

## **National Council for Persons with Disabilities- 2018**

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### **1. Opinion**

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The audit of the financial statements of the National Council for Persons with Disabilities for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 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 Council as at 31 December 2018, 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**

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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**

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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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

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

## 1.4 Scope of Audit

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

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

## 1.5 Financial Statements

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### 1.5.1 Internal Control over the preparation of financial statements

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Entities are 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.

## 2. Financial Review

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### 2.1 Financial Results

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The operation result of the year under review had been a surplus of Rs.5,404,477 as against the deficit of Rs.7,790,035 in the preceding year, thus observing an improvement of Rs.13,194,512 in the financial year. Decrease of granting assistance to persons with disabilities had mainly attributed to this improvement.

## 3. Operating Review

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### 3.1 Management Inefficiencies

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	<b>Audit observation</b>	<b>Management’s comment</b>	<b>Recommendation</b>
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(a)	Under the aids programme based on law income physically handicapped, provisions had been made for the distribution of 1500 by-focal spectacles and 60,000 pair of reading glasses in mobile services but a sum of Rs.8,425,210 had been spent for the purchase of 331 by focal spectacles and 50,811 reading glasses	Agreed. In considering the issue of long distance and short distance spectacles in the previous years. requirement of 1500 spectacles had been forecasted for the year 2018 and included in the action plan. However, requests	Spectacles need to be given on the requirement of the physically handicapped.

in the year under review. As there was no arrangement to make aware about giving by-focal and reading glasses based on medical certificates, the demand for such pair of spectacles was decreased. Further, 50,811 reading glasses had been distributed at places held mobile service without being based on low income position.

received in that year was 331 and it had been issued. It was informed that even though 60,000 short distance spectacles had been ordered, mobile services could not be held as planned during that year due to changes in the management happened from time to time.

(b) It was targeted to grant Rs.9,000,000 to 400 persons subject to a maximum of Rs.25,000 per person for opening or improvement of self -employment for the upliftment of the livelihood of the physically handicapped during the year, but actually a sum of Rs.10,053,057 had been granted to 412 persons. Even though, a condition is included in the application requested the grant stating that a follow up report in respect of the progress, with the recommendation of the Divisional Secretary, once in 3 month or one year needs to be obtained by the Secretariat, action had not been taken to obtain 142 such reports on grants given for self-employment.

It is accepted that the follow-up process had not been appropriately done. However, 270 follow-up reports were received by now.

Follow-up needs to be done for both granting aids and acknowledge the receipt of grants.

(c) There were 366 houses commenced in previous years but not yet completed the works and instalments totalling Rs.25,112,006 had to be paid therefore. In these payable instalments, sums of Rs.14,260,000 and Rs.3,400,000 had to be paid for 169 houses in 15 districts the constructions of which were commenced and lapsed for periods ranging from 2 to 6 years and 169 houses in 18 districts the constructions of which were delayed for more than one year respectively. Particulars of the progress of the

The maximum amount grants for low income physically handicapped for the construction of a new house or for repairs were Rs.250,000 and Rs.150,000 respectively. Housing grants are released after being checked and approved by a committee established in the Ministry for such applications of low income persons submitted by the Divisional Secretary with his recommendation

In granting housing aids payment of relevant instalments needs to be expedited and delays be followed up.

construction work of those houses and the reasons for not to pay the balance money were not made available for audit.

being prioritised. For granting this aid 5 per cent dividend from the sales income of Supiri Wasana Sampath Lottery is granted in accordance with the agreement entered into with the National Lottery's Board. Accordingly, the financial value receives annually cannot be specifically stated and the National Lottery's Board had never informed such value. Similarly, the above grants are given by instalments based on stated conditions. As such, the release of approved total amount will be delayed such a period in terms of the manner, such conditions are fulfilled. Accordingly, it was informed that the balance payable instalments are paid after fulfilment of conditions stated above.

- (d) After making cash payment of Rs.723,000 as the first instalment, for the constructions 9 houses in Kaluthara, Kegalle, Mullativu, Anuradhapura and Kandy Districts, constructions of those houses had been abandoned on various reasons, due to delay in granting financial assistance to house beneficiaries in the previous years. No follow-up action had also been done in this regard.

It is accepted that follow up process was not done appropriately. However, it was stated that based on such reasons as the death of a beneficiary, leaving the area, receipt of some other suitable protection by the beneficiary, getting a government job after being released the first instalment and exceeding the income level of Rs.6000 etc. Some issues in respect of construction of houses had arisen.

Follow up process needs to be appropriately done.

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| <p>(e) In granting assistance to the physically handicapped for the construction of houses, the specific amount is paid by 3 instalments through the relevant Divisional Secretariat. However, the specific particulars in respect of work completed houses could not be obtained in audit as the Divisional Secretariats do not document the details of files by which payment of instalment is completed and not getting the completion reports of houses through the Divisional Secretariat.</p> | <p>Agreed. It was stated that all these files will be submitted to audit in due course.</p>  | <p>The money given to the Divisional Secretariats needs to be given to the relevant persons and confirm the completion of houses.</p>   |
| <p>(f) Under the access regulation for the physically handicapped No.1 of 2016 required in respect of the provision of access facilities to disabled persons, the responsibility of taking legal action, follow-up on the achievement of access facilities, supervision and functions incidental thereto is devolved on this Council. However, such functions could not be fulfilled as a technology officer includes in the approved cadre has not been recruited yet.</p>                         | <p>Accepted. However, it was stated that the follow up and supervisory functions on the construction of access facilities were not achieved as specified up to now at a maximum level.</p> | <p>Action needs to be taken, by taking legal action on the construction of building with access facilities to disabled persons and follow up action being treated it as a main function of the secretariat.</p> |

### 3.2 Human Resources Management

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**Audit observation**  
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Approval has been obtained on 19 March 2018 to recruit 40 officers, comprising legal officer, Technological Officer, Sign language translator, Accountant, Braille instructor including 16 posts. However, action had not been taken to recruit those officers even up to 30 June 2019 and 26 officers attach to the Ministry of Social Empowerment are being performed the functions of the Council.

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**Management's comment**  
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Attachment of officers to the National Secretariat for persons with disabilities is done by the Ministry in charge of the subject and this issue has been informed to the Ministry in several occasions. Even though, the Ministry had inform the relevant entities to get the officers, it has not yet been resolved.

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**Recommendation**  
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Action needs to be taken to recruit staff to the National Secretariat who performs the duties in providing reliefs to disabled persons.

