

## **Head-217 Department of Probation and Child Care Services - 2024**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

**Head 217** - The audit of the financial statements of the Department of Probation and Child Care Services for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 including my comments and observations on the financial statements of the Department of Probation and Child Care Services in terms of Section 11(1) of the National Audit Act, No.19 of 2018 was issued to the Accounting Officer on 26 May 2025. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 27 May 2025 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. The report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements of the Department of Probation and Child Care Services as at 31 December 2024 give a true and fair view on the financial position and its financial performance and cash flows and all the materialities in compliance with the basis of preparation of the financial statements set out in Note 01 related to the financial statements.

#### **1.2 Basis for Qualified Opinion**

My opinion is qualified based on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Emphasis of Matter - Basis of Preparation of Financial Statements**

The attention is drawn to Note 1 to the financial statements which describes the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Department of Probation and Child Care Services, General Treasury and Parliament in accordance with the Financial Regulations, 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Probation and Child Care Services, the General Treasury and the Parliament of Sri Lanka. My opinion is not modified on this matter.

#### **1.4 Responsibilities of the Chief Accounting Officer and Accounting Officer for the Financial Statements**

The Accounting Officer is responsible for preparing financial statements that give a true and fair view in all materialities in accordance with the Financial Regulations 150 and 151 and State Accounts Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025, and for determining such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department of Probation and Child Care Services is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements

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 Department of Probation and Child Care Services and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.5 Auditor's Responsibilities for the Audit of the Financial Statement**

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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement 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.

## 1.6 Comments on the Financial Statements

### 1.6.1 Accounting Deficiencies

#### Property, Plant and equipment

Audit Issue	Comments of the Accounting Officer	Recommendation
(i) As per the ACA-6 (SA82) statement submitted with the financial statements, the opening balance of non-financial assets was Rs.84.19 million and the closing balance of non-financial assets in the statement of financial position for the previous year had been Rs.83.41 million. Accordingly, there was a difference of Rs.0.78 million in the opening balance of non-financial assets.	According to the SA 82 report issued by the Treasury, the opening balances were not correctly placed in the opening balance column of non-financial assets.	Actions should be taken to reconcile the Departmental books and Treasury records and correct errors.
(ii) As per the Section 8.1 of State Accounts Guidelines No. 06/2024 dated 16 December 2024, a module on fixed assets prepared in the CIGAS program was not submitted for the audit and there were differences between the value of vehicles mentioned in the list of fixed assets submitted and the values of vehicles mentioned in the expenditure report prepared for the vehicles owned by the Department, totalling Rs.7.87 million.	Actions were taken to send a soft copy of the fixed assets via email on 21 April 2025 and it is observed that the value shown in the financial statements for many years is the same as that list. Actions will be taken to investigate that difference and correct in the future.	The correct value should be recorded in the accounts. Actions should be taken to prepare a module on fixed assets in accordance with the State account guidelines and maintain updated information on fixed assets.

## 2. Report on Other Legal Requirements

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

- (a) The financial statements are consistent with the previous year and
- (b) The recommendations I made on the financial statements for the previous year had been implemented.

## 3. Financial Review

### 3.1 Expenditure Management

Audit Issue	Comments of the Accounting Officer	Recommendation
Due to the Department preparing estimates without proper forecasting or any rational basis, there had been savings in the range of 45 percent to 100 percent of the provisions made for 12 objects. Also, although the provisions of 03 objects had been transferred to other objects through F.R. 66, there were savings in those objects ranging from 37 percent to 95 percent. Further, the estimated provision for the object No. 217-1-1-1403 was Rs.1.2 million and due to the transfer of Rs.1.5 million through Financial Regulation 66, transfers exceeding the estimated provision had been made.	The holding of discussions and meetings through Zoom technology to limit public expenditure as per Paragraph 2 of National Budget Circular No. 01/2024, the receipt of official vehicle allowance by the Commissioner, the non-payment of combined allowances to the driver deployed for the duties of the Commissioner, issues related to the development of the UNCRC database, delays in entering into service agreements, non-requirement of capital asset repairs, non-conduct of training programs and delays in maintenance of the Paraththa Child Training and Counseling Center led to the saving of provisions. Due to the increase in electricity bills at the beginning of 2024, transfers had to be made in excess of the estimated allocations due to insufficient estimated allocations.	The Accounting Officer shall ensure that the estimates are prepared as completely and accurately as possible in accordance with Financial Regulation 50(ii).

### **3.2 Certifications of Accounting Officer**

<b>Audit Issue</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>The Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system is developed and maintained for the financial control of the Department in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018 and the effectiveness of that system shall be reviewed from time to time and necessary changes shall be made accordingly to ensure that the system is operated effectively and although such reviews should be made in writing and a copy thereof submitted to the Auditor General, statements that such reviews were conducted had not been submitted to the audit.</p>	<p>The Internal Audit Division of the Ministry of Women, Child Affairs and Social Empowerment covers the internal audit activities of the Department. The Department has provided the Internal Auditor with the necessary information for the preparation of the relevant reports as stated in Section 38 of the National Audit Act No. 19 of 2018 and Paragraph 8 of the Department of Management Audit Circular No. DMA/01-2019 dated 12 January 2019.</p>	<p>Actions should be taken to act in accordance with the provisions of Section 38 of the National Audit Act, No. 19 of 2018.</p>

### **3.3 Issuance and Settlement of Advances**

<b>Audit Issue</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>Although, sub imprest should be paid within 10 days of the completion of the relevant work after the issuance of the sub imprest as per Finance Regulation 371(5) as amended by Paragraph 09 of Public Finance Circular No. 01/2020 issued on 28 August 2020, it had taken 12 to 15 days to settle the sub imprest of Rs.0.17 million received on 03 occasions.</p>	<p>It is accepted that there has been a delay in settling the advances and steps will be taken to rectify such situations in the future.</p>	<p>Advances should be settled in accordance with the amended Finance Regulations 371(5).</p>

## **4. Operating Review**

### **4.1 Planning**

<b>Audit Issue</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>According to departmental statistics, the Departmental Action Plan had been prepared without targeting children suffering from the problems of increasing number of school dropouts</p>	<p>The work of re-enrolling school dropouts is included in the duties of the Child Rights Promoting Officer/Assistant Officers who are the field officers of the</p>	<p>The Department should prepare an Action Plan based on the priorities based on the approved budget in accordance</p>

day by day, child marriages, child pregnancies, physical abuse of children, psychological abuse, child sexual abuse, child neglect, child labor, internet-related incidents involving children and child drug addiction.

Department. They perform that task as a normal duty. Educational assistance, foster care assistance and emergency disaster assistance are provided with the aim of re-enrolling school dropouts and preventing situations that hinder their school journey. Those programs have been included in the action plan.

with Public Finance Circular No. 02/2020 dated 28 August 2020 .

## 4.2 Non-Performance of Functions

Audit Issue	Comments of the Accounting Officer	Recommendation
(a) Although the Mission of the Department of Probation and Child Protection is to ensure the rights of all children, with special emphasis on orphans, abandoned and helpless children and children who have faced legal problems, in accordance with national policies and national standards and to provide them with equal opportunities, any program had not been formulated and implemented to date to identify street children, children from marginalized communities in coastal and estate areas who are at serious risk and to maintain a database of those children to ensure the rights of those children and to prevent violations of those children's rights.	<p>Funds are provided to implement appropriate projects from among the projects assigned to this Department at the Divisional Secretariat level for children who are at serious risk as well as children from marginalized communities every year.</p> <p>At present, preliminary work has been begun on implementing a pilot project to identify children at risk.</p> <p>Also, there are problems in maintaining a data system regarding street children, children from marginalized communities in coastal and estate areas who are at serious risk due to the lack of technical facilities.</p>	A proper mechanism should be developed and implemented to ensure the rights of every child, especially street children, children living at the coastal belt and children from marginalized communities in estate areas who are at serious risk according to the Convention on the Rights of the Child.
(b) Although it is a major task of the Department to amend laws and regulations including ordinances to suit the needs of the time, the Children and Young Persons Act, No 39 of 2024 and the Adoption of Children Ordinance No. 24 of 1941 had not been amended to suit the needs of the time.	<p>The Ministry of Justice has requested the Provincial Commissioners to provide their recommendations for the amended Bill No. MOJ/L4/563/2023 dated 10 June 2024. In addition, the Ministry of Justice has appointed a committee to amend the the Children and Young Persons Act</p>	Action should be taken to amend laws and regulations, including ordinances, to suit the needs of the time.

and the Child Adoption Ordinance and has ordered the committee to submit the final draft to the Hon. Minister of Justice.

#### 4.3 Non-achievement of Expected Output Level

Audit Issue	Comments of the Accounting Officer	Recommendation
(a) Although it had been proposed to implement the Twin Child Support Program for 500 families as per the Annual Action Plan, its progress had been only 280 families, i.e. 56 percent by 31 December 2024. Its total cost estimate had been Rs.1.875 million and the financial progress was Rs.1.375 million, so the financial progress had been 73.3 percent. Accordingly, the physical progress had decreased and the financial progress had increased.	The Action Plan has included 500 beneficiaries to provide assistance for twins by assuming the number of requests that may be received. Accordingly, only 372 requests for twins had been received this year. Accordingly, payments were made to all requests received during the year.	Actions should be taken to implement the programs included in the Annual Action Plan in a timely and efficient manner to achieve the desired physical and financial goals.
(b) Although the expected completion of the project to provide emergency disaster assistance to affected children was 200, only 85 children had been identified for it. Accordingly, the physical progress was 42.5 percent. Being the financial progress was 54 percent, the physical progress was at a minimum level.	The number of requests that could be assumed to be received as emergency disaster requests is 200. However, only 53 such requests were received. Accordingly, the relevant payments were made for the requests received.	- Do -

#### 4.4 Foreign Aid Projects

Audit Issue	Comments of the Accounting Officer	Recommendation
<b>(a) Capacity Development Programmes</b>	<p>(i) Although a primary objective of the program was to prepare the Action Plan for National Children's Council's for the coming year, that objective had not been achieved up to the date of the audit.</p>	<p>They informed that they would need more time to revise it due to their children's educational activities, tuition classes and preparation for exams.</p> <p>Necessary steps should be taken to prepare the Annual Action Plan of the National Children's Council in a timely manner.</p>
<p>(ii) Although the program had been designed to be implemented for 60 children, only 41 children had participated and the selection process was also non-transparent. The attention had not been paid to achieving the desired participation of the program when planning programmes of this nature and performance indicators had not been identified to measure whether the desired objective was achieved.</p>	<p>Although all 60 children who were scheduled to be participated in the program had confirmed their participation, it was informed that some of the children who had confirmed their attendance would not be able to participate due to the heavy rain that was occurring at the time. Accordingly, the programs had to be held as planned with the children who participated.</p>	<p>Actions should be taken to ensure that the expected participation in the programs are implemented and the desired objectives are achieved by introducing performance indicators.</p>
<b>(b) Project carried out by UNICEF</b>	<p>(i) Although a grant of Rs.27.7 million had been received from UNICEF for the year 2024 as a project to provide short-term financial support to the Department of Probation and Child Care through the Ministry of Women, Child Affairs and Social Empowerment, any expenditure had not been incurred up to 31 December 2024.</p>	<p>Before spending the provisions allocated in the year 2024, the remaining money should have been spent after implementing the programs in the year 2023. Accordingly, programs were prepared for the remaining amount of Rs.14.349 million in the year 2023 and implemented with the approval of the Secretary of the Ministry. It was stated that due to the holding of the General Election and the Presidential Election in the latter half of the year 2024, the work planned for</p>

the year 2024 could not be completed due to insufficient time to spend the amount of Rs.27.7 million allocated for the year 2024.

(ii) A sum of Rs.14.35 million out of the aids provided by UNICEF in 2023 had remained and its Action Plan for the year 2024 had been prepared for that amount and Rs.12.1 million had been reported as expenditure by the end of the year under review. Accordingly, Rs.2.23 million had not been utilized.

(iii) Although UNICEF had been established to address a wide range of children's needs and rights such as to protect children's rights, meet basic needs, expand opportunities to reach their potential, address climate change and the environment, early childhood development, education, and gender, plans had been prepared for 05 activities with unutilized funds of Rs.14.35 million from the grant provided in the year 2023 and of which Rs.11.4 million, or about 80 percent, had been allocated to departmental officers.

(c) The Food Security and Livelihood Development Emergency Assistance Project, implemented with the financial support of the Asian Development Bank

Various programmes were implemented for the year 2024 with the amount remained from the year 2023 and money was saved by not having to spend the same amount of money on certain programs as planned for these programs.

- Do -

The amount remaining for the year 2024 from the amount provided as UNICEF aids in the year 2023 was Rs.14.349 million. Seven programs were implemented with this amount and Rs.12,541,268 was spent for it. 03 programs for officers and a program for children were implemented out of these programs.

The project for children should be carried out in a way that achieves the desired objective and a greater percentage of the grant should be used for children.

	(i) Although 100 desktop computers and 100 laser printers received under the above project had been distributed to the Provincial Probation Departments for distribution to Child Development Centers, issuance orders and receipt orders had not been obtained to indicate that the equipment had been distributed to the Child Development Centers. Also, there was no evidence to confirm that the equipment had been included in the inventory records of the care centers.	The Department has now received relevant documents indicating that the equipment was distributed to child development centers.	Actions should be taken to obtain receipts and issue orders and enter them into the inventory records in accordance with Financial Regulation 752.
	(ii) Since three computers and three laser printers each had been given to the Paraththa Training and Research Center, which is currently closed, therefore the equipment had left unused and idle during its warranty period.	Although the relevant computers and printers have been allocated to those institutions with the aim of starting the Paraththa Training and Research Center in the future and since there is no suitable condition to enroll children and conduct training without modernizing the building, actions will be taken to obtain the relevant computers and printers back to the Department until the institution is made operational.	The Accounting Officer shall review and issue the necessary written instructions in accordance with Section 38(c) of the National Audit Act, No. 19 of 2018, to ensure that all assets are being utilized effectively by the Department.
(d)	Although a sum of Rs.29 million had been allocated for providing financial assistance to child protection schemes targeting 300 children, Rs.1.4 million had been spent on 15 protection schemes. Financial progress and physical progress remained at a very low level of 5 percent.	Since the process of accounting for the funds had to be carried out through Samurdhi Bank during the implementation of the Child Protection Plan for children under the ADB project, there have been some delays due to the complexity of the process and the shortage of departmental officials.	Actions should be taken to achieve the expected budget targets on time.

## 4.5 Asset Management

Audit Issue	Comments of the Accounting Officer	Recommendation
(a) The existing both National Center for Child Training and Counseling Services and the National Training and Research Center, which are intended to provide counseling, life skills development and vocational training to abused children and girls facing various problems, were handed over to be used as a COVID-19 interim treatment center on 12 May 2021 and although these two centers were formally taken back to the Department on 6 June 2023, actions had not been taken to restore their physical resources and surrounding environment and use them for providing training and counseling services.	A sum of Rs.28 million has been requested for the modernization of the center in the 2025 budget discussion. However, since no funds have been allocated for the purpose, it has been difficult to carry out the relevant modernization work and make the center suitable for use.	The Accounting Officer should take actions to review and issue the necessary written instructions in accordance with Section 38(c) of the National Audit Act, No. 19 of 2018, to ensure that all assets are being utilized effectively by the Department.
(b) Although the National Training and Research Center belonging to the Department had two fully air-conditioned lecture halls with all the facilities that could train about 60 officers, those resources had remained idle.	Although a sum of Rs.28 million has been requested for the modernization of the center in the 2025 budget discussion, since funds have not been allocated for it, it has been difficult to carry out the relevant modernization work and make the center suitable for use. A project report will be prepared on this matter and financial provisions will be obtained from external sources for the modernization work and the center will be modernized and used for the prescribed activities In the future.	Actions should be taken to carry out the repairs promptly and utilize the center for training purposes.
(c) Although more than 6 years had elapsed for the UNRC data system, which was entrusted to the Department in 2018 for the purpose of providing timely and	Although the UNCRC data system had been provided to the Department in 2018 as a data collection mechanism with the support of several ministries,	Actions should be taken to utilize the data system to collect timely and accurate data.

accurate data in the implementation of the United Nations Convention on the Rights of the Child at a cost of Rs.2.3 million, including consultancy fees. Actions had not been taken to implement it to the relevant purpose by the end of the year under review.

departments and institutions that work directly and indirectly on behalf of children to prepare the report to be submitted to the United Nations Child Protection Committee once in every 5 years, it has not been able to be used due to technical issues. A request has been made to obtain the necessary technical support from the Ministry of Digital Economy to modernize this system and move it forward in the most secure and efficient way.

#### 4.6 Management weaknesses

	<b>Audit Issue</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a)	Although follow-up reports should be obtained for 10 years regarding children given for adoption, as stipulated in paragraphs a, b and c of section 10 (d) of Adoption Of Children (Amendment) Act No. 15 of 1992, those children had become unsafe due to the failure of obtaining such follow-up reports in a proper and continuous manner.	There are instances where parents who have adopted children from relatives do not submit progress reports properly. A new program has been prepared to ensure that these progress reports are received properly in the future.	Follow-up reports should be obtained as per the Ordinance and follow-up activities should be carried out to ensure the safety of children placed for foreign adoption.
(b)	Sri Lanka had ratified the Convention on Co-operation and Protection of Children in Respect of Intercountry Adoption (Hague Convention) among countries in 1994 and according to Article 18, the consent of both countries should be obtained for the adoption of children and although the Central Authority of the country from which the child was given should obtain a certificate of consent according to Article 17 to this task in accordance with the law of the country from which the child was adopted, this task had not been carried out as required.	The approval has been obtained under Article 18 from every state that has signed the Hague Convention.	Actions should be taken to obtain a relevant certificate of consent in accordance with Article 17 of the Hague Convention.

## 5. Human Resource Management

Audit Issue	Comments of the Accounting Officer	Recommendation
The position of Legal Officer in the Department was vacant for a period of 10 years from August 2014 and the position of Probation Officer was vacant for a period of 07 years from 2017.	Although the gazette notification regarding the recruitment for the position of Legal Officer in the Department has received the approval of the Public Service Commission, it has been referred back to the Public Service Commission for revision due to errors in several applications in the notification.	Actions should be taken to promptly fill vacancies in posts that are essential to achieve the main objectives of the Department or to amend the approved cadre as necessary.