

National Child Protection Authority - 2021

1. Financial Statement

1.1 Opinion

The audit of the financial statements of the National Child Protection Authority for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2021, 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 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 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 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 Non-compliance to laws, rules, regulations and management decisions

Reference to laws, rules, regulations	Non compliance	comment of the Management	Recommendation
Financial Regulation 371 (5), amended by Public Finance Circular No. 3/2015 dated 14 July 2015	Although Advances should be settled within 10 days after the completion of the work, advances amounting to Rs.2,487,448 issued in 93 occasions during the year under review had not been settled even by 31 December 2021, and the delay was between 01 month and 10 months.	The amount of Rs. 54,500 shown as unsettled advances relevant to the year 2019 and Rs. 98,300 relevant to the year 2020 had been fully settled by 26.05.2022.	Provisions in the circulars should be followed.

2. Financial Review

2.1 Financial Results

The operation result in the year under review had been a deficit of Rs. 826,262 as compared with the corresponding deficit of Rs. 2,968,095 for the preceding year, thus observing an improvement of Rs.2,141,833 in the financial result. The increase in the government recurrent grant had mainly attributed to this improvement.

3. Operational review

3.1 Management inefficiencies

Audit observation	Comments of the Management	Recommendation
A sum of Rs. 900,000 had been paid to a consultant to obtain recommendations to set up a suitable mechanism and improve the relevant system for dealing with complaints receiving over the authority's 1929 telephone number and, although 04 years had passed since the report had been received in the year 2017, the attention of the management had not paid on following up the recommendations and methods included in the report. Further, a sum of Rs. 1,200,000 was paid to a private organization to prepare a computer system, the data base could not be activated.	This 1929 data system is incompatible with the software.	The attention of the management should be paid to implement the recommendations and to promptly correct the deficiencies in the data system.

3.2 Under-utilization of Funds

The following observations are made.

Audit observation	Comments of the Management	Recommendation
(a) The National Child Protection Fund established in the year 2010 to make necessary provisions for the purpose of preventing child abuse and protecting the victims of such abuse and protecting their rights and taking all necessary measures had not been used for	The balance of this fund to be checked and spent as scheduled. Accordingly, it will be checked and allocations will be released.	Action should be taken to utilize the fund to achieve the objectives of the Act.

the related purposes since 2018 and, the balance of the fund as on 31 December 2021 was Rs. 2,843,882.

- (b) The total amounting to Rs. 1,868,850 in 3 funds were not utilized for the respective purposes for more than 01 year to 11 years. Attention has been paid on utilizing the remaining fund for purposeful work and further action will be taken. Action should be taken to utilize the fund to achieve the objectives of the Act.

3.3 Idle or underutilized Property, Plant and Equipment

The following observation is made.

Audit observation	Comments of the Management	Recommendation
A land 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.	Although the treasury allocations were planned and requested, due to financial allocations were not received, construction work could not be done.	Resources should be used with maximum efficiency.

3.4 Resources Released to Other Organizations

The following observation is made.

Audit observation	Comments of the Management	Recommendation
The officer who held the position of Assistant Manager (Programmes) of the Authority had been released to external agencies on the basis of reimbursement of salary and allowances for more than 11 years, but the service of another officer had not been taken for the above position even by the end of the year under review.	The concerned officer was inquired in this regard and in response, she had informed that will report to the duty in the permanent position of the authority immediately after the term of office of the Minister of State for Samurdhi, Household Economy, Micro Finance, Self Employment and Business Development ends.	Human resource management should be done properly.

3.5 Human Resource Management

Audit observation	Comments of the Management	Recommendation
An officer with no basic qualification and no service experience included in the recruitment process was recruited for the post of Assistant Director (Media and Information) in March 2021, which had been vacant for about 4 ½ years.	This applicant had been recruited according to 201/26 Board of Directors decision.	The recruitment procedure should be followed.

4. Accountability and Good Governance

4.1 Annual Report

Audit observation	Comments of the Management	Recommendation
According to paragraph 6.5.3 of Public Finance Circular No. PED/12 dated 02 June 2003, annual reports should be tabled in Parliament within 150 days of the end of the financial year, but the annual reports for the years 2019 and 2020 had not been tabled even by the date of audit of 19 May 2022.	Language translation of the 2019 report was done, final draft of 2020 report was completed.	Circular should be followed.

4.2 Annual Action Plan

The following observations are made.

Audit observation	Comments of the Management	Recommendation
(a) The National Child Protection Policy was approved on 29 October 2019, 20 years after the establishment of the authority, but had not been implemented even by the date of audit of 05 May 2022. As such, the tasks of recommending legal, administrative or other	The National Child Protection Authority will take further action after receiving the recommendations of the National Planning Department.	Prompt action should be taken to implement the Child Protection Policy.

required amendments, advising the government on the measures to be taken to prevent child abuse, and related tasks were also not fulfilled for the effective implementation of the national policy.

- (b) Complaints receiving by the Child Protection Authority are forwarded to the Police Division, Investigation Division, Psychosocial Division and Legal Division by the Law Enforcement Division and out of the 100,592 complaints reported to the authority from the year 2011 to the year 2021, 47,136 complaints were unresolved and brought forwarded and it was 46 percent of the total complaints. Although resolving complaints is a key function of authority, it was not included in the action plans of the years 2020 and 2021. Although 11,187 complaints of abuse and violence in 28 categories were received during the year under review from the 25 districts, and though immediate action was required for those abuses, final action was not taken in respect of 7,492 abuses even by the date of audit.
- (c) Although 22 years were passed after establishment of the authority, a national data base had not been prepared.
- Final action on a complaint depends on the nature of the complaint and non-finalization in such cases does not mean that no action had been taken against complaint.
- Action should be taken to solve all unsolved complaints since 2011.
- Preparation of data base was already completed by Sri Lanka Telecom. Requested amendments to use the database are being done by Sri Lanka Telecom presently.
- National Data base should be prepared immediately.

4.3 Internal Audit

Audit observation

Comments of the Management

Recommendation

As per paragraph 3 of Management Audit Circular No. DMA/2009/(1) dated 09 June 2009, sufficient staff was not assigned to the Internal Audit Division to perform the relevant functions.

Vacancies available in the Authority have made it difficult to appoint an officer for the Internal Audit Division.

A sufficient staff should be assigned.