

National Council for Persons with Disability – 2012

1. Financial Statements

1:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1:2 of this report, the financial statements give a true and fair view of the financial position of the National Council for Persons with Disability as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1:2 Comments on Financial Statements

1:2:1 Accounting Deficiencies

The following observations are made.

- (a) Even though the balance of the Housing Assistance Payment Account amounted to Rs.14,107,356, it had been shown as Rs.149,069,560 in the financial statements.
- (b) Educational assistance returned amounting to Rs.10,950 had been brought to account as Housing Assistance returned and as such Educational Assistance had been overstated and the Housing Assistance had been understated by that amount.
- (c) Even though the grants received from the Treasury during the year under review amounted to Rs.30,183,329, it had been shown as Rs.28,686,999 in the financial statements presented. As the sum of Rs.1,496,330 brought to account in the preceding year as income receivable had been set off from the income received from the Treasury in the year under review, the income received in the year under review had been understated by that amount.
- (d) Assistive devices totalling Rs.2,280,815 had been omitted from the financial statements.
- (e) A sum of Rs.500,000 received from the President's Fund in respect of medical assistance for 28 patients relating to the period 02 September 2006 to 29 July 2009 had been credited to the Medical Assistance Account and as such the Medical Assistance had been understated by that amount.

- (f) According to the receipts and payments of Housing Assistance in the year under review, the balance as at 31 December 2012 should have been Rs.21,840,695, the cash book balance as appearing in the financial statements amounted to Rs.20,636,908, thus resulting in an understatement of Rs.1,203,787.

1:2:2 Lack of Evidence for Audit

The following items could not be satisfactorily vouched in audit due to the unavailability of the evidence indicated against the items.

Particulars	Value	Evidence not made available
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	Rs.	
(a) Equipment for Disabled		
Wheel Chassis	190,350	i. Applications
Hand Supports	53,280	ii. Medical Reports
Crutches	102,000	iii. Documentary Evidence for Handover
(b) Accrued Expenses	11,573,058	Registers
	14,032,308	Note 1 to Financial Statements
(c) Journal Entries	9,560,338	Journal Vouchers

1:2:3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations, etc.	Value	Non-compliance
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	Rs.	
<u>Financial Regulations</u> Financial Regulation 135		Even though functions relating to financial control should be so divided that each transaction passes through two or three officers whenever possible, the following functions had been attended to by one

officer.

- (i) Maintenance of the cash book
- (ii) Appropriation (Votes) Ledger
- (iii) Preparation of Bank Reconciliations
- (iv) Writing of Cheques
- (v) Preparation of Paying in Vouchers

Financial Regulation 245 243,800 Payments made on 07 vouchers had not been certified.

Financial Regulation 651,900 (i) Even though payments should be made to the persons whose names appearing in the voucher or to their legitimate agents, payments had been made to persons who did not belong to those categories.

Financial Regulation 262 (ii) Payments had been made without recording in the cash book.

Financial Regulation Action in terms of the Financial Regulation had not been taken in the extension of the validity period of cheques and in the cancellation of cheques.

Financial Regulation 50,000 Action in terms of the Financial Regulation had not been taken on a cheque which had lapsed for 06 months after issue.

2. Financial Review

2:1 Financial Results

According to the financial statements presented, the working of the Council for the year ended 31 December 2012 had resulted in a surplus of Rs.3,621,879 as compared with the corresponding surplus of Rs.389,761 for the preceding year thus indicating an increase of the financial results for the year under review by a sum of Rs.3,232,118 as compared with the preceding year. According to the accounts presented, the increase in the Supiri

Wasana income, the other income and grants by sums of Rs.142,708,955 and Rs.1,211,969 respectively had been the reasons for the increase.

2:2 Analytical Financial Review

According to the analysis of the employment of money on the activities of the Council in the year under review and the preceding year indicated an unusual increase of 516 per cent in the supply of spectacles.

3. Operating Review

3:1 Performance

The following observations are made.

(a) A sum of Rs.2,268,672 had been spent out of the Council funds for activities other than those approved by the Treasury.

(b) Self employment Assistance

Even though a sum of Rs. 7.5 million had been granted in the year 2012 to 446 persons as self-employment assistance, the related progress had not been reported.

(c) Assistance to Organizations for Rehabilitation of the Disabled

Ninety eight voluntary organizations had been registered up to 31 December 2012 in terms of Section 20 of the Protection of Rights of the Persons with Disabilities Act, No. 28 of 1996.

The following observations are made in this connection.

(i) Even though the supervision, co-ordination and making recommendations in connection with the courses of action and schemes implemented by the Government for uplifting the status of the persons with disabilities should

be carried out in terms of Section 12 of the above Act, those had not been so done.

- (ii) According to the revised Notification on the supply of access facilities to the persons with disabilities published in the Gazette Extraordinary No. 1619/24 dated 18 September 2009, “all existing buildings, public places and places with services should be prepared with access facilities to the persons with disabilities before 16 October 2014.” Even though over 6 years had elapsed after the commencement, the preparation of an Action Plan based on a systematic course of action for the implementation of information collected at district level had not been finalized.

- (d) Non-execution of the activities included in the Act.

It was observed that the following activities included in the Protection of the Rights of Persons with Disabilities Act, No. 28 of 1996 had not been executed.

Maintenance of accurate statistics relating to persons with disabilities and the services available to such persons.

- (i) Identification of the principal causes of disabilities and promotion of effective measures for their prevention and control.
- (ii) Establishment and maintenance of Rehabilitation Centres for persons with disabilities.
- (iii) Providing educational and vocational training for persons with disabilities.
- (iv) Making the public aware of the conditions and needs of persons with disabilities through the publications.

3:2 Transactions of Contentious Nature

The following observations are made.

- (a) Purchase of 22,696 pairs of spectacles valued at Rs.2,564,648 had been made from a private institution in the year under review without the approval of the Procurement Committee.
- (b) An officer had not certified in the Register of Distribution of Pairs of Spectacles that 95,392 pairs of spectacles valued at Rs.13,749,353 had been taken over by the recipients of assistance or that pairs of spectacles had been given to all recipients whose names are recorded in the register.

3.3 Underutilization of Funds

The following observations are made.

- (a) A sum of Rs.17,705,984 received from the Treasury had been saved as applications for Housing Assistance had not been received as at the end of the year under review.
- (b) A sum of Rs.685,400 received from the World Health Organization had not been utilized for any activities whatsoever in the year under review.

3:4 Staff

Out of the approved staff of 05 for the Council, recruitment had been made only for 03 posts while 13 officers of the Ministry had been attached. The approval for the staff had not been obtained from the Department of Management Services in terms of directive No. 8(iv) made by the Committee on Public Enterprises at the meeting held on 24 May 2011.

4. Accountability and Good Governance

4:1 Internal Audit

Audit had been done by the Internal Auditor of the Ministry of Social Services.

4:2 Budgetary Control

Variances ranging from 32 per cent to 128 per cent were observed between the estimated income and expenditure in the revised budget for the year 2012 and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

4:3 Observations on Unsettled Audit Paragraphs

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- (a) According to directive No. 16 made by the Committee on Public Enterprises at the meeting held on 12 October 2012, a separate Bank Account should have been opened for Housing Assistance. But such a Bank Account had not been opened up to 20 May 2012, the date of audit.

 - (b) According to directive No. 7 made by the Committee on Public Enterprises at the meeting held on 24 May 2011, the Council was directed to invest the excess money in the Current Account in seven day call deposits in terms of Section 8.2.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003, while the directive was implemented only in January 2012. Despite the availability of excess money in the following months, no investment had been made.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit 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) Control of Assistance Paid
- (b) Investments
- (c) Accounting