

## **National Child Protection Authority - 2024**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the National Child Protection Authority for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the 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 material accounting policy information 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 and the Finance Act No. 38 of 1971. My comments and observations which I consider should be presented in Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Authority as at 31 December 2024, and 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 based on the matters described in paragraph 1.5 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor's Responsibilities 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 qualified opinion.

#### **1.3 Responsibilities of Management and Those Charged with Governance 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 determine 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 Authority's financial reporting process.

As per Sub-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 Audit Scope

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 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, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- 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 powers, functions 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 Audit Observations on the Preparation of Financial Statements

### 1.5.1 Non-compliance with Sri Lanka Public Sector Accounting Standards

|     | <b>Non-compliance with Reference to the Relevant Standard</b>  | <b>Comments of the Management</b>   | <b>Recommendation</b>   |
|-----|--|---|---|
| (a) | When property, plant, and equipment are revalued, the entire class of assets to which that asset belongs should be revalued as a whole as per the Paragraph 49 of Standard 07. However, 09 vehicles out of the 47 motor vehicles included in the motor vehicle asset class valued at Rs. 58,936,609 had been accounted for at their revalued amount of 2021, and the remaining 38 vehicles had been recorded at cost according to the financial statements of the Authority as at 31 December 2024. Further, only the fully depreciated assets under the two asset classes i.e furniture and equipment had been revalued in the year 2019. | The motor vehicles belonging to the Head Office included in the motor vehicle asset class have been revalued and accounted for, and the revaluation of the remaining motorcycles is being carried out by the technical committees. Out of these motorcycles, 17 have been recommended for disposal by the Office of the Comptroller General, and relevant officers have been instructed to take necessary actions after the revaluation reports are received. | Actions should be taken to ascertain the entire class of assets has been revalued during the asset revaluation process before certifying the financial statements.  |
| (b) | Although the residual value and useful life of property, plant, and equipment should be reviewed annually as per Paragraph 65 of Standard 07, due to the failure to accurately review the useful life of 2,456 items of property, plant, and equipment with a cost/revalued amount of Rs. 77,290,013 and a carrying value of zero as per the financial statements of the Authority for the year under review had further being used. Accordingly, action had not been taken to revise the estimated error in accordance with Sri Lanka Public Sector Accounting Standard 03.   | Discussions were held regarding this matter during the year 2025, and the relevant officers were instructed to take further action in accordance with the Standards   | The residual value and useful life of property, plant, and equipment should be reviewed annually, and actions should be taken to ascertain that the estimated changes occurred accordingly were revised in terms of Accounting Standard 03 before the |

certification of the financial statements.

- (c) An amount of Rs. 641,358 had been recorded as salaries payable for payments relating to the uncertain outstanding salaries, contrary to Paragraph 19 of Standard 08. It has been recorded as such because the amount allocated for the payment of outstanding salaries is definite. However, the payment process has been delayed since a decision from the Board of Directors should be taken. Actions should be taken to ensure that the accounting has been carried out in accordance with the Standards prior to the certification of the financial statements.
- (d) Even though a brief description of the nature of every contingent liability as at the reporting date should be disclosed in the financial statements in accordance with Paragraph 100 of Standard 08, disclosures had not been made in the financial statements regarding three ongoing court cases of the Authority as at the end of the year under review. Furthermore, a provision had also not been made, in accordance with Paragraph 22 of the Standard, for legal fees payable to the Attorney General's Department in connection with those matters. The Legal Division has informed that there have been three court cases against the Authority since 2022, and instructions have been given to disclose such contingent liabilities in the financial statements in the future. As the conclusion date/period or the amount of these cases cannot be predicted in advance, no provisions have been made for legal fees. It should be ensured, that the disclosures and related provisions required under the Standards have been made through the financial statements before certifying the financial statements.
- (e) Even though inventories should be measured at the lower of cost and net realizable value in accordance with Paragraph 15 of Standard 09, it had been stated in Note 05 to the financial statements that inventories were valued using the average cost method. Instructions have been given to the relevant officers to carry out the stock verification in accordance with Sri Lanka Public Sector Accounting Standard 09. Actions should be taken to ensure that the financial statements have been prepared in accordance with the Standards prior to the certification of the financial statements.
- (f) Even though all grants and donations received for non-exchange transactions should be recognized as the income in accordance with Paragraphs 12 and 93 of Standard 11, a total amount of Rs. 11,398,662 received during the Officers have been instructed to prepare the financial statements by recognizing all capital grants as income in the

-Do-

year under review as capital grants and project grants had not been recognized as the income. The government capital grants continued to be amortized furthermore and a balance of Rs. 36,452,455 was shown in the statement of financial position as government capital grants as at 31 December 2024.

future, in accordance with Sri Lanka Public Sector Accounting Standard 11.

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|-----|---|--|------|
| (g) | Remuneration of Directors amounting to Rs. 2,364,438 had not been disclosed in the financial statements as per the Paragraphs 21, 22, and 23 of Standard 14.  | Instructions have been given to disclose the directors' remuneration in the financial statements.  | -Do- |
| (h) | Even though post-employment benefits and related obligations should be measured at their present value based on the schedules specified in Paragraphs 76 and 77 of Standard 19, under the recognition and measurement of employee benefits, the Authority had not done so with respect to the gratuity provision amounting to Rs. 91,098,000 as at 31 December of the year under review.  | Instructions have been given to the officers to calculate gratuity payments in accordance with Standard 19 in the preparation of the financial statements for the year 2025. | -Do- |
| (i) | Even though computer systems and computer software should be recognized as intangible assets and amortized over their useful lives as per the Paragraphs 17, 26, and 118 of Standard 20, the value of two data systems, amounting to Rs. 5,033,718, purchased in January 2024, had been included under equipment. Furthermore, the accounting system purchased in 2017 for Rs. 473,000, related to accounting and payroll, had been considered as an expense of the year instead of being capitalized as an intangible asset. Accordingly, intangible assets and retained earnings had been understated by Rs.5,033,718 and Rs.473,000 respectively and the value of equipment had been overstated by Rs.5,506,718. | It was instructed to the officers to review and make the necessary adjustments related to this matter in the accounts for the year 2025 in accordance with the Standard 20.  | -Do- |

### 1.5.2 Accounting Deficiencies

| <b>Audit Observation</b>   | <b>Comments of the Management</b>                                    | <b>Recommendation</b>  |
|--|--|--|
| (a) Despite there was no balance related to the assets received from government grants as per the financial statements of the year | An amount equal to the depreciation for several asset items had been | Depreciation should be properly accounted for in the financial |

under review, the total amount of Rs.6,302,797 relating to 06 asset items, had been incorrectly debited to the asset revaluation surplus account and credited to the income account as depreciation for the year under review. Accordingly, both the assets revaluation surplus and the deficit for the year had been understated by the same amount in the financial statements.

transferred from the statements to accurately determine the profit or loss. asset revaluation account and adjusted as an expense in the statement of financial performance to eliminate the impact of annual depreciation on the statement of financial performance and present the true profit or loss,.

(b) No provision had been made for lawyer fees payable to the Attorney General's Department in respect of 02 court cases filed by an agency against the Authority in the year 2023 and since the lawyer fees amounting to Rs. 228,500 incurred thereon during the year under review, had been accounted for as training and other expenses instead of being adjusted against the prior year's profit, both the deficit for the year and retained earnings had been overstated by the same amount.

As the Ministry of Finance did not make provisions to settle these legal fees in 2023, the payment was made in 2024. Instructions have been given to the officers to account for such payments correctly in the future.

Provisions should be identified and accounted for in accordance with Standard 08.

(c) Due to the over provision of gratuity by Rs. 4,012,402 for the year under review, both the deficit for the year and the balance of gratuity provisions had been overstated by the same amount.

An amount of Rs. 474,793.50 relating to gratuity payments stipulated to be paid during the following year had been transferred to the short-term gratuity provisions account while preparing the financial statements as at 31.12.2023. However, gratuity payments had been made due to the unexpected resignation of 14 officers serving at the National Child Protection Authority. Since no notification or disclosures regarding these resignations had

Action should be taken to certify the financial statements after accurately calculating the gratuity provisions and ensuring compliance with the relevant standards.

been made as at the date of the financial statements, no provision was made to the short-term gratuity account.

## 1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions

| Reference to Laws, Rules and Regulations, etc.  | Non-compliance  | Comments of the Management   | Recommendation   |
|---|---|--|--|
| (a) Financial Regulations 371(5) of 1992 as amended by the Public Finance Circular No. 01/2020 dated 28 August 2020 | The cash advances totaling to Rs. 505,491 issued by the Authority during the year under review had not been settled as at 31 December of the year under review. | An amount of Rs.505,491 remained as unsettled advances in respect of the annual advances issued as at 31 December 2024 and the reason for the non-settlement was that the balance of the allocations, which were sent as advances to the District and Divisional Secretariat offices, were not transferred to the National Child Protection Authority as at 31 December 2024.<br><br>Necessary awareness has been made to obtain the balance of the advances received by the National Child Protection Authority before the end of the year. | Instructions should be issued to settle the advances as at 31 December, in accordance with Financial Regulation 371(5), and the necessary actions should be taken accordingly. |
| (b) Financial Regulations 371(5) of 1992 as amended by the Public Finance Circular No. 01/2020 dated 28 August 2020 | There were 09 instances where the ad hoc sub-imprest which were given to officers had retained in hand for periods ranging from 2 to 69 days and refunded       | These programs could not be implemented due to challenging situations such as practical difficulties in conducting the programs organized  | Accounting officers should establish and implement a control mechanism to ensure that the issuance and settlement of sub-  |

without being used for the relevant task. during the year and the unexpected resignation of officers. Accordingly, although actions have been taken to settle the full amount, there have been delays in the settlements. Officers have been informed to take all necessary measures in the future to avoid such occurrences. imprests are carried out in accordance with the Financial Regulations.

(c) Public Enterprises Department Circular No. 08/2019 (I), 08/2019 (II) Even though every government institution is required to be registered pertaining to the introduction of e-GP Procurement Process in Sri Lanka and conduct procurement activities through the system prior to 31 January 2020, action had not been taken by the Authority in accordance with this requirement even as at the audit date of 16 May 2025. Officers have been informed to carry out the e-GP Procurement Process within the Authority in accordance with the Procurement Guidelines 2024 issued by the National Procurement Commission. Actions should be taken to register under the e-GP Procurement System and conduct procurement activities through the system in accordance with the relevant circular.

(d) National Child Protection Authority Act No. 50 of 1998  
 (i) Section 14 (a) and (f) The National Policy on the Prevention of Child Abuse and the Protection and Rehabilitation of Children Victimized by such abuse, which represents the primary objective of the National Child Protection Authority, was approved on 29 October 2019 after 21 years of the Even though the written approval of the Secretary to the Line Ministry for the Five-year Action Plan related to the implementation of the National Policy on Child Protection had been granted on 02 April 2025, necessary arrangements had been Action should be taken to obtain Cabinet approval for the Five-year Action Plan related to the implementation of the National Policy on Child Protection.

establishment of the Authority and although five years had elapsed, it had been impossible to prepare and get approval a five-year Action Plan for the implementation of this National Policy even by 16 May 2025 which is the date of audit. As a result, it was not possible to implement the National Policy on Child Protection and achieve the primary objective of the Authority.

- (ii) Section 14 (m) Even though more than 26 years had elapsed since the establishment of the Authority, it had failed to establish and maintain a national database, which is one of its primary objectives. As a result, the Authority was unable to monitor the progress of law enforcement related to child abuse and to provide the public with information regarding the safety and protection of children's rights, as required under Sections 14(g), (h), and (p).
- Even though the development of a new data system was carried out in collaboration with Sri Lanka Telecom based on a decision of the Board of Directors in the year 2021, and its institutional-level use has been commenced on 1 January 2023, it has been impossible to upgrade the internal data system to the level of a national database due to the absence of an Information Technology Division and officers with knowledge of information technology and data systems within the Authority. Attention has been drawn to recruit new staff for this purpose, and coordination is currently being carried
- Action should be taken to promptly establish the information system containing the necessary national information and maintain the information necessary for the decision making to ensure the achievement of the objectives of the National Child Protection Authority Act.

out through the Ministry of Digital Technology to proceed with the future activities of the national database.

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|-------|--------------------------------|--|--|---|
| (iii) | Section 14 (e),(g),(h),(j),(k) | The Authority had received 107,663 complaints related to child abuse from the year 2014 to 30 April 2025, and 46,813 complaints of which representing 43 percent, were still under investigation. Accordingly, it had been impossible to achieve its objectives adequately including protecting and safeguarding victims of child abuse, enforcing and monitoring all laws related to various forms of child abuse, reviewing the progress of all investigations and legal proceedings, receiving complaints of abuse, and referring them to the relevant legal authorities. | The progress of closing complaints remains at a low level due to the absence of staff required to update and finalize the data system, as well as the demands of day-to-day operational duties. However, the Authority has made necessary interventions at the time of receipt for all complaints reported to the National Child Protection Authority. | Action should be taken by the Chief Accounting Officer to establish a mechanism to promptly investigate and close complaints received to the Authority related to child abuse and issue written guidance accordingly.                                     |
| (iv)  | Section 14 (d), (p)            | Protection from abuse, raising awareness of children's rights and methods to prevent child abuse, and providing information and education to the public on child safety and the safeguarding the rights of children were among the objectives of the Authority. Although the National School Registration and Program Implementation   | The Student Ambassador Program on Child Protection is implemented in 05 phases and it is not mandatory to register to this program which conducted in coordination with the Ministry of Education. Principals and teachers responsible for student leadership councils were made aware   | Necessary actions should be taken promptly to implement programs aimed at achieving the objectives of the Authority, including ensuring children's safety, protecting children's rights, and providing the public with information and education on these |

Initiative had been during the National matters.  
launched in 2022, only Student Ambassador  
1,396 schools had been Program which was  
registered as at 15 April implemented at the  
2025, and only 46 provincial level in  
District Student 2022 and  
Ambassador programs subsequently, 24  
and 24 District District Student  
Ambassador conferences Ambassador training  
had been conducted programs in 2023 and  
during 2023 and 2024. 22 programs in 2024  
had been conducted.

Annual financial  
provisions are  
provided to all 25  
Districts to conduct  
one District Student  
Ambassador  
Conference (solution  
conference) per  
district. Nine  
conferences in 2023,  
and fifteen conferences  
in 2024 had been  
conducted. School  
examination activities,  
disaster situations, and  
school programs, as  
well as the Presidential  
Election and the  
Provincial Council  
Elections held during  
the past year,  
contributed to a  
reduction in the  
number of days on  
which schools were  
conducted.

Allocations have been  
made to all 25 Districts  
to train principals of  
1,272 schools  
registered as Student  
Ambassador schools in  
the year 2025.

## 2. Financial Review

### 2.1 Financial Result

The operating result for the year under review was a deficit of Rs. 8,226,479 and corresponding deficit in the preceding year was Rs. 11,341,231. Accordingly, an increase of Rs. 3,114,752 in the financial results was observed. The increase of the grant provided by the General Treasury had mainly contributed to this improvement.

## 3. Operational Review

### 3.1 Operational Inefficiencies

|     | <b>Audit Observation</b>  | <b>Comments of the Management</b>  | <b>Recommendation</b>  |
|-----|---|--|--|
| (a) | <p>Even though nearly 04 years had passed as at 16 May 2025, after the approval was granted under Cabinet Decision</p> <p>No. CMP/21/1131/308/097 dated 12 July 2021 to establish 09 units at the provincial level for video recording of testimonies given by abused children, the management had failed to make 07 of those units operational. Only 02 units in Colombo Head Office and Ragama Hospital had been made operational, and during the period from 01 January 2024, to 31 December 2024, a total of 205 video recordings of testimonies had been conducted at these two units.</p> | <p>Further activities relevant to the establishment of 09 provincial-level units for video recording of testimonies is being carried out based on the annual budgetary allocations made to the Authority.</p>  | <p>Actions should be taken to establish provincial level centers for video recording of testimonies and to conduct such video recordings in order to expedite the completion of the relevant investigations as per the Cabinet decision.</p> |
| (b) | <p>Even though the Right to Information Commission had issued a directive on 17 April 2024, instructing the National Child Protection Authority to prepare a plan to display information on the progress of court cases related to complaints received by the Authority and implement within three months, the Authority had failed to present such information on case progress even by 16 May 2025.</p>   | <p>The Authority is currently coordinating with external institutions to collect information on all child abuse cases being heard in High Courts across the country. It is expected to take steps to present the collected information for public exhibition after completing the necessary preparations to make it suitable for public display.</p> | <p>Action should be taken to implement a plan to display the information prepared on the progress of legal proceedings and to present the relevant information and progress.</p>   |

- (c) The minimum qualifications required for an internal candidate to be appointed to the post of Director (Finance) were a degree, a postgraduate qualification, and at least 12 years of experience at the management level, or at least 5 years of satisfactory service in Grade 1 of the Management Level (MM) in a field relevant to the post according to the Scheme of Recruitment. However, an officer who had been interdicted from 2010 to 2022 in connection with a case filed on 21 May 2010 by the Commission to Investigate Allegations of Bribery or Corruption, relating to an irregularity falling under the First Schedule of the Establishments Code, had called been for an interview and evaluated by the Authority considering the interdicted period as experienced in service. As a result, the officer had been considered as qualified to select for the appointment since having highest marks out of all other candidates.
- An interview was conducted, and a candidate who met all the required qualifications was selected for the position Following the recruitment procedure. The Honorable Court has acquitted the officer in the case filed against her.
- All recruitments should be carried out in accordance with the procedures specified in the Scheme of Recruitment.
- (d) Despite the Auditor General's report for the year 2023 pointed out that 05 officers had been recruited by violating the approved Scheme of Recruitment without minimum basic qualification, no steps whatsoever had been taken in this regard up to 16 May 2025 which was the date of audit.
- Further steps have been taken as per the instructions of the Board of Directors by reporting in this regard to the Board of Directors who is the appointing authority. A decision regarding the action to be taken in this matter is stipulated to be made by the Board of Directors, and accordingly, a detailed report on each officer has been prepared and submitted to the Board meeting held in May 2025. Future actions are to be taken in accordance with the directives of the Board of Directors.
- All recruitments should be made in accordance with the provisions of the Scheme of Recruitment and action should be taken regarding the officer who granted approval for recruitments contrary to the approved Scheme of Recruitment according to the legal provisions of the Establishment Code.

### 3.2 Idle or Underutilized Property, Plant and Equipment

| Audit Observation   | Comments of the Management  | Recommendation  |
|---|---|---|
| (a) Action had not been taken to take over legally or effectively utilize the building for over 10 years and remained idle which is verbally transferred to the National Child Protection Authority to construct Mullaitivu District Office by incurring Rs.23,420,000 in 2014 by then Ministry of Child Development and Women's affairs.         | After the discussions with the Secretary to the Line Ministry regarding the utilization of this building, a decision has been made to take it over to the Ministry. Steps are being taken in compliance with the instructions issued by the Board of Directors to complete the remaining related activities. Accordingly, since the building of the Mullaitivu District Secretariat has not yet been handed over to the Authority, the Ministry has been informed to take appropriate further action in this regard through the Line Ministry since it's ownership currently remains with the Divisional Secretariat. | The Chief Accounting Officer and the Accounting Officer should take prompt measures to obtain the essential building facilities required for the operations of the National Child Protection Authority and to maintain district level activities of the Authority in a proper and effective manner. |
| (b) Even though a period exceeding 08 years had elapsed since the National Child Protection Authority acquired a plot of land in the Madiwela area from the Urban Development Authority on a 30-year lease basis by making a lump-sum payment of Rs. 18,317,757 in 2016, the land remains unutilized and idle even as at the date of this report. | Even though this land was acquired to the Authority for the purpose of establishing the National Child Advisory Centre and the National Child Care Home, the construction could not be carried out due to the lack of financial provisions and the temporary suspension of government construction activities. However, steps are currently being taken to utilize the land in an orderly manner, and a discussion has been conducted with the Minister of Urban Development to carry out the necessary further actions.  | Appropriate measures should be taken to utilize the land for the purpose which it was taken over or to return the land to the Urban Development Authority if the requirement of taking over has been fulfilled.   |