

National Child Protection Authority - 2023

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the National Child Protection Authority for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 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 the Finance Act No. 38 of 1971. My comments and observations which I consider should be reported 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 2023 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 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 Responsibility of the Auditor on Audit 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 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 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 Preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance with the Reference to Particular Standard	comment of the Management	Recommendation
Contrary to paragraphs 52 and 53 of Sri Lanka Public Sector Accounting Standards 7, a sum of Rs.6,303,511 had been credited to the financial performance statement as deferred income from the revaluation reserve account during the year under review. As such, the deficit of the year and the balance of the revaluation reserve account for the year under review were understated by that amount.	No reply was made.	Financial statements should be prepared in accordance with Sri Lanka Public Sector Accounting Standards.

1.5.2 Accounting deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) A sum of Rs.474,794 had been provided as gratuity in the year under review for 04 resigned officers from the service. As such, the deficit and gratuity provision for the year were overstated by that amount.	As the payments mentioned by the audit were confirmed by the year 2024, had been stated as short-term provisions.	Attention should be focused to officers who have resigned from the services when make provisions for gratuities.
(b) The total value of equipment worth of Rs.2,261,416 received as donations from the Information and Communication Technology (ICT) Agency during the year under review should have been accounted for as donations in the Statement of Financial Performance. But, out of that an amount of Rs.130,108 of had been accounted for as deferred income in the Statement of Financial Performance and Rs.2,131,307 had been accounted as capital grants in the Statement of Financial Position.	This is an adjustment not make to the statement of equity but to the balance sheet. Depreciation has been calculated for these assets and correct adjustments have been made to the statement of equity.	The total value of equipment received as donations should be accounted for as donation receipts in the statement of financial performance.
(c) The Internet portal software for reporting child abuse worth of Rs.3,909,000 (British Pounds 10,000)	The relevant officials have been instructed to check the internet portal software	Action should be taken to account for the value of the software and database.

received as donations during the year under review and the database system worth of Rs.1,461,961 developed and provided by Sri Lanka Telecom had not been accounted for.

donated to the National Child Protection Authority and make any necessary adjustments in the future.

- (d) Although the deferred income for the year under review was Rs.14,115,850, it was stated as Rs.10,260,674 and due to a sum of Rs.3,253,206 received in the previous year had been adjusted to the deficit of the year in the cash flow statement. As such, the cash flow generated from operating activities was overstated by Rs.601,969.
- Even if the adjusted position in the cash flow statement changes, the net cash flow will not be affected.
- The cash flow statement should be prepared in accordance with the standard.
- (e) In the preparation of cashflow statement, material project assistance of Rs.3,378,000 received in the year under review was recognized as a cash inflow and Rs.697,756 received as capital grants has been recognized as a cash outflow Rs.3,440,856 instead of a cash inflow. As such, the amount of cash generated from financing activities was overstated by Rs.760,612 in the cash flow statement.
- Instructions were given to the relevant officers to further examine the adjustments in the cash flow statement and make corrections in the future.
- In the preparation of the cash flow statement, cash inflows and outflows should be accurately identified.

1.5.3 Documentary Evidences not made available for Audit

Subject	Amount (Rs.)	Evidence not available for Audit	Comment of the Management	Recommendation
Implementation of various programs of the National Child Protection Authority	2,568,680	Documents to confirm the delivery of school stationery and handing over of aid and acceptance of aid by the relevant beneficiary.	Officials have been informed to take actions to overcome this deficiency in 2024.	Written evidence on the delivery of aid and the evidence on beneficiary's acceptance of the aid should be submitted to the audit.

1.6 Non-compliance to laws, rules, regulations and management decisions

	Reference to laws, rules, regulations	Non compliance	Comment of the Management	Recommendation
	National Child Protection Authority Act No. 50 of 1998			
(a)	(i) Section 14 (e)	Although the approval for the National Policy on Child Protection has been received on 29 October 2019, it was unable to obtain the approval for the the five-year action plan to implement this policy until the last day of the year under review. As a result, the Authority was unable to establish and maintain the relevant National Steering Committee, Provincial Committees, District and Regional Committees as independent technical circles.	The line ministry has submitted amendments to the draft National Policy on Child Protection on several occasions and it has taken some time to obtain approval.	Action should be taken to obtain Cabinet approval for the five-year action plan to implement the National Policy on Child Protection.
	(ii) Section 14 (h)	Information requested by the Legal Division regarding child abuse legal cases during the year under review had not been received from 96 police stations. Furthermore, the Authority's legal department had failed to carry out regulation works on the legal actions related to child abuse.	Although a system has been developed to update case information collected through the police with the assistance of police officers, due to the lack of sufficiently knowledgeable staff in the legal department of the Authority, all of this case information was not formally updated in 2023.	Legal works should be regulated in accordance with the Act.
	(iii) Sections 14 (e), (o), (g)	The Authority had received 123,732 complaints regarding child abuses from the year 2011 to the date of this report and out of that 52,922 complaints, or 43 percent, were still under investigation. Therefore, the Authority had failed to fulfill its responsibility to develop a mechanism to complete the process	The necessary initial intervention has been provided for all complaints received from the year 2011 to the year 2023, and all complaints related to the year 2011 have been	Urgent action should be taken to complete the investigations activities of complaints which are under investigation.

of investigating complaints regarding child victims of child abuse before the child becomes an adult. The large number of vacancies among district and regional officers, who play a very important role in dealing with child abuse, and the lack of a proper mechanism in place within the Authority to prevent the increasing number of child abuse cases in the country, had led to a significant increase in unresolved complaints.

finalized and the database has been updated. The total number of complaints received since 2012 is still being investigated.

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| (iv) Section 14(k) | <p>Action had not been taken so far to establish a database and mechanism for formal coordination between the Sri Lanka Police, the Department of Probation and Child Protection Services, and the line ministry, which deals with child abuse. Accordingly, the audit revealed that the Authority was unable to ascertain the number of child abuse complaints received across the island and the current progress of those complaints.</p> | <p>Actions are being taken to upgrade the currently maintained database to a national level database, and observations have been forwarded to them regarding the signing of agreements to prepare the database, and that obtaining funds for the activities to be developed has become problematic.</p> | <p>A database should be established as a mechanism for formal coordination between institutions dealing with child abuse.</p> |
| (v) Section 14 (j) | <ul style="list-style-type: none"> ● Although Cabinet approval was granted in 2021 to establish video evidence recording units at the provincial level, no actions had been taken to establish those units in 7 provinces as on the date of this report. Due to deficiencies in the Southern Province Video Evidence Recording Unit, which was established in 2013, this unit and the technical equipment provided have been idle since 2015. It was estimated that it will cost for Rs.7,760,500 to replace that technical equipment. ● The Authority had failed to maintain a safe house for child victims to obtain accommodation facilities as per Section 2.5 of the | <p>The Southern Provincial Video Evidence Recording Units are currently unable to record due to the lack of recorders and the need for many other technical developments. Although officers were recruited for the unit located at Karapitiya in February 2022, they have currently been deployed to the unit located at the head office as the unit has</p> | <p>Video evidence recording centers should be established and evidence recordings should be commenced as per the provisions of the Act.</p> |

Video Evidence Recording not yet been started
 Guidelines issued by the Attorney operations.
 General's Department, even up to the
 date of the report.

- (b) Finance Advances total amounting to Instructions have Advances should
 Regulation No. Rs.1,558,700 given on 67 occasions been given to be settled as per
 371(5) as amended during the year under review had not prevent such the provisions in
 by Public Finance been settled even by 31 December of problems from the circulars.
 Circular No. the year under review. occurring again.
 01/2020 dated 28
 August 2020

2. Financial Review

2.1 Financial Results

The operation result in the year under review had been a deficit of Rs.11,341,231 as compared with the corresponding deficit of Rs. 10,255,583 for the preceding year, thus observing a deterioration of Rs.1,085,648 in the financial result. Increase in utility expenditure had mainly attributed to this deterioration.

3. Operational review

3.1 Operational Inefficiencies

Audit observation	Comments of the Management	Recommendation
<p>The District and Regional Child Protection Officers of the Authority had been made to participate as resource persons in the programs conducted in relation to the action plan of the Authority during their term of office and had been paid allowance of Rs. 442,800 without any authority.</p>	<p>Payments have been made as per circular DMS/1760/Vol-1 issued by the Ministry of Finance on 27.10.2016 and all functions have been carried out as per the approved concept paper.</p>	<p>Proper approval should be obtained for the payment of allowances to the internal officers of the Authority.</p>
<p>Furthermore, Rs.500 each had been paid as participation allowances to government officials participating in the programs without Treasury approval.</p>	<p>An attendance allowance was paid to the officers who participated to a one-day training program as transportation expenses.</p>	

3.2 Idle or underutilized Property, Plant and Equipment

Audit observation	Comments of the Management	Recommendation
(a) A building belonged to the Mullaitivu District Secretariat, which was verbally assigned to be used by the National Child Protection Authority from the year 2014, had not been used for any purpose till the date of this report and remained idle. Further, a sum of Rs.1,084,684 had been spent for the supply of security service during the year under review.	That it has been informed that this building to be handed over to a suitable institution for effective use.	Action should be taken to utilize the building effectively.
(b) A land adjoining to the National Child Protection Authority which was acquired on lease term of 30 years in the year 2016 for a value of Rs.18,317,757 had not been utilize for any work and remained idle till the date of the report.	Despite continuous requests were made for funds from the Ministry of Finance for the proposed construction on this land, it has not been possible to proceed with the work as no funds have been allocated in this regard.	Action should be taken to utilize the idle land.

3.3 Resources Released to Other Organizations

Audit observation	Comments of the Management	Recommendation
Due to the Assistant Manager (Programmes) of the Authority had been released to external agencies for more than 12 years, it has been unable to efficiently perform the function expected from this post.	It had been informed to release this officer from the service in order to appoint as the Private Secretary to the State Minister of Finance.	Management should pay attention to the impact on the performance of the Authority when releasing officers within the approved cadre to other institutions for the long term.

3.4 Human Resource Management

Audit observation	Comments of the Management	Recommendation
Contrary to the letter of the Director General of the Department of Management Services dated 25 January 2016, officers who had not met the minimum basic qualifications had been recruited for the posts of Investigation Officer, Manager (Planning and Information), Information and Technical Assistant, Manager	A three-member committee has been appointed in this regard on the instructions of the Board of Directors, and the relevant investigation is being conducted by the committee. After receiving the relevant report, it will be forwarded to the Board of Directors for further action.	All recruitments should be made in accordance with the letter of the Director General of the Department of Management Services.

(Programs) and Assistant Director (Media and Information) of the National Child Protection Authority.

4. Accountability and Good Governance
4.1 Annual Action Plan

Audit observation	Comments of the Management	Recommendation
Although the preparation of the National Policy on Child Day Care Centers had commenced, the Authority was unable to obtain Cabinet approval during the year under review.	Due to the delay in receiving responses from the Attorney General's Department, it was not possible to submit the memorandum for Cabinet approval in 2023.	Urgent action should be taken to implement the national policy on child day care centers.