

## **National Child Development Fund - 2017**

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The audit of Financial statements of the National Child Development Fund for the year ended 31 December 2017 comprising the statement of finance position as at 31 December 2017 and the income and expenditure account for the year then ended and a summary of other explanatory information was carried out under my direction in pursuance of provisions in Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My comments and observations on the above financial statements appear in this report.

### **1.2 Management's Responsibility for Financial Statements**

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

### **1.3 Auditor's Responsibility**

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **1.4 Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 2.2 of this report.

## **2. Financial Statements**

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### **2.1 Qualified Opinion**

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In my opinion, except for the effect of the matters described in paragraph 2.2 this report, the financial statements give a true and fair view of the financial position of the National Child Development Fund as at 31 December 2017 and its financial performance for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### **2.2 Comments on Financial Statements**

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#### **2.2.1 Sri Lanka Public Sector Accounting Standards**

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The cash flow statement of the year under review had not been prepared and furnished along with the financial statements in terms of Sri Lanka Public sector Accounting Standard 02.

#### **2.2.2 Going Concern of the Fund**

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Even though the Director General of Public Finance had ordered by the letter No.PFD/SOP/WMCA/001/FD/03 dated 19 December 2017 to wound up the activities of the Fund on a decision of the Cabinet of Ministers, A disclosure had not been made in the accounts relating thereto and Fixed Deposits valued at Rs.5,000,000 had not been stated under current Assets.

## **3. Financial Review**

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### **3.1 Financial Results**

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According to the financial statements presented, the financial result of the Fund for the year ended 31 December 2017 had resulted in a surplus of Rs.869,916 as compared with the corresponding surplus of Rs.1,996,766 for the preceding year, thus indicating an decrease of Rs.1,126,850 in the financial results.

## **4. Operating Review**

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### **4.1 Performance**

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The main objective of the establishment of the National Child Development Fund is to provide financial assistance for the Sri Lankan children who lost their parents or guardians due to the war situation and any other natural disasters as well as children who were unable to carry out their education continuously due to financial difficulties and improve the inborn skills and other skills.

The following observations are made relating to the achievement of the above objectives.

- (a) According to the cabinet decision NO. BD/13/1436/528/008-1 dated 24 January 2014, action should be taken to implement the proposed programmes in the cabinet memorandum more effectively by utilizing the funds from sales of flags. Therefore in the year under review the Ministry of Women and Child Affairs had printed 400,000 flags for world children's day and handed over to Department of Probation and Child care Services to sell those flags for Rs.10 each.

A sum of Rs.5,618,262 had at the end of the year under review including the sales of flags amounted to Rs.332,416 and fixed deposits investment income of Rs.869,916 had not been used for payment of any aids for children whereas in year 2015 and year 2016 fund failed to pay any aids for relevant parties.

- (b) According to the guidelines of the National Child Development Fund, Controlling the fund should be carried out by Inter Ministerial supervisory committee and even though the committee should meet at least minimum once a month that committee had not met at least once from the year 2015 to December 2017.