

National Child Protection Authority – 2018

1.1 Qualified Opinion

The audit of the financial statements of the National Child Protection Authority for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and 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 provision of the National Audit Act No.19 of 2018 and 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 statement give a true and fair view of the financial position of the Authority 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 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 sections 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 Management and related parties responsibility 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 determines 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 Authorities reporting process.

As per 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 Auditors Responsibility 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 and error and to issue an auditors 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. Misstatement 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, misrepresentations, or the override of internal control.
- Obtain an understanding of Authority's internal control relevant 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.
- Reasonable evaluate the appropriateness of accounting policies and reasonableness of accounting estimates that are used and related disclosures followed by the management.
- Determined on the relevance of using the institute's going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty company's going concern due to events or condition. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors report to the related disclosures in the financial statements and if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of auditors report. However, future events or conditions may cease on going concern.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements, including relevant and fair base on transaction and events.

The audit scope are expanded to check the following in whenever possible and when ever necessary.

- 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 power, function 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 Internal control about preparation of Financial Statement

The company need to maintain an adequate “well-designed” internal accounting controlsystem to ensure fairness for implement transaction management with general and specific authority, record transaction as required to prepare financial statements in compliance with applicable reporting standards and maintain accountability for assets, access to assets only with the general and specific authority of management, accountability for recorded assets compares with available assets at reasonable times and takes corrective action if any.

1.5.2 Non compliance with Sri Lanka Public Sector Accounting Standards

The following observations are made.

Non compliance with Applicable Standards	Comments of the Management	Recommendation
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(a) Assets and liabilities should not be setoff except as required or permitted in terms of the paragraph 48 of the Sri Lanka Public Sector Accounting Standard 01, a sum of Rs.1,657,000 of four project fund balances were debited a sum of Rs.3,258,669 of six were credited due to the accounting errors had been remaining for a long time without being set off by those balances aggregating to Rs.1,601,669 had been shown under non-current liabilities in the financial statements.	Debit and credit balances will be shown separately in the balance sheet in the future and action had been taken to settle part of the balance will be settled.	Preparation of financial statements should be in compliance with public Sector Accounting Standards.

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| (b) | According to paragraph 69 of the Sri Lanka Public Sector Accounting Standards-07 depreciation of assets begins when it is available for use. Assets valued at Rs.4,358,003 which was purchased during the year under review had been depreciated for the full year and there fore depreciation for the year had been over stated by Rs.701,926. | That was a continuous policy by Authority. | Action should be taken to identify the depreciation expense of assets in accordance with public sector Accounting Standards. |
| (c) | Contrary to the paragraph 55 of the Sri Lanka Public Sector Accounting Standard 07, the revaluation surplus of revaluing 02 motor vehicles amounting to Rs.965,000 each yearly adjusted to the financial performance statement as deferred income from year 2011 to the year under review. | An amount equal to the annual depreciation is credited to the revenue account and debit to the provision of revaluation reservation account, otherwise the value will continue as a reserve in the books. | Compliance with Public Sector Accounting Standards. |

1.5.3 Unreconciled Control Accounts or Records.

Subject	Comments of the Management	Recommendation
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(a) A differences of Rs.3,236,982 in the balances receivable from the fund to the Authority and a balance of Rs.842,874 payable to the fund from the Authority were observed in the financial statements to end of the year due to recording of inter transaction between Child Protection Authority and Child Protection Fund had not been property posted.	Action to be taken in the future.	Inter transactions should be duly recorded and settle the differences between the receivable and payable balances or actions should be taken to correct by reconciling.

1.5.4 Accounts receivable and payable

The following observations are made.

Audit observation -----	Comments of the Management -----	Recommendation -----
(a) A sum of Rs.6,739,327 as payable balance to the Authority from the Child Protection Fund and amounting to Rs.7,582,201 as receivable balance coming over a period of 4 years, But actions had not been taken to settle those balances.	Action to be taken to correct in the future.	Action should be taken to settle the balances.
(b) Even though amounting to as receivables and amounting to Rs.235,379 and Rs.256,510 from the year 2006 and year receivables 2013 from the Funds of Save the Children and UNICEF which was inactive had been shown in the financial statements and recovering of those balances were in doubtful.	Action to be taken in the future.	Taking action to recover the receivables.
(c) Actions had not been taken to identify and settle the value of Rs. 804,851 noted as receivable to Authority and payable to authority for more than 03 years from the United Nations Development Programme.	Action to be taken in the future.	Taking action to settle the receivables or recover.

2. Financial Review

2.1 Financial Results

Operating result for the year under review had been a deficit of Rs.7,438,888 as compare with the corresponding deficit of Rs. 18,498,673 for the preceding year, Accordingly an improvement of Rs. 11,059,785 had been observed. The increase of Treasury Grant by Rs.11,223,189 had been mainly attributed to the above improvement.

3. Operating Review

3.1 Management inefficiencies

Audit observation -----	Comments of the Management -----	Recommendation -----
A sum of Rs.900,000 had been paid in years 2016/2017 to a consultant to obtaining the recommendations for implementing a suitable mechanism regarding the complaints received to the telephone number 1929 of the Authority and to improve relevant methodology. Even though two years lapsed by presenting that recommendations, the attention of the management had not been paid to follow the recommendations and procedures, including in that.	This data system had been upgraded again due to incompatibility with the 1929 software.	Action should be taken to implement the relevant recommendations and procedures or to improve the mechanism.

3.2 Human Resources management

Audit observation -----	Comments of the Management -----	Recommendation -----
(a) The audit observed that delay in achieving the objectives of the Authority due to increase of staff turnover and non recruitment of officers for vacancies due to lack of functions for long period time, such as revising the scheme of recruitment, conducting efficiency bar examinations and salary revisions.	Replies not received.	Should follow a systematic management system for recruiting new officers and retaining staff.
(b) Complains regarding Sexual abuse, and child cruelty reported to the authority had been increased and the authority failed to resolve those complaints due to lack of proper supervision of divisional child protection officers and district psychosocial officers attached to each district and divisional secretariat.	Replies not received.	A systematic program should be implemented for supervise the duties of every officer.

3.3 Resources Released to other Organizations

Audit observation -----	Comments of the Management -----	Recommendation -----
The officer holding the post of assistant director (programmes) of the Authority had been released to serve in another ministry for more than 8 years on the basis of reimbursement of salaries and allowances.	Replies not received.	Should have taken action to get the officer concerned or obtain the services of another officer for the post.

4. Accountability and Good Governance

4.1 Annual Action Plan

Audit observation -----	Comments of the Management -----	Recommendation -----
(a) The authority had spend amounting to Rs.29,058,645 during the period of last eight years for establishment of School Child Protection Committees and raising awareness programmes out of total 10,194 schools in the Island wide only of 3,615 child protection committees had establish by the end of year under review and it was only 35 percent. Out of that number of 2,392 schools are in active and it was only 23 percent of the total number of schools.	Replies not received.	Follow up actions and implementation of activities included in the action plan should be occurred.

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| (b) | Although Rs. 1,800,000 had been allocated for printing the positive teaching guide for parents and printing 500 copies and guide to child protection in emergency disaster conditions, guide to children's homes, trainer's guide to child care course, those activities had not achieved. | The order is being submitted and will be completed by 2019. | Plans should be executed in accordance with the action plan. |
| (c) | Even though provisions amounting to Rs.780,000 had been provided for 09 awareness programmes for officers on security of internet and investigation maintenance facility regarding 100 cases on abuse occurring through internet, action regarding only 24 cases had been taken by spending amounting to Rs.63,000. | Replies not received. | Should be compliant with the action plan. |
| (d) | Even though according to the social security action plan prepared by the Authority, provisions amounting to Rs.20 million had been provided by including 09 activities, 7 activities had not been started even by the end of the year under review. | Replies not received. | When preparing the action plan, focus on only those programs that can be implemented in the same year. |

4.2 **Internal Audit**

Audit observation -----	Comments of the Management -----	Recommendation -----
In term of section 3 of the DMA/2009/(1) Management Audit circular dated 09 June 2009, sufficient staff had not attached to the internal audit division to carry out the relevant duties.	Replies not received.	Should take action to recruit sufficient staff.

4.3 **Budgetary control**

Audit observation -----	Comments of the Management -----	Recommendation -----
Variation had been observed between the range of 14 per cent to 771 per cent when compared with the actual revenues and expenses.	Replies not received.	Budget should be use as an effective management tool.

4.4 Sustainable Development Goals

Audit observation

Every Government Institution should act in compliance with the letter No. NP/SP/SDG/17 issued by the Secretary to Ministry of National Policies and Economic Affairs, dated 14 August 2017 and the 2030 “Agenda” of the United Nations for sustainable development. However, the authority had not taken action to identify the sustainable development goals relating to activities falling that scope, goals and milestones that need to be reached, and indicators for measuring achievement of goals.

Comments of the Management

Replies had not received.

Recommendation

Actions should be taken to identify objectives and goals in term of relevant letters and circulars.