

National Authority for the Protection of Victims of Crime and Witness - 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Authority for the Protection of Victims of Crime and Witness for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 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, accompanying financial statements give a true and fair view of the financial position of the authority as at 31 December 2022, 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 the 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 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 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 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 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 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 Office ;
- 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 related to the preparation of financial statements

1.5.1 Internal Control over the Preparation of Financial Statements

Exercise general and specific authority in transaction management, recording transactions and maintaining accounting for assets as required to prepare financial statements in accordance with applicable reporting standards; A system of “well-designed” internal accounting controls sufficient to obtain reasonable assurance that assets are accessed only with the general and specific authority of management, the accounting for recorded assets is compared with existing assets at reasonable intervals, and appropriate action is taken against differences, etc. Needs to be maintained by the institution.

1.6 Non-compliance with laws, rules, regulations and management decisions etc

| Noncompliance to laws, rules, regulations | Non compliance | Comments of the Management | Recommendation |
|---|--|--|---|
| a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka | | | |
| i)F.R. 1646 | Daily running charts and monthly summary reports for reserve vehicles had not been arranged to be submitted to the Auditor General as per the Financial Regulations. | It was informed that instructions were given to send the summary report to be prepared to the Auditor General. | It should be done in a circular manner. |
| ii)F.R.1645 Paragraph(a) | Vehicle log books were not being updated and maintained as per financial regulations. | It was informed that instructions were given to fill up the deficiencies in the log books. | It should be done in a circular manner. |

| | | | |
|---|---|---|--|
| iii) F.R. 315 F.R. 880 and Para 9 of the Public Finance Circular No. 01/2020 dated 28th August, 2020 | The officials who were supposed to put security deposit as per the circular and financial regulations had not done. | It was informed that no Shroff has been appointed in this authority and since the transaction is done by cheque, no security deposit has been made. | It should be done in a circular manner |
| b) 2 (i) of Asset Management Circular No. 02/2017 dated 21 December 2017 | Two jeeps received by the authority from the ministry had not been handed over to the authority as per the circular | It was informed that both the vehicles will be handed over in the future. | It should be done in a circular manner |
| c) Section 16 (2) of the National Audit Act No. 19 of 2018 | No produced the annual performance report along with financial statements as required by the Act. | It was informed that in future this performance report has been instructed to be submitted along with the financial statements. | It should be done according to the Act |

2. Financial review

2.1 Financial Results

The operating result for the year under review was Rs. 567,799 was a surplus as against the previous year's deficit of Rs. 4,265,483 .Accordingly a growth of Rs.4,833,282 was observed and this growth was mainly due to an increase of Rs.4,706,480 in recurring receipts, an increase of Rs.1,837,741 in other income and a decrease of Rs.1,381,721 in consumption and maintenance expenses.

3. Operational review

3.1 Management Inefficiency

| Audit Observation | Comments of the Management | Recommendations |
|--|---|---|
| a. To the Protection Fund established under Section 29 of the National Authority for the Protection of Victims in Crime and Witnesses act, the fines collected during the year under review and the previous year were Rs.2,100,600 and Rs.1,252,648 respectively, and | At present, the compensation for the victims of crime is done only as per the court orders from this fund, but the guidelines for direct compensation have not been published by the authority, and it was informed that the work will be done after the approval of the new Act in the Parliament. | It should be ensured that the revenue collection and compensation system is properly implemented. |

Rs.60,456 were paid to four persons respectively during the year under review as expenses for protection of victims and witnesses under Section 29 (4) of the Act. , Rs.6,431 was also paid to two persons.

Since the compensation paid under section 29 (4) of the said Act is considered to be the main expenditure of the Protection Fund and since the purpose of the Authority is to enable compensation to be paid to the victims of the offense against the victims of a crime under section 2 (c) of the Act, the collection of the above income and it was observed that the system of revenue collection and payment of compensation has not been fulfilled properly due to the significant decrease in compensation.

b. Whereas in terms of sub-section 13 (1) (f) of the Act, a scheme for awarding compensation out of the Crime Victims and Witnesses Fund established by section 29 of the Act shall be framed, adopted and implemented, Even though 7 years have passed since the establishment of the authority, it has not been acted upon and the fund had a balance of Rs.16,274,850 as at 31 December 2022.

Guidelines for payment of compensation were prepared as per this Act and submitted to the Board of Management. Accordingly, the management had discussed at length and now a new act has been submitted to the parliament instead of this act and since the matter regarding payment of compensation has been included in that act, it was informed that the board of management has given instructions to prepare the final guidelines after the approval of the new act.

It should be done according to the Act.

c. During the year under review, no work was carried out in

Due to certain expenditure restrictions imposed by Treasury

The action plan should be prepared in such a way

| | | |
|--|--|--|
| <p>respect of 04 works worth Rs.3,300,000 planned during the year.</p> | <p>instructions and circulars relating to the provision of funds for capital expenditure during the year, it was informed that under the estimate for this capital expenditure, the work of preparing a data system of the authority has been removed and the capital expenditure estimate for other essential activities has been prepared and the approval of the board of management has been obtained.</p> | <p>that the desired objectives of the organization are achieved.</p> |
|--|--|--|

3.2 Idle or underutilized property, plant and equipment

| Audit Observation | Comments of the Management | Recommendations |
|--|--|---|
| <p>A land along with building was purchased for Rs.20,799,000 on 27 December 2021 in Vaskaduwa area for running a Safe House. Despite the instructions given in No. BD/CBP/01/01/04-2022 and National Budget Circular No. 03/2022 dated 26 April 2022 for control of public expenditure, an amounting to Rs.1,084,977 spent for the purchase of furniture and other equipment for the Safe House during the year under review, and Rs. 7,339 had been spent on electricity, but the Safe House remained unused and idle.</p> | <p>Rs.697,777 for obtaining essential furniture for the safe house and Rs. 387,200 and totaling Rs. 1,084,977 have been spent and apart from that for electricity and telephone Rs. 7,339 had also been spent. However, it was informed that due to the inability to recruit the staff planned for the utilization of this safe house (due to suspension of new recruitment by the government) the work could not be started as scheduled.</p> | <p>Staff should be recruited and arrangements should be made to start the safe house as soon as possible.</p> |

3.3 Human Resource Management

| Audit Observation | Comments of the Management | Recommendations |
|--|--|------------------------------------|
| <p>a. As at 31 December of the year under review, approved cadre was 56 and actual staff on that date was 34, so 18 posts remained vacant.</p> | <p>It was informed that the vacancy could not be filled due to temporary suspension of all recruitments under the circular issued by the Ministry of Finance dated 28 August 2021.</p> | <p>Vacancies should be filled.</p> |

b. Although a Care Officer was approved for the Safe House owned by the authority, but no officer was appointed for the same.

According to the government's decision to seek the approval of a special committee of the Prime Minister's Secretariat for public service recruitment, it was informed that although it was forwarded through the Department of Management Services, the approval for the recruitment has not yet been received.

Arrangements should be made to recruit a Care Officer as soon as possible.