

Rehabilitation of the Visually Handicapped Trust Fund - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of financial statements of the Rehabilitation of the Visually Handicapped Trust Fund for the year ended 31 December 2021 comprising the Statement of Financial Position as at 31 December 2021 and the Statement of Financial Performance, Statement of Changes in net asset and Cash Flow Statement for the year 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 Finance Act No. 38 of 1971. My comments and observations which I consider should be reported 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 financial statements give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for the Qualified Opinion

I expressed qualified opinion the matter 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 Auditor's Responsibility for the Audit of 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Fund 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 Fund.

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 Fund'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 Fund'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 Fund 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 Fund, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund ;
- Whether the Fund has performed according to its powers, functions and duties; and
- Whether the resources of the Fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations 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.

Audit Observation	Comments of the Management	Recommendation
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(a) Accounting matters such as adjusting and closing accounts balances, copying in to the ledger, and corrections of accounting deficiencies had been implemented without preparing and certifying journal entries.	It was informed that actions would be done to present certified journal entries when preparing final accounts in future.	Accounting matters should be implemented on the certified journal entries.
(b) The main ledger had been maintained unclearly and improperly when copying transactions.	Though the main ledger has been prepared in a proper format in Excel software for make the duties easy as the vacancies in the officers, it was informed that it was not recorded the ledger number and it would be account the transactions using ledger format in future.	The main ledger should be maintained properly.
(c) The Cash Book was maintained without transparency by making changes by erasing details such as voucher numbers related to transactions and cheque numbers and, those amendments had not been certified by a responsible officer.	It was rectified based on having changes by delaying error of cheque numbers and, the changes made were not signed separately and, it was informed that it would be acted so as not to occurring such issues in future.	The Cash Book should be maintained correctly and transparently and, its amendments should be certified by a responsible officer.

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

Non-compliance with the Reference to Relevant Standard	Comments of Management	Recommendation
The provisions had not been made in the accounts for sum of Rs.198,000 accrued expenses related to 02 accounts objects as per Standard 01.	The management had not been replied.	The provisions should be made in the accounts for accrued expenses.

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

Reference with the Laws, Rules and Regulations	Non-compliance	Comments of Management	Recommendation
Section 16(2) of National Audit Act No. 19 of 2018 and Section 877(2) (c) of Financial Regulations included in the Paragraph 15(1) of Public Finance Circular No. 2020/01 dated on 28 August 2020	Though it should be submitted the performance report of the Fund for the year under review by preparing with the financial statements to the Auditor General, it had not been submitted as such. Though the Secretary of the Fund had informed that the performance of the funds had been included in the performance report of the Department, it was mentioned only the functions and activities of the fund in that performance report.	The management had not commented.	It should be acted to prepare the performance report of the fund and submit it to the Auditor General.

1.7 Cash Management

Audit Observation	Comments of the Management	Recommendation
Although the excess money of the fund should be invested in the securities that decided by the Board as per the provisions of Section 6(2)(1)(d) of Rehabilitation of the Visually Handicapped Trust Fund Act No. 09 of 1992, the funds that unutilized from the government grants given within the period of	It was acted to invest in a fixed deposit account in National Savings Bank by removing an amount of Rs.2,000,000 from that account out of the excess money remained in the	Actions should be taken to improve the financial position of the fund by investing excess money productively.

last 05 years had been retained in the bank current account. The cash balances that retained in the bank current account as at 31 December in each year from year 2017 to 2021 were Rs.1,669,108, Rs.2,451,803, Rs.2,229,765, Rs.3,395,003 and Rs.3,032,020 respectively. Actions had not been taken to improve the financial position of the fund by investing these excess fund balances in securities or the other investment method.

current account in year 2022. Further, if there is any excess money, they would be invested in future.

2. Financial Review

2.1 Financial Result

The operating result for the year under review was an excess of Rs.275,050 and the corresponding excess for the preceding year was Rs.372,844. Accordingly, a deterioration of Rs.97,794 was observed in the financial result. Though there was a growth of Rs.2,101,697 in the income of the year under review, compared to that, the increase in the expenses such as educational and cultural and rehabilitation donations by Rs.2,041,085 and Rs.630,288 respectively had been caused mainly for this deterioration.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation -----	Comments of the Management -----	Recommendation -----
Any measure had not been taken to prepare a database including the information of visually handicapped community for identifying the number of visually handicapped community and district wise expansion, age structure, visually handicapped condition, economic condition, and making correct and productive decisions for the implementation of programmes and projects transparently and properly in national level for the rehabilitation and welfare of the visually handicapped community.	The preparation of a database so as to cover the entire island is very complex task. The fund does not have required financial, physical and human resources for that. Due to this, the fund has currently used the data published by the Department of Census and Statistics.	The prompt actions should be taken to prepare a database including visually handicapped community.

3.2 Operating Inefficiencies

Following observations were made.

Audit Observation	Comments of the Management	Recommendation
(a) The following observations were made regarding the provision of scholar aids as educational aids made from the fund for the children who study from grade 01 to G.C.E. (O/L), children who follow Advanced Level, undergraduates and for the children who are not visually handicapped of visually handicapped parents.		
(i) A database related to identify the number of visually handicapped children so as to cover the entire island had not been maintained.	The ability of maintaining a database so as to covering the entire island is limited and, however, the programme is functioned so as to cover the entire island.	The prompt actions should be taken to prepare a database.
(ii) An amount of Rs.269,000 of scholar aids that should be payable in relation to the year for 21 registered students in the year under review had not been paid. Further, Rs.42,000 of scholar aids for 07 students for third and fourth quarter and Rs.90,000 of scholar aids for 24 students for only fourth quarter had not been paid.	Though the majority had represented by signing the General 35 voucher that sent to them to provide scholar aids, few had not been presented within scheduled time period. It was informed continuously to provide vouchers promptly. This situation was reduced by now and would do in future too.	The scholar aids payments should be done properly within the scheduled period.
(iii) The provision of scholar aids to visually handicapped undergraduates had been limited only to 06 universities out of 17 state universities established in Sri Lanka. Further, the attention on the provision of scholar aids to students who passed grade 05 scholarships had not been paid.	The scholar aids programme was functioned in 10 universities and, the programme was not implemented in the universities where no visually handicapped students. The grade 5 scholar beneficiaries are also covered from the scholar aid programmed from	Actions should be done to implement the scholar aid programme based on the timely requirement.

grade 01 to G.C.E. (O/L).
However, the attention is paid
to implement a special
scholar aid method for that.

- (b) Although the legal provisions have been made for funding through grants received locally or internationally, gifts or donations, realized or collect money and income from investment of the fund or the money to be charge to the fund or the other in addition to the government provisions for the fund as per Section 07 of Rehabilitation of the Visually Handicapped Trust Fund Act No.09 of 1992, the attention on the other funding sources in addition to the government grants had not been paid for the improvement of the fund for the period of 28 years from the starting of the fund to the year under review.
- The main financial source for the Fund was the grants received from the government. The visually handicapped women welfare centre that carried out by the Seeduwa Vocational Training Institute for the income generation had been closed due to incurring losses and administrative reasons. Any person can donate to the fund. Accordingly, the donations of Rs.100,000 had been received in year 2021. With the view of gaining income, the amount of Rs.2,000,000 that were excess in the bank current account had been invested in a fixed deposits. Actions were being done to prepare a future plan by obtaining the board approval regarding funding from other sources. The attention has been paid on the collection of funds through the payments of benefits to the personal trusts and properties implemented in the Department of Public Trustee.
- Actions should be done to make funds from the other sources as specified in the Section 07 Of the Act for the improvement of the fund.

(c) The performance of the Fund for the year under review for the fulfilment of the objectives of the as follow.

Activity/ Programme	Budget Provision	Number of Targeted Beneficiaries as per Action Plan	Actual Utilization	Number of Beneficiaries provided Facilities	Percentage of Performance as at 31 December 2021	
					Financial	Physical
	Rs.		Rs.			
Sports aids	100,000	15	12,000	02	12	13
Vocational training	450,000	05	122,000	03	27	60
Educational and cultural aids	6,650,000	425	6,199,555	360	93	85
Rehabilitation aids	950,000	15	952,187	11	100	73
Eye lens/ medical aids	250,000	08	46,950	03	19	38
Celebration of White Cane Day	1,300,000	300	0	0	0	0
Total	<u>9,700,000</u>		<u>7,332,692</u>			

3.3 Transactions with Contentious Nature

Audit Observation

It was spent Rs.235,650 for activities such as provision of self-employment aids, provision of aids for supplying electricity, giving musical instruments under the implementation of scheme for the welfare of the visually handicapped beyond the objectives and functions of the Fund and stated as receipts of rehabilitation aids and cultural aids.

Comments of the Management

The educational and cultural aids were given by aiming the welfare of the visually handicapped and, later the programmes of training sports, computer and language for rehabilitation of handicapped persons mentally had been implemented. Actions were done to provide self-employment aids, electricity and water for houses due to Covid pandemic.

Recommendation

The programmes should be implemented to provide welfare to the visually handicapped community so as to cover the objectives and functions of the Fund.

3.4 Human Resources Management

Audit Observation

A sufficient cadre had not been approved to implement duties within the period of 28 years as at 31 December in the year under review by establishing the Fund and, the duties of the post of Secretary by a social service officer and the other duties by the other 03 officers had been done without proper approval. Further, a treasurer had been appointed without proper approval.

Comments of the Management

A Management Assistant officer had been appointed to execute the duties of posts of secretary, treasurer and accounting activities as per the decision of management Board and, an officer was appointed for the approved management assistant post.

Recommendation

Actions should be done to appoint officers to execute duties in the posts by obtaining a proper approval.