

## **National Council for Persons with Disabilities – 2016**

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The audit of financial statements of the National Council for Persons with Disabilities for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 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 of Section 14 (2) (c) of the Finance Act appear in this report.

### **1.2 Management’s Responsibility for the Financial Statements**

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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**

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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 Auditing 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**

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

### **2. Financial Statements**

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#### **2.1 Qualified Opinion**

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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 2016 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**

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##### **2.2.1 Accounting Deficiencies**

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The following observations are made.

- (a) In order to grant housing aid and for other purposes, a sum of Rs.49,845,980 had been provided for the Divisional Secretariats during the year under review and it had been brought to account as expenditure instead of being accounted as advances.
- (b) As the opening balance of the Accumulated Fund amounting to Rs.28,075,848 had been shown as Rs.25,452,448 in the statement of financial position presented for the year under review, the Accumulated Fund had been understated by Rs.2,623,400 and as the net deficit of Rs.8,540,930 of the year under review had been stated as Rs.5,917,530 in the statement of financial position, the deficit of the year as well had been understated by Rs.2,623,400.

### **3. Financial Review**

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#### **3.1 Financial Result**

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According to the financial statements presented, the operations of the Council for the year under review had resulted in a deficit of Rs.8,540,930 as against the surplus of Rs.19,449,936 for the preceding year, thus showing a deterioration of Rs.27,990,866 in the financial result as compared with that of the preceding year. Increase in the operating expenditure by Rs.33,569,469 had been the main reasons for the above deterioration.

## 4. Operating Review

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### 4.1 Performance

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Action had not been taken to fulfill the following activities out of the 22 objectives referred to in the Protection of Rights of Persons with Disabilities Act, No.28 of 1996.

Maintenance of accurate statistics relating to persons with disabilities and the services available to such persons, identification of the principal causes of disablement and promotion of effective measures for their prevention and control, establishment and maintenance of institutions to accommodate and care for persons with disabilities and provide educational and vocational training for such persons and establishment and maintenance of rehabilitation centres for such persons with disabilities. Further, following observations are made on the progress of carrying out 04 activities included in the Action Plan of the year under review.

#### (a) Academic Assistance for the Students with Disabilities

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Provisions amounting to Rs.3,000,000 had been received for granting aid for 400 students with disabilities during the year under review and a sum of Rs.3,132,382 had been spent on providing aid for 377 students with disabilities.

- (i) The number of students with disabilities in Sri Lanka had not been precisely recognized for providing academic assistance and academic assistance had not been granted to any student with disabilities in Mulathive, Nuwara Eliya and Trincomatee districts out of the 25 districts.
- (ii) Although academic assistance had been granted for 377 students with disabilities during the year under review, action had not been taken to obtain the reports on follow-up actions to ensure that the above assistance had been properly granted to the beneficiary.
- (iii) As a results of shortcomings found in certain applications forwarded seeking assistance, those had been rejected and such applications had not been subject to the reconsideration.

#### (b) Provision of Medical Aid

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Provisions amounting to Rs.6,000,000 had been made for granting medical aid for 300 persons with disabilities during the year under review and a sum of Rs.6,029,310 had been spent as medical aid for 405 disabled patients as at 31 December of the year under review.

The Following observations are made in this connection.

- (i) A data base inclusive of information of the beneficiaries who seek medical aid had not been maintained in an updated manner.

- (ii) Although the number of beneficiaries who had been granted medical aid during the year under review was 405, no confirmations had been obtained from 374 beneficiaries to the effect that the aforesaid aid was received and follow-up action had not been taken in that connection.

(c) **Provision of Housing Assistance for the Persons with Disabilities**  
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A sum of Rs.33,793,090 out of the income of the Supiri Vasana Lottery of the National Lottery Board had been received during the year under review for the programme for providing housing assistance for the disabled persons with low income who have no homes.

The following observations are made in this connection.

- (i) Even though funds had been granted in installments for the construction of houses for the persons with disabilities from the year 2007 to the year 2015, the total number of houses completed by the end of the year under review had not been recognized.
- (ii) In connection with providing housing assistance, a sum of Rs.49,845,980 had been provided for 165 Divisional Secretariats in order to make payments in 534 installments for the disabled persons. However, sums totalling Rs.39,400,000 for 342 installments comprising Rs.21,575,000 for 226 installments in respect of the houses, the constructions of which was commenced during the period from 2007 to 2015 and Rs.17,825,000 for 116 installments in respect of the houses, the constructions of which was commenced during the year under review had been granted. Accordingly, a sum of Rs.10,445,980 had been retained in the Divisional Secretariats without being provided for the construction of houses and the Council had not taken follow-up action in that connection.
- (iii) As a proper methodology had not been adopted in granting housing assistance, a sum of Rs.3,580,402 had to be further granted for 329 houses being constructed in 22 districts from the commencement of providing housing assistance in the year 2007 up to the year 2015.
- (iv) Out of the funds granted for the Divisional Secretaries for providing housing assistance in the preceding year, a sum of Rs.4,311,271 had been returned to the Council during the year under review and those money had not been used again for providing housing assistance.
- (v) It was observed that the disabled persons had requested housing assistance from the Council and a large number of applications had been received annually. However, those applications had not been documented in order of receipts. There were instances where some applications forwarded for housing assistance had been retained in the Council for more than a period of one year and the instances of inordinate delays in granting housing assistance.

**(d) Granting Assistance for Self-Employments for Generating Income**  
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In order to initiate or improve self-employments for strengthening economic standard of the low income families with the disabled persons, provisions amounting to Rs.9,300,000 had been made to grant assistance for 500 individuals. Nevertheless, a sum of Rs.9,298,904 had been provided for 386 persons. Although the Council had informed the Divisional Secretaries in writing to carry out a direct supervision thereon and send the progress reports to the Council, progress reports had not been forwarded.

**4.2 Staff Administration**  
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Although the cadre approved by the Department of Management Services was 26, actual cadre employed in the service was 15 and as such 11 vacancies were observed. Delays had occurred in filling those vacancies. Further, it had been a challenge to carry out the expected functions according to the Action Plan with the available staff.

**5. Accountability and Good Governance**  
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**5.1 Budgetary Control**  
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The Council had not prepared a Budget for the year 2016 and the utilization of allocated funds released from the Appropriation Account under the Line Ministry only had been done. Hence, the Council had not paid attention on the preparation of a Budget as a management control.

**6. Systems and Controls**  
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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.

**Area of Systems and Controls**  
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**Observations**  
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(a) Accounting

Failure in accounting aids properly.

(b) Staff Administration

Failure in filling vacancies in the staff and the difficulties found in reaching the expected performance of the National Council.

(c) Operating Control

Not properly receiving assistance by the persons with disabilities and failure in conducting a proper supervision thereon.