

Head 217 – Department of Probation and Childcare Services

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 2019 comprising the statement of financial position as at 31 December 2019 and statement 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 10 June 2020. 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 02 July 2020 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 prepared in accordance with the circular of the State Accounts No.271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Department of Probation and Child Care Services as at 31 December 2019 and of its financial performance and its 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 opinion.

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

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(1)(d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings.

- (a) According to the comments including in paragraph 1.6 of this report the financial statements of the year had not been consistent with the preceding year.
- (b) Relating to the observations including in paragraph 1.6.2 of this report the recommendations which had been included in my report of the financial statements of the previous year had not been implemented.

1.6 Comments on Financial Statements

1.6.1 Statements of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comments of Accounting Officer
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(a) The balance of the statement of non financial assets for the 31 December of the preceding year had been Rs.64,605,215 and a sum of Rs.366,412 of a difference had been observed due to that balance brought forward as opening balance of the year under review had been shown as a Rs.64,971,627. And that difference had not been disclosed in the financial statements.	Adjustments which was done for the opening balance should be disclosed by notes in the financial statements.	Action to be taken to disclose in the financial statements in the future.
(b) The balance of a Rs.164,931 which should be reimbursed by Election Commission had not been shown as current liabilities and under cash and cash equivalent under the current assets in the statement of financial position.	Current assets and liabilities should be accounted accurately.	Actions had been taken to rectify. To include that value in the statement of financial position had been omitted by mistake.

1.6.2 Non-maintenance of books and registers

The following observations are made.

	Audit Observation	Recommendation	Comments of the Accounting Officer
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(a)	<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.	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)	Actions to be taken to maintained.
(b)	<u>Register of Losses</u> 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.	Actions had been taken to updated.
(c)	<u>Register of Liabilities</u> 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.	Started to be maintained from the year 2020.

1.6.3 Non Compliance with Laws, Rules and Regulations

The following observations are made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer	
Reference to Laws, Rules and Regulations	Non-compliance		
<p>(a) Establishment Code of Democratic Socialist Republic of Sri Lanka (a) Sub section 3.7</p>	<p>Even though the recovering of amount of loan should be started from the immediate next month of the month which loan had been given, actions had not been taken as per the above section.</p>	<p>Actions should be taken in accordance with the Establishment Code.</p>	<p>Paying of salaries to all officers to be done through the department from the month of January 2020. This mistake would not be happen in the future.</p>

- (b) Sub section 3.8 Even though an interest of 4.2 per cent should be charged for distress loan, An amount of Rs.79,077 had not been recovered from 16 numbers of officers. Should be charged interest which had not been charged and should be maintained a proper co-ordination between department and the offices of the District / Divisional Secretary. Actions had been taken to recover interest which was charged less in the future. Preparing of salaries of all officers would be done only by the Head Office by the year 2020. Therefore there would not be happen charging less interest from the year 2020.

2. Operational Review

2.1 Vision and Mission

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
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 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 2019. Even though the Department of probation and child care services being establish in 1956 for 62 years.	Should be formulate National Policy for the functioning as per the Mission.	Actions had been taken to formulate alternative care policy.

2.2 Planning

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
In accordance with the paragraph 03 of the Public Finance Circular No.01/2014 dated 17 February 2014, Action Plan of the Department had not been prepared including information of updated organizational structure up to the year under review, approved cadre and the existing cadre.	Should be take actions in accordance with circulars.	Actions to be taken to prepared action plan.

2.3 Activities not Executed Adequately

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) For the implementation of 3 activities of supervision of Children Homes, Conducting training on caregivers and reunification of identified children who were in institutionalized had been planned and allocated an amount of Rs.4,500,000 for that contrary to these objectives an amount of Rs.543,420 had been spent for the operational expenses of a children's home rehabilitation and children counseling training centre and also it was planned to supervise 7 children homes, according to the progress report it was mentioned that only 3 children's homes had been supervised. Even though relevant evidence had not been furnished for the audit to ensure the supervision had been done.	Allocations should be utilized to execute objectives which were included in the action plan.	There were no Authority to supervise children's homes which were governed by the provincial councils and National Child Protection Authority has the authority for that. But provisions for supply of minimum requirements to maintain Children's Homes which were identified through that supervision are being allocated by our department, due to the provisions are not allocate them sufficient amount of provisions had not been allocated to this vote and it was limited to fulfill requirements of only three homes.

- (b) A sum of Rs.3,246,407 allocated under the vote of rehabilitation of Children's Homes had been sent to the Provincial Commissioners of Probation for the rehabilitation of 10 Children's Homes. Due to the provisions released before finished the planned activities of rehabilitation those. It was observed that provisions had been deposited in the General Deposit Accounts, executed other activities after changing plans, remained provisions and achieved of activities properly had not been supervised.
- Allocations should not be provide another party without being ensured properly.
- Allocations had been deposited in their general deposit accounts by the provincial departments, and after executing the relevant activities payments are made external parties.
- (c) A sum of Rs.300,000 had been given to the Commissioners of Provincial Probation for housing project to reunification of 03 children who were institutionalized in Children's Homes. That housing project had not been implemented by the year under review due to the lands were not found and that provision had been deposited in the General Deposit Account. And without following a proper methodology to consider the requisitions of the provincial commissioner's had been caused to this.
- Should be follow a proper methodology of considering the requests of the Provincial Commissioners.
- The objective of our department is to support integrate children who were in institutionalized as far as possible. Therefore allocating of provisions in such occasions would be approved.

- (d) It was observed that out of 9,478 of child abuses complaints of received to the department during the year under review, only temporary solutions had been given for 2,649 complaints and 1,660 complaints had been referred to other institutions. Taking of follow up actions for complaints was weak.
- Follow up actions regarding complaints should be carried out and should be take proper actions.
- It was unable to follow up each and every complaint by the Head Office. Therefore taking follow up actions regarding complaints are being done by District Child Right Promotion Officers with the supervision of District Secretaries.
- (e) A sum of Rs.9,642,559 of allocations had been sent to the 25 District Secretariats for the implementation of 262 number of security plans for the purpose of providing care and protection for vulnerable children. A sum of Rs.8,652,000 had been spent during the year under review. The quantity of applications for security plans and the method of selection could not be ensured due to the non maintenance of information about the applications received for the security plans.
- Should be maintain information relating to the requisitions received for security plans.
- A methodology to noted information in brief of the requisitions for security plans is being prepared by this time. The vulnerable situations which had been faced by the children would be consider and try to give beneficiaries received to all District and Divisional Secretariats and selected plans are being observed by three officers including assistant commissioners and subject officers.