

National Child Protection Authority - 2020

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Child Protection Authority for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 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 statements give a true and fair view of the financial position of the Authority as at 31 December 2020, 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 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 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 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 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 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 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 Authority 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 Audit Observations on the preparation of Financial Statements

1.5.1 Internal Control over the preparation of financial statements

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards, and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-Compliance with Sri Lanka Public Sector Accounting Standards

The following observations are made.

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
(a) In terms of the paragraph 76 (c) of the Sri Lanka Public Sector Accounting Standards 01, A Fixed Deposit valued at Rs.4,579,895 mature in 06 months had been stated under non-current assets in the statement of financial position.	The purpose of opening a fixed deposit is to continue a long period and to obtain a higher interest rate and therefore stated under non-current assets.	Should be in accordance with the Public Sector Accounting Standards.
(b) Due to not reviewing the effective life time of the non current assets in accordance with the paragraph 65 of the Sri Lanka Public Sector Accounting standards 07, cost of the fixed assets amounted to Rs.34,164,697 had been fully depreciated but still being used. Accordingly no actions had been taken to revise the estimated error in accordance with Sri Lanka Public Sector Accounting Standards No.03.	A committee will be appointing in 2021 to conduct revaluation and the revaluation will be complete soon.	Should be in accordance with the Public Sector Accounting Standards.

1.5.3 Accounting Deficiencies

Audit Observation	Management Comment	Recommendation
The total expenditure amounted to Rs.5,754,823 incurred up to the year under review for the construction of a new boundary wall to replace the old boundary wall in front of the Authority had been accounted for as recurrent expenditure instead of being capitalized and the valuation of the old boundary wall had not been identified and removed from the books.	It is advised to consider the annual revaluation requirements and take further action.	Should be accounted accurately.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

The following observations are made.

Audit Observation	Management Comment	Recommendation
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(a) Balances amounted to Rs.962,623 in 3 accounts which was not settled for long period had been stated under current assets.	These unsettled 03 accounts balances are being checked in 2021 and steps being taken to make necessary corrections.	Actions should be taken to settle immediately.
(b) A sum of Rs.602,509 as project deficit under non current assets had been stated in the statement of the financial position for more than 10 years with out settlement.	Actions being taken in this regard.	Actions should be taken to settle

1.6.2 Payables

Audit Observation	Management Comment	Recommendation
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A sum of Rs.3,358,669 as project surplus under non current assets had been stated in the statement of the financial position for more than 10 years with out settlement.	Actions being taken in this regard.	Actions should be taken to settle

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

The following observations are made.

Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
(a) Financial Regulations 371 (2) (b), 371(5) amended from the Public Finance Circular No.3/2015 Dated 14 July 2015.	(i) Even though Ad-hoc sub imprest should be provided up to a maximum of Rs.100,000 in one occasion, However exceeding that limit in 04 occasions Ad-hoc sub imprest had been provided.	When providing the advances to the District and Divisional officers, This cash provisions were provided to the District and Divisional Secretariats.	Should be complying with the circulars.
	(ii) Even though Ad-hoc sub imprest should be settled with out further delay as at 31 December of the financial year which the imprest issued, However actions had not been taken to settle the imprest amounted to Rs.223,580 issued in 2019 in 31 occasions and amounted to Rs.1,231,014 out of the imprest issued during the year under review even by 31 December 2020.	The settlement vouchers of the district and divisional officers were sent to the head office through post and due to the delay it was unable to settle the imprest.	Should be complying with the circulars.
	(iii) Although action should be taken to settle the imprest with in 10 days after completion the relevant activity, imprest amounted to Rs.1,428,800 given to District Secretaries and Divisional Secretaries in 39 occasions during the year under review had been settled by keeping hand between 18 days to 119 days with out utilizing for the relevant activity .	Unable to implement the programs due to the corontine regulations on covid epidemic which had in the country and therefore re settled the imprest.	Should be complying with the circulars.
(b) Public Finance circular No.05/2016 dated 31 March	The inventory verification report of the preceding year should be submit to the Auditor general	The country was closed from time to time due to the covid	Should be complying with the circulars.

2016. before the date of 15 June of each epidemic throughout financial year, The report relevant the year 2020 and to year 2019 was submitted in 08 therefore the February 2021 while the inventory completion of the verification in year 2021 had not inventory verification been completed even by the May was delayed. 2021.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a deficit of Rs.2,968,095 and as against the corresponding surplus in the preceding year amounted to Rs.2,900,087. Therefore a deterioration amounting to Rs.5,868,182 of the financial result was observed. Decrease of the Grant received from the treasury is the main reason for the deterioration.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation -----	Management Comment -----	Recommendation -----
A sum of Rs.900,000 had been paid in years 2016/2017 to a consultant to obtaining the recommendations for the purpose of preparing suitable mechanism and to improve the relevant procedure regarding actions to be taken to the complaints received over the telephone number 1929 of the Authority and amounted to Rs.1,200,000 had been paid to a government institution to prepare a computer system. Even though 3 years lapsed by presenting that report, the attention of the management had not been paid to follow the recommendations and procedures, included that report while the computer system had not been implemented.	The software of the 1929 is incompatible with this data system.	Should be paid the attention immediately to implement the recommendations obtained by the consultant report and to implement the data system.

3.2 Under -utilization of Funds

Audit Observation	Management Comment	Recommendation
National Child Development Fund was established in the year 2010 for the prevention of the child abuse and the protection of the children who are victims of such abuse and to take all the actions to protect their rights, A balance amounted to Rs.2,378,477 had been in this fund by the audited date of 29 March 2021 and since the year 2018 any money had not been spent to achieve the objectives of the fund .	The expenditure has to be incurred by checking the balance of the fund and the provisions are to be issued after conducting checks.	Act in accordance with the objectives of the Act.

3.3 Idle or Under Utilized Property Plant and Equipment

The following observation is made.

Audit Observation	Management Comment	Recommendation
The land acquired on lease basis in the year 2016 at a value of Rs.18,317,757 had been idle even by 31 August 2021.	Despite planning and requesting the treasure allocations, construction works could not be carried out due to lack of funding.	Assets should be utilized more efficiently.

3.4 Procurement Management

The following observations are made.

Audit Observation	Management Comment	Recommendation
(a) By following the emergence procurement method amounted to Rs.250,000 had been spent for the production of a one act tele drama based on the physical and psychological impact to the child and the social responsibility during the condition of covid 19 and this drama had not been telecast even by 30 March 2021.	This activity was carried out under the development allocations. As soon as the 2021 provision received, It is planned to telecast the drama as well as to promote it as an awareness tool on the official website of the National Child Protection Authority and on the You Tube Channel.	The activities carried out based on the necessity of emergency should be duly performed efficiently and effectively during the period in accordance with the laws and rules.
(b) Authority had been spent amounted to Rs.4,056,501 for printing 8,500 Nos. manuals on 03 themes	Distribution of the manuals has already started in the year 2021 and it is planned to complete the	By identifying the necessity resources should be utilized

during the year 2019, out of which 6,800 Nos. books costing Rs.3,245,200 had been stored even by the audited date of 08 March 2021 with out distributing. distribution of all prints by the year 2021. efficiently and effectiveness.

3.5 Release of the Resources to Other Organizations

Audit Observation	Management Comment	Recommendation
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An officer who held the post of assistant director (program) was released for more over 10 years for the service of a ministry staff on reimbursement basis of salaries and allowances and the service of another officer for the post had not been obtained.	Appropriate Action to be taken.	Management's attention should be paid on the impact of the performance of the authority in the long term release of the officer's to other organizations with in the approved cadre.

3.6 Human Resources Management

Audit Observation	Management Comment	Recommendation
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(a) The approved cadre of the authority was 548 at the end of the year under review while the actual cadre was 344 and there were vacancies in 204 posts.	Further activities on the recruitments have been already begun.	Should be managed the human resources properly to achieve the objectives of the authority.
(b) It was observed in audit that the employee turn over of the authority was high due to the long absence of revision of the recruitment procedure, revision of the salary scales and confirmation of services required for recruitments of officers and retention of officers in the respective posts. It has affected the delay in achieving the objectives of the authority.	Necessary coordination had been done with the Department of the Management Services to resolve the issues related to the salary scales and the actions relevant to the confirmations are being completed.	Should be managed the human resources properly to achieve the objectives of the authority

4. Accountability and Good Governance

4.1 Tabling of Annual Performance Report in Parliament

Audit Observation	Management Comment	Recommendation
In accordance with the paragraph 6.5.3. of the Public Finance Circular No.PED/12 dated 02 June 2003, the annual reports should be tabled in the parliament with in 150 days after the close of the financial year ,The relevant annual reports from 2016 had not yet been tabled even the audited date of 19 March 2021.	2016, 2017 submitted to the cabinet, 2018 referred for printing, 2019 translated to languages, 2020 final draft completed.	Should be complying with the circulars.

4.2 Annual Action Plan

The following observations are made.

Audit Observation	Management Comment	Recommendation
(a) Provisions amounted to Rs.8,140,000 had been made for 420 training and awareness programs for 15 activities included in the annual action plan, 12 programs had only been conducted by spending only amounted to Rs.845,000.	Due to covid situation it was unable to conduct the programs.	Should be complying with the action plan.
(b) The National Policy on National Child Protection for which the approval had been granted after 20 years of the establishment of Authority had not yet been implemented even by the audited date of 29 March 2021, the ancillary functions of the National Policy including the recommending the legal, administrative or other amendments required for the effective implementation of the National Policy had not been performed.	The 5 years Action Plan on National Policy on Child Protection 2021-2025 had been expected to be complete .It is not a easy task to coordinate the relevant institutions by covering 10 subject areas and the preliminary activities had been carrying out to start the Child Protection Committees	Actions should be taken to implement the Child Protection Policy expeditiously.

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| (c) | Out of 89,405 complaints reported to the authority from the year 2011 to year 2020 number of 40,668 complaints had been brought forward without being resolved and no procedure had been implemented to resolve these complaints expeditiously. | A procedure had been prepared from the year 2021 to resolve the complaints | Steps should be taken to resolve the unsolved brought forward complaints |
| (d) | National Data Base interms of the Act had not been prepared through 20 years had passed sub sequent to the establishment of the Authority. | Actions had been taken to prepare a Data System in the end of the year 2021. | National Data Base should be prepared expeditiously. |

4.3 Internal Audit

----- Audit Observation -----	----- Management Comment -----	----- Recommendation -----
A sufficient staff had not been attached to the internal audit division to perform the duties in accordance with the paragraph 3 of the Audit and Management Circular No.DMA/2009 (1) Dated 09 June 2009.	Due to the vacancies in the Authority it is difficult to attach an officer for the internal audit section.	By attaching sufficient staff internal audit should be strengthen.