

**1. Financial Statements**

**1.1 Qualified Opinion**

The audit of the financial statements of the National Authority for the Protection of Victims of Crime and Witnesses 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 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 statements give a true and fair view of the financial position of the Authority as at 31 December 2024, 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 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 skepticism 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 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 reference to Standard</b>	<b>with the particular</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a)	As per Sri Lanka Public Sector Accounting Standard No. 11, capital grants received from the government should be included under income in the statement of financial performance. Accordingly, the income for the year under review had been understated by Rs.771,040, as the capital grant received from the government had not been included under income in the financial performance statement.	A sum of Rs.771,040 had not been included in the statement of financial performance as per the Standard No. 11 and it had been informed that action would be taken in accordance with the new standard when preparing the accounts for the year 2025.	Action should be taken to ensure compliance with the correct accounting standards when preparing the financial statements.
(b)	Income for the year had been overstated by Rs.2,323,360 due to the erroneous inclusion of a sum of Rs.2,323,360 as amortization of capital grants received from the government under other receipts in the statement of financial performance.	It had been stated that this was due to the impact of the accounting standard.	Action should be taken to ensure compliance with the correct accounting standards when preparing the financial statements.
(c)	As a result of including Rs.2,323,360 of amortization of capital grants received from the	It had been stated that this was due to the impact of the accounting standard.	Action should be taken to ensure compliance with the

government in the total capital grants amortization of Rs.12,629,649 for the year, which was added to the deficit under cash flows generated from operating activities in the cash flow statement, the cash flows from operating activities had been overstated by Rs.2,323,360.

correct accounting standards when preparing the financial statements.

- (d) Due to the failure to present the correct value under other income in the statement of financial performance, the deficit for the year had been overstated by Rs. 1,552,320 in the statement of financial position and the statement of changes in equity. It had been stated that this was due to the impact of the accounting standard. Action should be taken to ensure compliance with the correct accounting standards when preparing the financial statements.

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

	<b>Reference to Laws, Rules, Regulations, etc.</b>	<b>Non-compliance</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a)	315 and 880 of the Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka and Section 9 of the Public Financial Circular No. 01/2020 dated 28 August 2020.	The officers required to furnish guarantees in terms of the circular and financial regulations had not taken action to do so.	It had been informed that the agreements of all officers required to furnish guarantees have now been submitted to the Secretary of the Line Ministry.	The relevant officers should take action to furnish the guarantees.
(b)	Section 3.9 of the Public Enterprises Circular No. PED 05/2022 dated 22 August 2022.	Every officer going abroad is required to remit funds monthly to a single non-resident foreign currency account opened in their name through the domestic banking system. A grace period of two months is allowed for this remittance; however, the relevant	It had been informed that, due to the failure to remit foreign currency, the management board had decided to take action by demoting the officer.	Action should be taken to remit foreign currency in accordance with the circular.

officer must commence the remittance immediately after the end of this two-month period. Nevertheless, the driver of the authority who went abroad in February 2023 had not taken action to remit the funds by 31 December of the year under review.

## **2. Financial Review**

### **2.1 Financial Result**

The operating result of the year under review amounted to a deficit of Rs. 4,059,513 and the corresponding deficit in the preceding year amounted to Rs.22,583. Therefore an deterioration amounting to Rs.4,082,096 of the financial results was observed. The reason for the deterioration are decrease in other income by Rs.3,915,400, personal emoluments by Rs.5,665,895, and contracted services by Rs.4,500,673 had mainly contributed to this decline.

### **2.2 Trend Analysis of major Income and Expenditure items**

- (a) A sum of Rs.222,000 had been incurred in the previous year for buildings and Structure, but no expenditure had been recorded for this year under review. Similarly, Rs.224,000 had been incurred in the previous year for awareness programs, but no expenditure had been recorded for this during the year under review. Accordingly, a 100 percent reduction in the actual expenditure was observed.
- (b) A sum of Rs.272,000 had been incurred in the previous year for staff training, while Rs. 301,000 had been incurred for the same purpose in the year under review. Accordingly, an 11 percent increase in actual expenditure was observed compared to the previous year.
- (c) A sum of Rs.33,696,000 had been incurred in the previous year for personal emoluments, while Rs.40,008,000 had been incurred for the same purpose in the year under review. Accordingly, a 19 percent increase in actual expenditure was noted compared to the previous year.
- (d) **Expenditure** of Rs.270,000 had been incurred in the previous year for travel expenses, while Rs.485,000 had been incurred for the same purpose in the year under review. Accordingly, **80 percent of** increase in actual expenditure was observed compared to the previous year.
- (e) A sum of Rs.2,738,000 had been incurred in the previous year for services, while Rs.3,359,000 had been incurred for the same purpose in the year under review. Accordingly, a 23 percent increase in actual expenditure was observed compared to the previous year.
- (f) A sum of Rs. 3,676,000 had been incurred in the previous year for supplies, while Rs. 3,436,000 had been incurred for the same purpose in the year under review. Accordingly, a 7 percent decrease in actual expenditure was observed compared to the previous year.

- (g) A sum of Rs.3,833,000 had been incurred in the previous year for maintenance, while Rs.3,295,000 had been incurred for the same purpose in the year under review. Accordingly, a 14 percent decrease in actual expenditure was observed compared to the previous year.

### 3. Operational Review

#### 3.1 Management Inefficiencies

Audit Observation	Management Comment	Recommendation
(a) Even though a proposal system should have been prepared, approved, and implemented for the payment of compensation from the fund established for victims and witnesses of crimes as per subsection 13(1)(f) of Act No. 4 of 2015, under Section 29 of the Act, and under Section 40(1)(d) of Act No. 10 of 2023, the authority had not taken any action even after eight years. Consequently, a balance of Rs.26,440,018 remained in this fund as at 31 December 2024.	A board for temporary payments had been appointed by the Minister in accordance with the Act, and it had been informed that the board had prepared a proposal system for the payment of compensation and was taking action to pay compensation to those victims, among the victims who had submitted claims, whom the board had decided should be paid compensation in accordance with that proposal system.	Action should be taken to make compensation payments in accordance with the Act.
(b) Fines collected for the protection fund established under Section 29 of the National Authority of Protection of Victims of Crime and Witnesses Act during the year under review and the previous year amounted to Rs.1,495,585 and Rs.2,876,775 respectively, while sums of Rs.162,086 and Rs.251,025 had been paid respectively as expenditure for the protection of victims and witnesses in accordance with Section 29(4) of the Act. even though compensation paid is considered as the main expenditures of the security fund in terms of Section 29(4) of the Act and the authority's	A board for temporary payments had been appointed by the Minister in accordance with the Act, and it had been informed that the board had prepared a proposal system for the payment of compensation and was taking action to pay compensation to those victims, among the victims who had submitted claims, whom the board had decided should be paid compensation in accordance with that proposal system.	Action should be taken to make compensation payments in accordance with the Act.

objective was to ensure that victims of crimes committed by offenders are receiving compensation as per the Section 2(c) of the Act, and the authority had collected funds in the manner described above, the payment of compensation was significantly limited because a proper mechanism for disbursing the compensation had not been established.

### 3.2 Under-Utilization of Funds

Audit Observation	Management Comment	Recommendation
<p>Out of the capital expenditure provision of Rs.2.200 million received by the Authority from the Central Government during the year under review, a sum of Rs.0.791 million had been utilized, while Rs.1.709 million, representing 78 percent of the provision, had remained unutilized.</p>	<p>It was informed that the time available for implementing the activities planned under the government provisions had been limited due to the implementation of activities related to the funds received from the UNDP JURE Project during the year 2024.</p>	<p>Action should be taken to utilize the funds efficiently.</p>

### 3.3 Procurement Management

Audit Observation	Management Comment	Recommendation
<p>(a) According to Section 2.11.1(c) of the Government Procurement Guidelines, a joint initial meeting of the Procurement Committee and the Technical Evaluation Committee should be held to reach an agreement on the procurement timetable, procurement method, and the type of bidding documents. However, in the procurement relating to the purchase of equipment valued at Rs. 2.01 million, such a meeting had not been held. Instead, the</p>	<p>It was informed that action would be taken in the future as pointed out by the audit.</p>	<p>Procurement activities should be carried out in accordance with the Government Procurement Guidelines.</p>

Technical Evaluation Committee had decided on the procurement method and the institutions to be invited for quotations, and submitted those decisions to the Procurement Committee for approval.

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| (b) | According to Section 2.12(a) of the Guidelines, all members of the Procurement Committees and the Technical Committees should have signed a declaration in the format prescribed in the Guidelines. However, the members of the committees appointed for the procurement process related to the purchase of the above-mentioned equipment had not signed such a declaration. | It is acknowledged that, as this was the first instance of such a purchase, some lapses had occurred. It was noted that action would be taken in the future as pointed out by the audit. | The Technical Evaluation Committee should carry out its activities in accordance with the Government Procurement Guidelines. |
| (c) | According to Section 8.9.1(b) of the Government Procurement Guidelines, a formal contract should be drafted and signed for goods or services exceeding Rs.500,000. However, no contract had been signed for the procurement related to the purchase of the equipment.  | It was informed that, in future procurement activities, purchases of goods exceeding Rs.500,000 would be carried out as pointed out by the audit.  | Contract agreements should be signed in accordance with the Government Procurement Guidelines.                               |

### 3.4 Utilization of Resources of Other Organizations

<b>Audit Observation</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a) Due to the Authority's failure to act in accordance with the action plan prepared for the funds of the United Nations Development Program, a sum of Rs.1.412 million was returned to the fund during the year under review.	It was informed that while the estimates for the programs planned under the provisions of this development program were based on relatively higher rates and facilities above the standard, the actual expenditure remained at a minimum level because most of the programs were conducted at government-approved locations in	Action should be taken in accordance with the action plan.

accordance with the Controlling Public Expenditure Circulars.

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| (b) | Under the United Nations Development Program, estimates of Rs.7.502 million had been prepared for 12 programs during the year under review, while the actual expenditure for these programs amounted to Rs.5.407 million. Accordingly, Rs.2.095 million, or 28 percent of the estimated amount, remained unutilized.  | It was informed that action would be taken in the future to ensure that the 21 percent of funds remaining unutilized under the provisions of this United Nations Development Program would not remain unspent.   | Action should be taken in accordance with the action plan. |
| (c) | A sum of Rs. 1.429 million had been estimated during the year under review for conducting a survey in the Kalutara, Monaragala, and Ampara areas to obtain information regarding victims and witnesses, of which Rs. 0.550 million had been spent. Accordingly, the physical progress of this activity remained below 50 percent, and a sum of Rs. 0.879 million, representing 61 percent of the estimated amount, had remained unutilized. Furthermore, due to the inability to complete the project within the scheduled period, a sum of Rs. 0.526 million from the allocations had been returned to the fund. | Even though the estimates for this activity had been properly prepared and a specific timeframe had been set, the field survey had been delayed due to various reasons since the year 2023, and it was completed only by March 2024. All completed questionnaires had been coded and entered into the database by August 2024. The Board of Management, which met in December 2024, approved the allocation of Rs.1.6 million to the University of Sri Jayewardenepura for data analysis and report preparation. Accordingly, it had been informed that this activity is expected to be carried out in the future utilizing the allocated sum of Rs.1.6 million. | Action should be taken to utilize the funds properly.      |

### 3.5 Human Resources Management

#### Audit Observation

Even though the staff of the Authority approved by the Department of Management

#### Management Comment

It has been reported that the relevant information has been submitted to the Cabinet

#### Recommendation

Measures should be taken to fill the vacancies without delay.

Services was 56, the actual staff in service amounted to only 38. As at 31 December of the year under review and out of the 34 positions directly contributing to the administrative functions of the Authority, 15 positions had remained vacant. Since the establishment of the Authority in 2017, no permanent officer had been appointed to the post of Director General, which had become a significant obstacle to the smooth functioning of office.

Subcommittee to obtain approval for filling the vacancies.

#### **4. Accountability and Good Governance**

##### **4.1 Annual Action Plan**

<b>Audit Observation</b>	<b>Management Comment</b>	<b>Recommendation</b>
(a) A total of six activities, amounting to Rs. 4.5 million, which had been planned to be implemented under the United Nations Development Program fund and government provisions and included in the action plan, were not carried out during the year.	It was reported that these activities could not be implemented due to various reasons.	An action plan should be prepared to ensure that the institution's intended objectives are achieved.
(b) A sum of Rs. 1.001 million from the United Nations Development Program funds had been spent on three activities that were not included in the action plan prepared for these funds, and information regarding the approval obtained from the United Nations Development Program in this regard had not been submitted.	It was reported that verbal responses had been provided to the emails sent for obtaining the United Nations Development Program's approval for these three activities, and that these programs had been included in the action plan and approved by the Board of Management.	Action should be taken to obtain approval from the United Nations Development Program.