

## **Head 217 – Department of Probation and Childcare Services**

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### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Department of Probation and Child Care Services for the year ended 31 December 2018 comprising the statements of financial position as at 31 December 2018 and statements of financial performance and cash flow statement for the year then ended 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. In terms of Sub-section 11(1) of the National Audit Act, No. 19 of 2018, the summary report including my comments and observations on the financial statements of the was issued to the Accounting Officer on 27 May 2019. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department was issued on 29 May 2019 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Probation and Child Care Services as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

## **1.2 Basis for Qualified Opinion**

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 pinion.

## **1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

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The Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer and the Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. As per Sub-section 16(1) of the National Audit Act, No. 19 of 2018, the Department 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 Department.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Probation and Child Care Services Department and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carry out.

## **1.4 Auditor's Responsibility for 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 summary 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  
- 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **1.5 Report on Other Legal Requirements**

As required by Sub-section 6 (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings.

- (a) As there was no requirement of preparation of financial statements by the Department for the preceding year, I could not state that the financial statements of the year under review are consistent with the preceding year.
- (b) As there was no requirement of preparation of financial statements by the Probation and Child Care Services Department for the preceding year, reconciliations on financial statements had not been made by the Department.

## 1.6 Comments on Financial Statements

### 1.6.1 Statements of Financial Performance

The following observations are made.

<b>Audit Observations</b>	<b>Recommendation</b>	<b>Comments of Accounting Officer</b>
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(a) The following changes of values between Treasury Prints and the financial statement relevant to the balances of Advance Receipts, Advance Payments, Deposits Receipts and Deposit payments including in the Statements of Financial Performance. Reasons for those changes had not been explained.	Reconciliations should be done as explaining reasons for differences.	Advises were given to include these balances accurately when forwarding Financial Statements by next year.

<b>Description</b>	<b>Values included in the Treasury Prints Rs.</b>	<b>Values included in the Financial Statements Rs.</b>
Advance Receipts	12,229,502	11,453,220
Advance Payments	9,749,174	9,005,603
Deposits Received	2,471,212	1,072,939
Deposit payments	2,436,741	1,038,468

(b) Even though an expenditure amounting to Rs. 1,559,889 had been shown under the Acquisition of Capital Assets, It was observed that a difference of Rs. 427,757 due to that amount was Rs. 1,132,132 in the statement of Non Financial Assets.	Should be compared clearly reasons for the difference.	This difference had been occurred due to the purchases could not be included under the provisions made for the district
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and divisional secretaries under the Financial Regulations 208.

- (c) A sum of Rs. 9,847,754 of difference had been observed due to the amount of Rs. 4,605,474 had been shown as other receipts in the statement of Financial Performance and it had been an amount of Rs. 14,453,228 according to the monthly summaries and the reasons had not been explained for this difference.
- Financial Statements should be prepared as clearly the reasons for the changes. Advised to include accurately when preparing Financial Statements by next year.

### 1.6.2 Non-maintenance of books and registers

It was observed during the audit test checks the Department had not maintained some of the following Registers and some Registers had not been maintained properly an updated manner.

Audit Observation	Recommendation	Views of the Accounting Officer
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<p>(a) <u>Register of Fixed Assets</u> In accordance with the Treasury Circular No.842 dated 19 December 1978 and the Financial Regulations 502 (2), The Register of Fixed Assets had not been updated.</p>	<p>In accordance with F.R.502(2)/ Treasury Circular No.842 dated 19 December 1978. The Fixed Assets Register should be maintained and updated with the assistance of the Auditor General.</p>	<p>Actions had been taken to updated.</p>
<p>(b) <u>Register of Security</u> In accordance with the Financial Regulations 891(1) a Register of Security containing the names of all officers who required to give security had not been maintained.</p>	<p>A Security Register shall be maintained containing the names of all officers who required to give security in accordance with the Financial Regulations 891(1)</p>	<p>Advices were given to maintained.</p>

(c) Inventories of Electrical Fittings

In accordance with Financial Regulations 454(2) an inventory book of Electrical Fittings, apparatus had not been maintained.

In accordance with the Financial Regulations 454(2) Inventories regarding all Electrical Fittings, apparatus in Government Buildings should be prepared and maintained.

Advises were given to be prepared.

(d) Register of Losses

In accordance with the Financial Regulations 110. A Register of Losses had not been maintained.

In accordance with the Financial Regulations 110 and under the Format of Register of Losses should be maintained.

Advises were given to be maintained.

(e) Register of Liabilities

A Register of Liabilities had not been maintained in accordance with the Financial Regulations 214.

In accordance with the Financial Regulations 214, liabilities should be recorded in a Register of Liabilities as per the recorded of liabilities should be regularly examined.

Advises were given to be maintained.

## 2. Financial Review

### 2.1 Management of Expenditure

The following observations are made.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Views of the Accounting Officer</b> -----
(a) Out of the net provisions provided for 3 objects savings had been remained ranging between 29 percent to 79 percent.	Estimates should be prepared accurately.	Management of expenses and not been arisen of the expected needs.
(b) The amounts included in the vote ledger could not be compared with the amounts included in the Treasury prints due to not including the expenditure incurred in the vote ledger out of the total provisions amounted to Rs. 49,789,176 which was sent to Divisional Secretariats under 02 objects.	Expenditure incurred from the provisions sent to the District Secretariats should be include in the vote ledgers.	Advises were given to enter in the vote ledger.

## 3. Operational Review

### 3.1 Vision and Mission

The following observations are made.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(a) The Mission is in accordance with national policies and International Standards ensuring the rights and providing equal opportunities for orphaned, abandoned and destitute children in conflict with law and other children. As per the Convention on the Rights of the	Should be formulate National Policy for the functioning as per the Mission.	Actions had been taken to formulate alternative care policy.

Child. Actions had not been taken to formulation of National Policy and laws, rules in accordance with the protection of the child rights by the year 2018. Even though the Department of probation and child care services being establish in 1956 for 62 years.

### 3.2 Activities not Executed

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<p>(a) Provisions of Rs. 51 million had been made for the programme of social protection for children during the year under review and the followings were observed when examining the progress of the activities which was planned to implement during the year under review.</p> <p>Even though the provisions amounting to Rs. 405,000 had been made to conduct 25 orientation workshops for District Secretaries in 25 District wise, for the purpose of strengthening child protection in society, By expending amounting to Rs. 115,000 only one workshops had been conducted.</p>	<p>Actions should be taken according to the action plan.</p>	<p>Could have been held only one programme due to the unexpected adverse situation in the country.</p>



(b) Provisions amounting to Rs. 1,100,000 had been made for the function of 18 number of committees to improve the coordination between National and provincial level and by expending Rs.22,000 during the year under review only two committees had been established.

(c) A sum of Rs.1,000,000 provisions were allocated to conduct 11 programmes of 3 days training and capacity development of officers of the National Child Protection Authority, CRPO and Sri Lanka. Foreign Bureau of Employments Development Officers, police officers and by expending amounting to Rs. 303,000 only one programme had been conducted.

(d) Even though the provisions amounting to Rs. 3.6 million had been allocated for the activities of printing manuals on functions and structure of the district and Divisional children Councils, conducting training programmes of one National Level two days workshop and one training per one District for all officers on working with children, conducting 6 programmes to develop capacity of caregivers and institutions on working with children those activities had not been executed

Actions should be taken according to the Action Plan.

Provincial committees Could not be held as expected in the year 2018 and also provisions allocated could not be spent as expected.

Due to the difficulties of contact external officers other training programmes could not be held.

programmes could not be complete due to the transfers of the officers and the unfavorable whether condition.

during the year under review.

- (e) For the purpose of strengthening child protection in the society, a sum of Rs.1,780,000 were allocated for 3 programmes which was included in the Action Plan during the year under review had not been implemented. Actions should be taken according to the Action Plan. replies are not given
- (f) The main functions of the Department such as coordinating supporting and reviewing progress of the activities of the provincial probation and childcare departments and guide to various institutes functions under that had not been performed during the year under review. Due to main functions of the Department those activities should be implemented. replies are not given