non defective plans are included in to the data base,That the selection of children to make provisions for care plans is done by a formal departmental committee,That due to limited funding priority will be given to plans that need prioritized and expedited after discussions with the relevent Child Right Promotion Officers and that the progress is recorded monthly to the department by the District Officers.</p>	<p>Follow-up the activities of the provincial commissioner's based on a proper manner.</p>

- (c) A key function of the department is to Amend the Ordinance on Children and Youth No.48 of 1939 and amend the Ordinance of orphanage had not been completed even by the year under review.
- That the amendments to the Ordinance on Children and Youth are in the final stage.
- Amendments should be complete expeditiously.
- (d) According to the information made available for audit short term resolutions had been made for only 17,732 complaints out of 61,238 cases of child abuse reported to the Department from the year 2015 to year 2020 and other institutions had been referred to for resolutions in respect of 10,577 complaints and 485 complaints had been stated as others. Progress and the follow up actions of the resolutions had not been inquired by the department and the districts to be paid more attention, areas to be paid more attention had not been introduced.
- Follow up actions had been carried out by the district officers under the supervision of the district secretary. In special occasions that the follow up were carried out by the head office as required.
- Follow up actions of the resolutions of the complaints should be carried out by the department.

### 3.4 **Assets Management**

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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) A motor vehicle during the year 2017 had been repaired on 03 occasions spending amounted to Rs.418,225 was removed from running in the same year and kept idle in the child training and counseling centre.	Further action is being taken to dispose of the vehicle.	Only vehicles that can be repaired and used need to be repaired.
(b) Eight other machinery and equipment items which was disposed during the year under review had not been included under disposals in the statement of the non financial assets	That steps will be taken to address issues related to accounting for non-financial assets by 2022.	Assets which was disposed should be include in the statement of the non-financial assets.

### 4. **Human Resource Management**

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The following observation is made.

<b>Audit Observation</b>	<b>Comments of Accounting Officer</b>	<b>Recommendation</b>
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Two senior level posts including the post of commissioner were existed vacant since December 2020. No officer had been recruited to the department for the post of legal officer.	Applications had been called for the post of legal officer.	Vacancies in essential senior level posts should be filled expeditiously.