

National Council for Persons with Disabilities - 2014

The audit of financial statements of the National Council for Persons with Disabilities for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 18(3) of the Protection of Rights of Persons with Disabilities Act, No.28 of 1996. My comments and observations which I consider should be published with the Annual Report of the Council in terms Section 14 (2) (c) of the Finance Act appear in this report.

1.2 Management’s Responsibility for the Financial Statements

Management is Responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the Council’s preparation and fair presentation of financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the National Council for Persons with Disabilities as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) The income of Rs. 2,760,530 receivable from *Supiri Vasana* lottery as at 31 December of the year under review, had not been accounted.
- (b) A sum of Rs. 558,558 sent in cash as miscellaneous aids to be paid to beneficiaries, but returned to the Council without being paid to them, had been accounted as other income. Action had not been taken to determine whether those aids should be repaid.

2.3 Non-compliance with Laws, Rules , Regulations and Management Decisions

Cheques that exceeded 06 months and not presented to the bank despite being issued in terms of Financial Regulation 396 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka should be credited to the Government income. However, action had not been taken in such a manner with regard to 08 cheques valued at Rs. 247,392.

3. Financial Review

3.1 Financial Result

According to the financial statements presented, the operations of the Council for the year ended 31 December 2014 had resulted in a surplus of Rs.747,803 as compared with the surplus of Rs.1,508,798 for the preceding year thus showing a deterioration of Rs.760,995 in the financial result as compared with that of the preceding year. Increase of the expense incurred on International Day of Persons with Disabilities by a sum of Rs. 339,839, increase of the expenses on entry facilities (common and private buildings) by a sum of Rs. 1,599,184, and increase of educational aids by a sum of Rs. 740,741, had been the main reasons for the deterioration of the financial results.

3.2 Analytical Financial Review

The expense incurred on the supporting equipment during the year under review amounted to Rs. 29,762,905, which is observed to be an increase of 37 per cent as compared with that of the previous year amounting to Rs. 21,600,284. However, according to the amended Action Plan, the expense for the supporting equipment amounted to Rs. 26,000,000. Hence , a difference of Rs. 3,762,905 was indicated between the actual expense and the expense shown

in the Action Plan. It is further observed that 63 per cent of the total provision for the year under review amounting to Rs. 46,800,000 had been incurred on supporting equipment.

4. Operating Review

4.1 Performance

The following observations are made on the financial and physical progress of the performance of the Council for the year under review.

- (a) Although it was expected to spend a sum of Rs. 75 million for housing aids for the year under review, only a sum of Rs. 43.77 million had been spent. Hence, the financial performance was 58 per cent.
- (b) According to the files, entry facilities had been provided with 34 buildings during the year under review. Nevertheless, the progress report for the year 2014 had indicated that only 18 buildings had been facilitated. As per the progress report presented, the physical progress was 47 per cent, and the financial progress was 82 per cent.
- (c) Aids for the sports and the organizations rehabilitating the disabled
In terms of Section 20 of the Protection of Rights of Persons with Disabilities Act, No.28 of 1996, 117 voluntary organizations had been registered with the Council as at 31 December 2014.

The following matters were observed in this connection.

- (i) In terms of Section 12 of the Act, procedures and schemes that had been prepared, initiated and executed by the Government, voluntary organizations, and boards of persons in order to uplift the disabled, should be inspected, and coordinated, by providing recommendations. However, action had not been taken accordingly.
- (ii) Although a sum of Rs. 250,000 had been provided in order to grant financial aids to 12 organizations for sports aids and rehabilitation of the disabled, aids amounting to Rs. 162,080 had been granted to 03 organizations during the year under review. Accordingly, the financial performance was 64 per cent, and the physical performance was 25 per cent.
- (d) Accrued expenses for the housing aids amounted to Rs. 7,300,000 according to the financial statement as 31 December of the year under review. The value of the vouchers approved for making payments as at that date despite payments had not been made, amounted to Rs. 74,280,756. Hence, housing aids and accrued expenses had been understated by a sum of Rs. 66,980,756.
- (e) According to the annual estimate of the Government, the provision amounting to Rs. 46,860,000 granted under Capital Object 124-2-5-2502 should have been utilized to provide aids for the disabled people with low income. A sum of Rs. 1,039,537 of that had been utilized to settle other expenses including the fuel expenses of the Ministry of Social Services.

- (f) Failure to Achieve Objectives
Action had not been taken to fulfil the following functions stated in the Protection of Rights of Persons with Disabilities Act, No.28 of 1996.
- (i) Maintenance of accurate statistics with regard to persons with disabilities ,and the services obtainable to such persons.
 - (ii) Promoting measures in an effective manner that can be taken to prevent and control the disabilities, and finding reasons that cause disabilities.
 - (iii) Establishment and maintenance of rehabilitation centers for the disabled persons.
 - (iv) Establishment of institutions in order to provide accommodation for the disabled, and look after them. Providing such persons with educational and vocational training.

4.2 Apparent Irregularities

The following observations are made.

- (a) Expenses of Rs. 17,233,350 had been incurred for distributing spectacles during the year under review. It was observed that the names and signatures of the recipients entered in the registers presented had been fraudulent. Furthermore , spectacles valued at Rs. 1,502,800 had been given to the Coordinating Secretary of the Minister in charge of the subject.
- (b) Wheel chairs should be granted to the disabled persons with low income. However, 130 wheel chairs valued at Rs. 1,618,500 had been given to external persons.

4.2 Personnel Administration

The number of cadres approved by the Department of Management Services was 27. As there were 09 in the permanent staff, 19 posts remained vacant. Due to this reason, 20 officers including 06 from the Ministry of Social Services, 02 on the supernumerary basis, and 03 from the Department of Social Services , had been appointed to the Council.

05. Accountability and Good Governance

5.1 Budgetary Control

Variances ranging from 16 per cent to 100 per cent were observed in comparing the estimated income and expenditure of the Budget and the actual income and expenditure thus indicating that the budget had not been made use of as an effective instrument of management control.

5.2 Unresolved Audit Paragraphs

Instances of non-compliance with the directives taken by the COPE meeting held on 12 October 2012, are given below.

<u>Cope</u>	<u>Directive</u>
<u>Directive</u>	
<u>No.</u>	
05	To take suitable action following discussions with the Minister whether the bill for the rights of the disabled persons presented to the Attorney General by the National Secretariat for the persons with disabilities , had been prepared in accordance with the Charter of the United Nations.
06	To present a report on 31 December 2014 with regard to the maintenance of a data bank consisting recent information of the disabled persons living in the country.
07	In order to coordinate the societies / persons who are willing to provide funds to the rehabilitation centers island wide, and to obtain funds to uplift the standard of such centers and presenting a detailed report on the following information as well within a week. (a) Number of rehabilitation centers in each district (b) Who maintains those centers (c) Number of disable persons staying at each center
08	Attention had been drawn on the following matters with regard to the possibility of registering the schools for the disabled under the Ministry of Education. (a) The fact that there are 25 schools island wide in order to facilitate the disabled with special educational facilities. (b) The facilities to be developed in those schools (c) How teachers should be trained (d) The possibility of providing them with permanent appointments (e) The importance of registering those schools under the Ministry of Education
09	The Committee had observed that a total of Rs. 22 million had been spent as housing grants, Self - employment grants, medical and educational grants, but the progress reports had not been furnished to audit in order to confirm those expenses. The Committee instructed that allowances be granted from Divisional Secretariats, and a Circular be issued to all Divisional Secretaries requesting to furnish the progress reports in that connection.
10	The Committee had observed that a sum of Rs. 651,900 had been paid without entering in the cash book to a person who had not been a legal representative or whose name had not been stated in the register. As the Committee had not been satisfied with the explanation provided by the Chief Accounting Officer , instructions had been issued that a detailed report in that connection be sent to the Committee and the audit.

- 11 A majority of the financial provisions allocated in the years 2010, 2011, and 2012, had been spent on supplying spectacles. It was also brought to the notice of the Committee that progress reports had not been presented in order to verify that the beneficiaries had received the spectacles properly despite a sum of Rs. 13 million incurred on 95,392 spectacles in the year 2012. The Directive that a progress report on the entire process be presented to the Committee and the audit.

06. Systems and Controls

Weaknesses in systems and controls were brought to the notice of the Chairman of the Council from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Payment of Housing grants