

**1. Financial Statements**

**1.1 Qualified Opinion**

The audit of financial statements of the National Secretariat for Persons with Disabilities for the year ended 31 December 2023 comprising the Statement of Financial Position as at 31 December 2023 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 material accounting policy information 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

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of as at 31 December 2023, and 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 Qualified Opinion**

My opinion is qualified based 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 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 Audit Observation on the Preparation of Financial Statements.**

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

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.

### **1.5.2 Non - compliance with the Sri Lanka Public Sector Accounting Standards.**

Audit observation	Management Comments	Recommendation
Due to incurring of salary expenses incurred to the officers attached to the Secretariat by other institutes an accurate status is not reflected through the accounts of the Secretariat. Accordingly the annual salary expenditure had not been disclosed in accordance with the paragraph 127 of Sri Lanka Public Sector Accounting Standards No. 1.	Since this office was implementing as a section of Ministry of Women, Child Affairs and Social Empowerment and the salaries are being paid for all the officers of it by that Ministry therefore it has not been included in the accounts of the National Secretariat. However action will be taken to disclose the salary expenditure as a note form the year 2024 as per shown by the audit.	The annual salary should be included in the financial statements of the institute.

### **1.5.3 Accounting Deficiencies**

Audit observation	Management Comments	Recommendation
Due to non - accounting of the interest income of Rs.1,021,574 relevant to the year for the fixed deposits	That interest will be accounted for in preparing accounts for the year 2024.	Should be accounted for accurately calculating the interest relevant to the fixed deposits.

amounting to Rs. 5,000,000 had been invested in the year under review as income receivable the income of the year and the interest income receivable had been stated less by that amount and although the interest relevant to the year under review was amounting to Rs. 211,744 for the three months fixed deposits amounting to Rs. 2,000,000 the income of the year had been over stated by Rs. 30,293 due to accounting the interest as Rs. 242,037.

**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
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulations 756	A physical verification had not been done regarding the fixed assets amounting to Rs. 2,658,666 own to the Secretariat.	A verification regarding all the assets of this Secretariat had been done by the Ministry.	Action should be taken to do physical verification and reports forwarded to the Auditor Generals.
(b)	Section 15 of Protection of Rights of Persons with Disabilities Act No.28 of 1996	67 posts of the cadre for recruitment of permanent officers of the Government had been approved by the Department of Management Service. However preparing and forwarding this recruitment procedure had not been done and recruitments had not been done.46 officers in the line	Due to implement as a section of the Ministry itself the gross salary has been paid for the officers attached to the Secretariat by the Ministry of Women, Child Affairs and Social Empowerment	Action should be taken as per the Act.

Ministry and 03 officers in the Department of the Social Services have been deployed as a cadre for the functions of the Secretariat. For that Rs. 15,430,524 for 25 officers of the Ministry and Rs. 2,347,260 for 03 officers of the Department of the Social Services had been paid for annual salary by the Ministry and there had not been information with the institute regarding payment of salary for 21 officers.

## **2. Financial Review**

### **2.1 Financial Results**

The operating results of the year under review amounted to a surplus of Rs. 147,747,119 and the corresponding surplus in the preceding year amounted to Rs. 81,537,169. Therefore, a growth amounting to Rs.66,209,950 of the financial result was observed. The increase in revenue from Supiri Wasana lottery had been reasoned mainly for this growth.

## **3. Operating Review**

### **3.1 Management Inefficiencies**

Audit observation	Management Comments	Recommendation
As per Section (g) of the Protection of Rights of Persons with Disabilities Act No.28 of 1996 to identify the principal causes of disablement and promote effective measures for their prevention and control and as per section (i) to establish maintain rehabilitation centers	With the aim of preventing persons with disabilities and those who suffer from long term illnesses from becoming disabled in future, programmes to provide assistive devices and provide medical assistance are being implemented and plans have been made to maintain a care	Should pay attention to fulfill the functions mentioned in the Act.

for persons with disabilities should be done however sufficient and effective steps had not been taken to fulfill the relevant task. Further as per the section (l) to establish and maintain rehabilitation centers for persons with disabilities and provide educational and vocational training for such persons with disabilities and as per section (m) to encourage the establishment by the State and by private individuals, of institutions to accommodate persons with disabilities and the provision of educational and vocational training to such persons should be done however relevant function had not been done.

### 3.2 Operational Inefficiencies

Audit observation	Management Comments	Recommendation
<p>(a) As per Section 2 of the part 1 the Protection of Rights of Persons with Disabilities Act No.28 of 1996 a National Council for Persons with Disabilities had been established. Formulation of National Action Plan on Disability of Sri Lanka by the National Council, development of Disability Management Information System (DMIS), it has not been possible to implement important decisions taken including the preparation of a suitable insurance system for disabled.</p>	<p>To that National Action Plan on Disability of Sri Lanka is to be prepared and completed in the year 2024 and that the data obtained through the surveys conducted with the Social Services Department and that information is to be shared with the National Secretariat for Persons with Disabilities that a discussion was held between the Sri Lanka Insurance Corporation and the National Council for Persons with Disabilities regarding the provision of insurance for Persons with Disabilities.</p>	<p>Action should be taken to implement the decisions of the Council.</p>

- (b) Although the amount receivable from the Supiri Wasana lottery income to the National Fund of the Persons with Disabilities was Rs. 82,597,195 as at the date of 31 December in the last year, out of that only the amount of Rs. 24,050,000 had been given. Further no any amount of money had been received to the National Secretariat out of the Supiri Wasana lottery income relevant to the year under review and the amount receivable for the 31 December year under review was Rs. 225,104,617. Due to this reason the objectives of the subsidies for housing for the Persons with Disabilities programme was impossible to achieve properly.
- That housing assistance will be provided again from the money received after the rejection of housing assistance due to reasons such as death, leaving residence, constructions of houses by the Provincial Social Services Department, Housing Development Authority and voluntary organizations.
- The objectives of the Fund should be handled with maximum efficiency and money should be collected properly.
- (c) In the year under review, instead of establishing 4 care centers covering the 4 provinces of West, South, Central and North which was discussed in the National Council for about 4 times, the Pre Childhood Development Center which was built by the Early Childhood Development Project in the Southern Province only in Akuressa area on 27 June of the year under review Pre Childhood Development
- The building was built under World Bank assistance, however the equipment needed to carry on it was providing the existing economic space under Asian Development Bank assistance. Accordingly the equipment is to be obtained by 30 June 2024. Procedures for the recruitment of the required cadre have been prepared and submitted to the Public Service Commission for approval on 26 February 2024. These duties will be started after the recruitment of the cadre.
- Action should be taken to commence promptly the Early Childhood center.

Center was handed over to the National Secretariat for Persons with Disabilities National Secretariat for Persons with Disabilities how National Secretariat for Persons with Disabilities however this center had been remain idle up to now.