

1.1 Qualified Opinion

The audit of the financial statements of the of National Authority for the Protection of Victims of Crime and Witnesses for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 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 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 tabled 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 of the Authority give a true and fair view of the financial position of the Institute as at 31 December 2018, 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 based on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statement ssection 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 intends 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 Auditor's Responsibilities 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 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 Institute 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 Financial Statements

1.5.1 Accounting Deficiencies

Audit Observation	Management Comment	Recommendation
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<p>The advance of Rs. 8,676,039 paid in terms of the agreement entered into between the Authority and Salacine Television Institute to prepare communication tools for print and electronic media under the public awareness program of the year under review, had been brought to accounts as an expense of the year under review instead of being shown as an advance in the financial statements. As such, the surplus of the year under review had been understated by a sum of Rs. 8,676,039 in the financial statements.</p>	<p>The sum of Rs. 8,676,039. 00 had to be brought to accounts as an expense due to reasons such as, the Salacine Television Institute had been entrusted to carry out the relevant tasks in terms of the agreement relating to the year 2018, difficulty in making provision again for that program under the Vote on Account passed for the year 2019, and the cash book had been settled as at 31.12.2018 and the balance had been remitted to the Ministry. Following the recommendation that the products had been received by the Authority in conformity to the specifications, subject to the relevant revisions, and in right amounts, the management had decided to issue the said cheque to the Salacine Television Institute. Accordingly, action had been taken by the Salacine Television Institute on 24.05.2019 to hand over the video and audio tapes to the Authority in compliance with the specifications and the agreement. Furthermore, the final stock of posters had also been received by the Authority on 06.06.2019. As such, having cancelled the Cheque, No. 664292 valued at Rs. 6,073,227.33, action will be taken by the Authority to reissue the Cheque subject to a retention fee of 10 per cent.</p>	<p>Accounts should be prepared in accordance with the Sri Lanka Public Sector Accounting Standards.</p>

1.6 Non-compliances with Laws, Rules, Regulations, and Management Decisions

Reference to Laws, Rules, and Regulations, etc.	Non-compliance	Management Comment	Recommendation
<p>Section 05 of the works and services agreement entered into between the Authority and the Salacine Television Institute on 28 November 2018.</p>	<p>Creations had not been accepted in terms of Section 06 of the new agreement on the preparation of communication tools for print and electronic media in regard to public awareness programme – 2018; instead, the amount of Rs. 8,676,039 had been paid in full.</p>	<p>In the wake of the Vote on Account passed for the period January – April 2019, imprests for the year 2018 had been released by the Line Ministry to the United Nations Development Programme (UNDP) as sub imprests in terms of Financial Regulation 371. As such, due to the reasons such as, the balance of the cash book could not be brought forward to the ensuing year, and the Treasury had informed that provision could not be allocated for the said programme owing to the Vote on Account passed for the period from January to April 2019, making payments for the said programmes became problematic. However, as working with Salacine had already begun in accordance with the agreement after completion of the preliminary procurements, action had to be taken to pay an advance of 30 per cent and issue a cheque for the balance payment of 70 per cent. Nevertheless, the management had decided to issue the said cheque to the Salacine Television Institute following the recommendation that the</p>	<p>The works and services agreement should be complied with.</p>

products had been received by the Authority in right quantities by conforming with the specifications, and subject to the revisions as per the agreement. Accordingly, action had been taken in terms of the agreement by the Salacine Television Institute on 24.05.2019 to hand over the video and audio tapes to the Authority as per specifications.

Furthermore, the final stock of posters had also been received by the Authority on 06.06.2019. Accordingly, having cancelled the Cheque, No. 664292 valued at Rs. 6,073,227.33, action will be taken by the Authority to reissue the Cheque subject to a retention fee of 10 per cent.

2. Financial Review

2.1 Financial Results

The operating result of the year under review had been a surplus of Rs. 487,801 and there existed neither a surplus nor a deficit for the preceding year (for the period from October to December, 2017). The surplus in the financial result of the year under review amounting to Rs. 487,801 had mainly been attributable to the growth in other income.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Management Comment	Recommendation
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<p>(a) According to the performance report of the Authority for the period from 01 January to 31 December 2018, the total number of complaints sent to the Law Enforcement Division by the general public and the Government institutions, was 86. Twenty three complaints had been investigated and concluded by the Authority in the year under review whilst 38 complaints were being investigated. Nineteen complaints had either been closed or forwarded to other institutions. Five complaints were secured, and 04 complaints were set aside. The Authority had not so far established a security division or an assisting division. Hence, 30 complaints or 35 per cent of the complaints received by the Authority had been forwarded to Victims Of Crime and Witnesses Assistance & Protection Division.</p>	<p>It is the recommendation of the audit observation relating to the measures adopted by the Authority with respect to the complaints received in the year 2018 that the security and assisting divisions of the Authority be established immediately. Nevertheless, recruitment of the directors to the said Division had been delayed as the approval of the Department of Management Services had not so far been received in regard to the qualifications and experience to be met by the directors.</p>	<p>The security and assisting divisions of the Authority be established immediately.</p>
<p>(b) The building in which the Authority is housed at present belonged to the Ministry of Justice, and the expenses on electricity and water thereof were borne</p>	<p>Even though the building in which the Authority is housed at present belongs to the Ministry of Justice, it was stated by the then Hon. Minister of Justice, the Deputy Minister, and the then Secretary to the Ministry that the</p>	<p>The verification should be obtained promptly, and the issue should be settled formally.</p>

by the Ministry of Justice. The Authority had incurred a sum of Rs. 1,991,278 on internal partitioning of the building which had not properly been vested in the Authority. No action had been taken by the Authority to verify the possibility of receiving benefits on the said capital expense.

Authority had been established at the address of 428/11 A, First Floor, Denzil Kobbekaduwa Mw, Battaramulla on 08 January 2016. Further action is being taken to obtain a verification in that connection.

3.2 Idle or Underutilized Property, Plant and Equipment

----- Audit Observation -----	----- Management Comment -----	----- Recommendation -----
The photocopy machine and the printer valued at Rs. 410,363 received by the Authority under the United Nations Development Programme (UNDP), had remained unused even up to the end of the year under review.	Although interviews had been conducted on several occasions in the years 2017 and 2018 to recruit for the post of Director (Assistance and Protection), no recruitments could be made due to lack of qualified applicants. As the UNDP had been informed on the requirement to purchase the relevant ICT equipment along with the necessity to recruit the officers for the said post under the United Nations Development Programme (UNDP), the Authority had been provided with 07 photocopiers and 07 printers by the United Nations Development Programme (UNDP). Furthermore, approval of the Department of Management Services had been received on 14.02.2019 to establish the said post as two separate posts of Director (Supporting Services) and Director (Protection) at the present day. The said Department had been informed on 13.05.2019 in regard to the lack of a Scheme	Action necessary to fill the vacancies should be taken promptly. The actual requirements of the Institute should be identified thus making requests accordingly and assets should be purchased.

of Recruitment for the said posts. Accordingly, action is being taken by the Authority to promptly recruit officers to the said posts in the future.

3.3 Procurement Management

Audit Observation	Management Comment	Recommendation
<p>According to the Procurement Plan approved for the year under review, it had been planned to purchase 05 air conditioners. However, 06 air conditioners had been purchased at a value of Rs. 540,000 by deviating from the Plan, and procurement activities had been commenced to purchase another air conditioner. One air conditioner had been estimated to be Rs. 310,000 in the preparation of the Procurement Plan but when calling for quotations, all the institutions had submitted bids lower than Rs. 100,000. As such, the Authority had prepared overly non-realistic estimates thus failing to utilize the budget productively. Due to failure in properly preparing the specifications when purchasing the air conditioners, an additional cost of Rs. 105,050 had to be incurred for installation apart from the purchasing cost.</p>	<p>It had been estimated to purchase 05 air conditioners for the year under review. However, the requirement of air conditioners had changed due to the growth in the institutional staff and partitioning of the office space, thus giving rise to the necessity of purchasing 06 plus one additional air conditioner.</p> <p>Although a sum of Rs. 310,000 had been estimated per air conditioner in the preparation of Procurement Plan for the year 2018, it was stated that the sum paid for one air conditioner was less than Rs. 100,000. This Authority does not have officers with engineering know-how, and hence it was not possible to specify the price per air conditioner thus paving way for a non-realistic estimate. However, due to infusion of relevant technical know-how after the appointment of a Technical Evaluation Committee, the expenditure had been reduced with accurate calculations. As the sum spent is less than that of the one estimated, the Authority has not sustained any loss. Action will be taken to avoid such mistakes in the future.</p> <p>Attention had not been drawn on the installation charges when preparing the specifications for purchasing the air conditioners. Nevertheless, it became necessary to supply electricity additionally at the time of installation. As such, an estimate had been obtained from the same institution that the air conditioners had been purchased from, and the relevant service had been obtained. The air conditioners purchased must be installed and it had been decided to entrust the same institution for installation.</p>	<p>When preparing the approved Procurement Plan based on the Action Plan, requirements of the institution should primarily be identified, and the plans should be prepared in accordance therewith.</p> <p>Recommendations on specifications should be obtained from a Technical Evaluation Committee for the Procurement process, and quotations should be called thereafter.</p> <p>Estimates should be prepared realistically.</p>

3.4 Human Resource Management

Audit Observation	Management Comment	Recommendation
<p>The approved cadre of the Authority was 54, but 31 posts existed at the Authority as at 31 December 2018. A number of 23 posts pivotal in the Authority had still remained vacant even as at 31 December 2018.</p>	<p>The actual cadre had been 31 with 23 vacancies as at 31 December 2018. The number of vacancies is 21 as of now representing 38 per cent of the approved cadre. At present, the actual cadre is 34 and the number of vacancies is 21. The two posts of Internal Auditor and the Legal Officer have already been filled whilst the interviews are scheduled to be held on 17 & 18 June 2019 for recruiting the Information Officer. Furthermore, advertisements were published on 26 May 2019 in order to recruit for the posts of Investigation Officer, Communication Officer, and Language Translator.</p> <ul style="list-style-type: none"> ✓ Delay in recruitments in the wake of delay in the approving the budget for the year 2019. ✓ Recruitments had to be halted owing to the political uncertainty that prevailed. ✓ Likelihood to arise problems in the assignment of duties with the recruitment of other employees when the posts of supervisory level remained vacant. 	<p>As the posts pivotal in the discharge of functions relating to objectives of the Authority remaining vacant would have a direct impact on the smooth functioning of the Institution, action should be taken to fill the vacancies.</p>