

Head 217 –Department of Probationary and Child Care Services

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the Head 217 -Department of Probationary and Child Care Services for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the 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. The Summary Report containing my comments and observations on the financial statements of the Department of Probationary and Child Care Services was issued to the Accounting Officer on 30May 2023 in terms of Section 11(1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Department was issued to the Accounting Officer on 06 June 2023 in terms of Section 11(2) of the Audit Act. This report will be presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the financial position of the Department of Probationary and Child Care Services as at 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.6 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 evidences I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of the Accounting Officer and Chief Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally

Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Accounting Officer.

As per 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.

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Department in terms of Sub-section 38(1)(c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on Audit of 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 exercised professional judgment and maintain professional skepticism 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 its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.

- 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 Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Section 6(1)(d) of the National Audit Act No. 19 of 2018 .

- (a) The financial statements are in consistent with those of the preceding year.
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

1.6 Accounting Deficiencies

Property Plant and Equipment

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>The UNCRC data system assigned to the department in the year 2018 for the requirement of submit timely and accurate reports in the implementation of the United Nations Charter on Children's Rights at a cost of Rs.2,350,000 including consulting fees was not shown under non-financial assets.This data system was not activated and remained idle.</p>	<p>All procurement and payment activities, including identifying and creating the requirement for a UNCRC data system, have been done by the Ministry. Accordingly, if this system should be identified as an asset, will find out whether it has been recognized as such and entered in the asset register of the ministry, and if it has not been included, will make the necessary arrangements to enter into our assets register and report to you.</p>	<p>Technical software systems should be identified as assets and ensure that the data system is operational.</p>

2. Operational Review

2.1 Non Execution of Function

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
Although a sum of Rs.95,000 had been allocated to conduct 03 child-based researches during the year according to the action plan for conducting child-based research, which is one of the main functions of the department, it was revealed that no child-based research was conducted during the year and that the department was not focused on its major functions.	There were practical problems during this period such as the acute fuel crisis, difficulties in gathering children, and the corona epidemic situation not completely disappearing. As a result, unable to implement this program as planned.	According to the action plan, the departments should focus to accomplish the main tasks.

2.2 NonAchieving of Expected Outcome

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) A sum of Rs.3,249,000 was allocated in the year under review for 335 Grama Niladhari Divisions in 25 districts with the aim of actively maintaining operational committees at the divisional secretariat level to implement the Child Rights Charter and create a suitable environment for children. Although it was targeted to conduct 1340 committees during the year, one divisional operational committee each per quarter from each Grama Niladhari Divion,it was revealed, during the checking of the relevant files that an expenditure of Rs.3,080,000	Although Provisions were allocated to conduct 1340 committees during the year, due to some officers were not assigned to some divisional secretariats and the difficulty of obtaining imprest due to the budget was directed to the quarterly system, it was become difficult to conduct the committees.	As 95 percent of the total allocation had been spent, it cannot be accepted that it was difficult to hold the committees due to difficulty in obtaining funds. Adequate measures should be taken to achieve the desired objectives.

was incurred and only 405 committees were conducted. Out of the number of committees targeted to be held during the year, progress in holding committee meetings was 30 percent, but financial progress was 95 percent.

- (b) According to the files and progress reports of conducting the Children's Operation Committees, conducting of 935 Children's Operation committees could not be verified and it was a high percentage of 70 percent. That progress has not been reported due to trade union actions implemented by Child Rights Promotion Officers/Child Rights Promotion Assistant Officers. Progress should be obtained regularly and files should be updated. Even though the information was obtained and updated through phone and WhatsApp, the documents to confirm were not included in the file.
- (c) According to the approved action plan of 2022, a sum of Rs. 1,098,500 had been allocated targeting 142 family units to provide twin child assistance and it was stated that 98 percent progress had been made by spending Rs. 1,076,000 during the year. But according to the files submitted to the audit, it was confirmed that only 86 families received the assistance money and 56 family units did not submit the receipts to confirm the payment of the assistance money. Provisions have been made in relation to the 135 family units which were given twin child support, but progress reports have not been forwarded to the Department due to the trade union actions implemented by the Child Rights Promotion Officers/Assistant Officers from February to the last half of August and the prevailed covid epidemic situation. The files will be properly maintained in the future. Progress reports should be taken properly and files should be regularly updated to verify the amount of assistance money given.

2.3 Annual Performance Report

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
The annual performance report was not submitted with the annual financial statements in accordance with paragraph 10.2 of the Public Finance Circular No. 2/2020 dated 28 August 2020 and in accordance with Section 16(2) of the National Audit Act No. 19 of 2018.	The annual performance report had not been submitted with the financial statements. Action will be taken to prevent such omissions in the future.	The provisions of the Public Finance Circular and the National Audit Act should be followed.

2.4 Assets Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
Several buildings belonging to the Department located at Gorakana Galkanuwa had remained in idle without being utilized.	As per the request of the District Secretary of Kalutara the building had been handed over to be used as an interim-treatment center for Corona. The Divisional Secretariat has removed the temporary constructions in those centers by January 2023. The center which was used as a hospital is undergoing related repairs.	Efforts should be made to utilize the available resources.

3. Human Resources Management

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
The post of Legal Officer of the department was in vacant since August 2014.	Interviews were conducted on 06.04.2022 and 07.04.2022 for 28 candidates. But since there were no eligible applicants, the recruitment could not be done. According to the National Budget Circular 03/2022 issued by the Ministry of Finance the recruitment activities cannot be done.	Action should be taken to fill the vacancies in the essential posts.