

National Secretariat for Persons with Disabilities - 2021

1. Financial Statements

1.1 Opinion

The audit of financial statements of the National Secretariat for Persons with Disabilities 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 Net Assets and Cash Flow Statement for the year 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 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 Secretariat as at 31 December 2021, 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 Secretariat'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 Secretariat or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Secretariat's financial reporting process.

As per Section (1)16 of the National Audit Act No. 19 of 2018, it 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 Secretariat.

1.4 Responsibility of Auditor regarding the 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 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 Secretariat'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 Secretariat'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 Secretariat 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 Secretariat, and

whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Secretariat has complied with applicable written law, or other general or special directions issued by the governing body of the Secretariat ;
- Whether the Secretariat has performed according to its powers, functions and duties; and
- Whether the resources of the Secretariat had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Preparation of Financial Statements

1.5.1 Internal Control on Preparation of Financial Statements

The entity is required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with Management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards, and to maintain accountability for assets, access to assets is permitted only in accordance with Management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Following observations were made.

Reference to the Laws, Rules and Regulations etc.	Non-compliance	Management Comment	Recommendation
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(a)National Audit Act No. 19 of 2018
 (i) Section 16(2)

Although the performance report of the Secretariat in the year under review should be prepared and furnished with the financial statements to the Auditor General, it had not been furnished as such.	The performance of the Secretariat was stated in the performance report of Ministry of Women, Child Affairs and Society Stabilization. Action would be taken to prepare a performance report separately in future and furnish with the financial statements.	The performance report should be prepared and furnished with the financial statements.
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(ii) Section 40(1)	<p>Although there should be the execution of internal audit and having an own internal auditor that appointed properly by the management council in that entity, an internal auditor for the Secretariat had not been appointed and an internal audit division had not been established.</p>	<p>As the National Secretariat was carried out as a division of the Ministry of Women, Child Affairs and Society Stabilization and it has to incur a considerable expenditure for that, the National Council had decided that it was unnecessary to appoint a separate internal auditor and establish an internal audit division and it was suitable to get the internal audit done from Chief Internal Auditor of the Ministry further.</p>	<p>An internal audit division should be established by appointing an internal auditor for the Secretariat.</p>
(iii) Section 40(2)	<p>Although that appointment should be made a time period not exceeding 02 years from the effective date of this Act instance where an internal auditor had not been appointed, it had not been done so. As it had not been approved a post of internal auditor within the approved cadre from Management Services Department, it was unable to make appointments as such.</p>	<p>As it has to incur a considerable expenditure to appoint a separate internal auditor, the National Council had decided that it was unnecessary to appoint a separate internal auditor and it was suitable to get the internal audit done from Chief Internal Auditor of the Ministry further.</p>	<p>It should be acted to recruit by approving the post of an internal auditor within the approved cadre of the Secretariat.</p>
(iv) Section 41	<p>Although an Audit and Management Committee should be appointed by the Council to assist to them, Audit and Management Committee had not been established by National Secretariat for Persons with Disabilities to assist the Council. Those matters were only limited to the matters of the Audit and</p>	<p>National Council had decided that it was unnecessary to appoint an internal auditor for National Secretariat for Persons with Disabilities and separate Audit and Management Committee for the National Secretariat for Persons with Disabilities. However, it was informed that the</p>	<p>An Audit and Management Committee should be appointed for the Secretariat.</p>

Management Committee decisions of the Audit and functions of the line Management Committee ministry. meetings would be referred to the meetings of the National Council to take required decisions and settle the issues in future.

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| (a) Section 7(3) of Protection of Rights of Persons with Disabilities Act No.28 of 1996 | Although the Council should meet at least once a month. It was held only 2 times, 2 times and 4 times respectively during the years of 2019, 2020 and 2021. | As it had to limit the public gatherings according to the health guidelines imposed based on the Covid-19 pandemic situation, even limited number of national council meetings for the persons with disabilities had been held. | Measures should be taken to hold at least minimum number of Council meetings as specified in the provisions of the Act. |
| (b) F.R. 396(c) of Financial Regulations of Democratic Republic of Sri Lanka | Actions had not been done as per financial regulations regarding 05 cheques amounted to Rs.138,764 that expired and not presented to the payment though it was elapsed more than 06 months period. | It was delayed to present the cheques to the bank for the realization before expired as the prevailed pandemic condition in year 2021. The date extension of those cheques and issuance of new cheques had been done by now. | Actions should be done as per provisions in the financial regulations regarding expired cheques. |

2. Financial Review

2.1 Financial Results

The operating results of the year under review amounted to a surplus of Rs.183,179 and the corresponding deficit in the preceding year amounted to Rs.7,266,192. Therefore, a growth amounting to Rs.7,449,371 of the financial result was observed. The increase in government grant and Supiri Wasana lottery income by Rs.10,800,524 and project aid expenditure by Rs.3,002,398 had been reasoned mainly for this growth.

3. Operating Review

3.1 Operating Inefficiencies

Following observations were made.

Audit observation	Management Comments-	Recommendation
<p>(a) It should be charged an amount of 5 per cent from the "Supiri Wasana Sampatha" lottery income that held by National Lottery Board for the funding to providing financial aid program for the construction of houses for persons with disabilities as per the approval of the cabinet given to the cabinet paper No.16/1743/711/030. The income for the year and receivable of income arrears had been accounted based on the amount agreed and given by the treasury instead of taking actions to charge and account actual income by estimating and calculating those income correctly,</p>	<p>A detail as per relevant months at the end of each year was brought from the treasury for the amount given by the treasury to the housing fund as 5 per cent from "Supiri Wasana Sampatha" lottery income. Accordingly, the income arrears were accounted by calculating arrears. The information given by the treasury was accounted when preparing accounts as there was no sufficient information to distrust that the amount agreed and given by the treasury was amount of 5 per cent from "Supiri Wasana Sampatha" lottery income in that year and the matters of the Treasury and Lottery Board were examined at the audits.</p>	<p>Actions should be done to charge the lottery income properly and account correctly.</p>
<p>(b) Measures had not been taken sufficiently and efficiently to prepare a database including information of disabled community to identify the number of persons with disabilities and</p>	<p>The information on living aids of persons with disabilities and kidney patients were collected by Department of Statistics and Samurdhi Department through computer Emergency Response Component (ERC). The collection of information on disabled community is expecting to do by Department of Census</p>	<p>Actions should be done to prepared database including disabled community.</p>

district wise density, age structure, disability condition, economic condition and to take specific, accurate and productive decisions for the implementation of programs and projects for giving equality for persons with disabilities, strengthening, welfare and wellbeing so as to make it easy to provide benefits equally in transparency and properly in national level.

and Statistics at the 2023 Census.

- (c) It had not been paid attention on the implementation by planning relevant procedures to evaluate and follow up whether the main functions such as promotion of rights of persons with disabilities, advancement, protection through implementation of programs and projects were fulfilled productively.

The evaluation and follow up activities of the programs and projects implemented by the Secretariat for the promotion of rights of persons with disabilities, development and protection were done by the social services officer/development officer (social services) that assigned to the relevant divisional secretariats. The officers in the Secretariat also conduct field visits.

The evaluation and follow up activities on the implementation of programs and projects should be done sufficiently.

3.2 Management Inefficiencies

Following observations were made.

Audit observation	Management Comments	Recommendation
<p>The attention of the National Council had not paid to implement the following functions for the promotion of rights of persons with disabilities, advancement and protection as per provisions of Section 13 of the Protection of Rights of Persons with Disabilities Act No. 28 of 1996.</p>		
<p>(a) Giving advices to the government regarding the promotion of welfare of persons with disabilities, protection of their rights and advancement.</p>	<p>The activities of drafting new Act and sign language Act were in the final stage. The gazette of providing access facilities had been completed by preparing.</p>	<p>Action should be done to give advices to the government for the welfare of disabled community.</p>
<p>(b) Ensuring the adoption of and compliance with the relevant international declarations and conventions relating to persons with disabilities by the government</p>	<p>The Protection of Rights of Persons with Disabilities Act was drafted in comply with international protocols.</p>	<p>It should be supervised that the government was acted in comply with international protocol.</p>
<p>(c) Identification of main causes of disablement and promote effective measures for their prevention and control</p>	<p>A mechanism to bring them into normal condition by establishing special education units in schools by making arrangements to socialize the children with Autism condition after the studies conducted on this.</p>	<p>Measures should be taken for the reasons for the disablement and prevent them and control.</p>
<p>(d) Preparation of measures that should be taken for the rehabilitation of persons with disabilities and promotion of them.</p>	<p>With the aim of developing early childhood of children with disabilities, the construction works of required centers for that had been commenced. The first center was being</p>	<p>Actions should be done to promote by planning measures of rehabilitation.</p>

constructed in Akuressa area based on the grant of World Bank by now.

(e) Establishment and Maintenance of rehabilitation centers for persons with disabilities.	The constructions of early childhood development centers under World Bank that constructed in Akuressa area had been in the final stage. The rehabilitation works had been planned to commence after the completion of construction.	Action should be done to establish rehabilitation centers for disabled community.
(f) Establishment and Maintenance of institutions for looking after them by providing accommodation facilities for the persons with disabilities and providing educational and vocational training for such persons.	The cabinet approval for the construction of 06 caring centres so as to provide caring for 600 persons. The educational and vocational training was given by referring the persons with disabilities to social services institutions, Vidatha centres, private institutions and special schools.	Actions should be done to fulfil the aim of providing educational and vocational training for caring disabled community.
(g) Introduction of programs to make the physical environment accessible to persons with disabilities and implement schemes to provide access to information and communication by persons with disabilities.	The activities of publishing gazette on the provision of access facilities including criteria relevant when constructing buildings and activities of establishing emergency telephone number to aware of information for disabled community and to present their grievances were in the final stage.	Actions should be done for the disabled community to access to the institutions and to give information communication facilities.

3.3 Underutilization of Funds

Audit observation

Although it should be acted to invest the excess money as determined by the National Council as per the provisions of Section 09 of Protection of Rights of persons with Persons Act No. 28 of 1996, the

Management Comments

As the provisions allocated for the giving cash prizes for the motivation of persons with disabilities showing skills in various fields were not sufficient, it was decided to expense from the balance prevailed in the fund

Recommendation

Action should be done to improve the financial strength by investing excess funds.

unutilized funds from government grants given within last 05 years had been retained in bank current account. The balances of retained funds in the bank current account as at 31 December of each year from year 2016 to year of under review were Rs.7,694,935, Rs.9,636,186, Rs.9,998,552, Rs.12,062,703, Rs.8,282,337 and Rs.5,170,082 respectively. Actions had not been to improve the financial position of the Secretariat by investing these excess funds in security bills or other investment method.

for that. The fund balance that used in previous years had to utilize to required supply by obtaining approval of National Council at the instances where supplying money required to fulfil the activities in the action plan continuously and without delay on the reimbursement basis temporarily when the receipt of imprest were delayed and, at the instances where he capital goods could not be supplied from the ministry. Therefore, the fund balance of Rs.5,170,082 as at 31 December 2021, it was difficult to invest in other institutions, however, it was informed that future activities would be done according to the decisions of National Council.

3.4 Utilization of Resources of Other Institutions

Audit observation

Though the Secretariat had been established as a corporation as the Protection of Rights of Persons with Disabilities Act No. 28 of 1996, officers and employees of the line ministry and the other departments had been internally deployed and salaries and allowances for those officers and employees had been assigned to the said external entities. The State Ministry of Samurdhi, Home Science, Micro Finance, Self-employment and Business Development had paid salaries of sum of Rs.26,272,952 as Rs.12,283,323 and Rs.13,989,629 respectively in year 2020 and 2021 for 24

Management Comments

As the Secretariat was functioned as a division of the ministry itself, salaries have been paid by the Ministry. The relevant audit query was submitted to the National Council and objections were not raised regarding the execution of the Secretariat as a division under the ministry further.

Recommendation-

Action should be done to recruit a permanent cadre for the fulfilment of the objectives of the Secretariat.

officers employed in the Secretariat. Further, Department of Social Services had paid sum of Rs.1,206,101 as Rs.598,201 and Rs.607,900 respectively in the years 2020 and 2021 as salaries for an officer attached to the Secretariat.

3.5 Human Resources Management

Audit observation

Management Comments

Recommendation

The approved cadre of the national Secretariat of Persons with Disabilities as at 30 November 2021 was 40 and, action had not been taken to recruit for 14 vacant posts such as technical officer, sign language translator and brail advisor even by 30 May 2022.

A written request had been made to the Department of Management Services to obtain required instructions regarding the salary level of the Scheme of recruitment of sign language translating officers. The activities of preparing the scheme of recruitment that required recruiting for the post of technical officer and brail advisor were in the final stage.

Action should be done to improve performance by recruiting cadre for vacant posts.