

1. Opinion

1.1 Qualified Opinion

The audit of the financial statements of the National Secretariat for Persons with Disabilities for the year ended 31 December 2019 comprising the statements of financial position as at 31 December 2019 and statements of financial performance, Statement of equity changes 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 report 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 secretariat as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with 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 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 secretariat’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 council.

1.4 Auditor's Responsibilities for the Audit of the 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 skepticism 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 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 council to cease to continue as a going concern.
- Evaluate the 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 its organization, systems, procedures, books, reports 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 council.
- Whether the council has performed according to its powers, functions and duties; and
- Whether the resources of the council, had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5. Financial Statements

1.5.1 Internal Control for the preparation of Financial Statements

The Institution needs to be maintained and adequately “well designed” internal control system to execute with general and specific authority of transaction management, record transactions as required to prepare financial statements in accordance with applicable reporting standards and maintain accountability for assets, obtain fair access to assets only with the general and specific authority of management, to compare the accountability of recorded assets with existing assets at reasonable time periods and to take appropriate action in the event of any discrepancies.

1.5.2 Non-Compliance with Sri Lanka Accounting Standards

Non Compliance with the reference to particular Standard	Comments of Management	Recommendation
As the cash flow statement submitted with the financial statements for the year under review had not been prepared in accordance with the provisions of Sri Lanka Public Sector Accounting standard No. 02, the total cash and cash equivalents stated in the cash flow statement at the end of the year under review had increased by Rs. 7,744,780.	The Cash flow statement for the year 2019 has been prepared according to the format of previous years and from the year 2020 action will be taken to prepare it correctly as per the instructions given in the Sri Lanka Public Sector Accounting Standard No. 02.	The Cash flow statement should be prepared in accordance with the public Sector Accounting standards.

1.5.3. Accounting Deficiencies

Audit Observation	Comments of Management	Recommendation
Current assets and liabilities for the year under review reduced by Rs. 270,000 each in the financial statements due to that was reduced Rs. 270,000 each respectively for the receivable participation fee for the “Supiri Wasana Sampatha” lottery and provision of audit fees as at 31 December of the year under review.	This is due to the fact when making notes for the balances of “Supiri Wasana Sampatha” lottery fund and receivable lottery fund for the year 2019, incorrectly stated the receivable funds for the year 2019 of lottery fund account and opening balance of the receivable fund account due to a misrepresentation.	Accounts should be properly prepared and submitted.

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a surplus of Rs. 4,551,252 and the corresponding surplus in the preceding year amounted to Rs. 5,404,477. Therefore a deterioration amounting to Rs. 853,225 of the financial result was observed. A government grant received by the council for the year reduced by Rs. 2,500,000 and participation by the “Supiri Wasana Sampatha” lottery was reduced by Rs. 5,053,340. However, the deterioration had decreased to Rs. 853,225 due to the grant of Rs. 7,000,000 provided by the Secretariat for elders during the year.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of Management	Recommendation
(a) According to the Cabinet Memorandum submitted on 22 February 2019 to provide a salary subsidy for the employment of the disabled community as per the 2019 budget proposal, a project to provide employment to all persons with disabilities in Sri Lanka according to their qualifications has been planned and a supplementary estimate of Rs. 74,500,000 had been approved for this	A sum of Rs. 74.5 million has been allocated for the year 2019 without any prior preparation or awareness of this office for a program to provide employment to persons with disabilities. However, although no financial progress has been made in the year 2019, all the coordination work will be completed within a short period of six months and necessary background will be prepared to employ these people from the year 2020.	Employment of persons with disabilities should be done without delay.

purpose. Accordingly, if disabled persons are employed, it was proposed to provide a salary subsidy of 50 percent of the employee's salary up to a maximum of Rs. 15,000 for up to 24 months and it was decided to provide this provision for 4965 persons with disabilities in 25 districts. However, due to inability to collect the data of persons with disabilities and provide this subsidy, the above provision remained entirely.

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| <p>(b) Provision of Rs. 13,500,000 had been made for the preparation of database on persons with disabilities and although it was supposed to cover a total of 25 districts, the project was implemented in only 03 Grama Niladhari Divisions of the Narammala Divisional Secretariat as a pilot project. Due to only Rs. 1,900,000 had been spent on this project, Rs. 11,600,000 had been remained.</p> | <p>It is necessary to collect data in so many numbers of areas to cover each field. It takes a lot of time. Also, by the end of the year, the software will be redesigned using software enhanced by the contribution of technical and labour of a non-governmental organization called "Voice". Extremely accurate information has been obtained from that at minimal cost covering 03 Grama Niladhari Divisions in the Narammala Divisional Secretariat.</p> | <p>The database needs to be set up as soon as possible to provide subsidies to people with disabilities.</p> |
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4. Human Resources Management

Audit Observation	Comments of Management	Recommendation
<p>(a) Although approval was obtained from the Department of Management Services on 19 March 2018 to recruit 40 permanent staff for 16 posts including Technical Officer, Sign Language Translator and Braille Advisor, no action had been taken to recruit those</p>	<p>Recruitment procedures have been prepared for recruitment of the Technical Officer and it will be approved and recruitment will be done in future.</p>	<p>When providing subsidies to the persons with disabilities, a staff of officers who deal with it should be attached to the Secretariat.</p>

officers by 20 December 2020. Meanwhile, 24 staff members attached to the Ministry of Social Empowerment was conducting the activities of the council.

- (b) Although this council is responsible for supervision and monitoring the provision of access facilities under the access order for Persons with Disabilities No. 01 of 2016 regarding the provision of access facilities for persons with disabilities and all related activities, a Technical Officer on the approved staff had not yet been recruited and it was unable to perform the task successfully.
- An agreement has been reached with the Ministry of Finance to provide access to each Divisional secretariat and the relevant estimates were abstained through the District Secretaries.
- It is the responsibility of the council to ensure that more future constructions are carried out with access facilities for persons with disabilities.

5. Budget Control

Audit Observation	Comments of Management	Recommendation
At the request of the National council, the Secretariat for Elders had provided Rs. 7 million to the National Council to provide spectacles to the disabled persons during the year. A revised budget had not been prepared to include those donations.	The National Secretariat for Elders received a donation of Rs. 7 million for the year 2019. Since a portion of that worth was used for the purchase of equipment for the year 2020, I kindly inform you that the budget report will be prepared and sent immediately.	A budget should be prepared for the funds and expenditure of the Council and it should be duly amended.