

Visually Handicapped Rehabilitation Trust Fund

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 Visually Handicapped Rehabilitation Trust Fund 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) The stock of finished goods of the Visually Handicapped Women's Welfare Centre as at 31 December 2012 amounting to Rs.104,485 had been valued at the sale price.
- (b) Even though the transactions relating to the year 2012 valued at Rs.1,383,233 had been brought to account through 05 journal entries, the journal entries had not been signed by a responsible officer while, journal vouchers had not been prepared for the journal entries.
- (c) The expenditure for the year had been understated due to the failure to account for the liabilities as at 31 December 2012 amounting to Rs.392,854. Thus the surplus for the year had been overstated by a sum of Rs.392,854 while the current liabilities had been understated by that amount in the balance sheet as at 31 December 2012.

- (d) Even though a sum of Rs.45,176 comprising the audit fees payable for the year 2011 amounting to Rs.22,176 and Rs.23,000 payable for the year 2012 should have been shown as current liabilities in the balance sheet, it had been shown as Rs.56,889. Thus the current liabilities as at 31 December 2012 had been overstated by a sum of Rs.11,713 and the surplus had also been understated by the same amount.

1:2:2 Lack of Evidence for Audit

The evidence indicated against the following items had not been furnished.

Particulars	Value	Evidence not made available
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	Rs.	
(a) Creditors	854,344	Register of Creditors
(b) Expenditure Payable	776,301	Detailed Schedules
(c) Printing of "Kalaya" Magazine	108,000	Estimate and Bills
(d) Applications receiving Eye Lenses	--	Relevant Register
(e) Coir Brooms Project	60,000	Register of selected Trainees
(f) Writing Frames	32,000	Bills
(g) Advances obtained for Meetings of the Management Committee	63,000	Estimates
(h) Payment of University Bursaries	--	Relevant Register
(i) Payment of University Bursaries for Visually Handicapped	129,000	Register of Signatures
(j) Allowances for the Training Programmes of the Rehabilitation Project conducted by the Sri Lanka Blind Persons Service Board		

(i) Consultancy Allowances	161,000	}	Confirmation that the Attendance Registers were supervised by a Social Service Officer or a responsible officer.
(ii) Students Allowances	45,625		

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

Non-compliances with the following laws, rules, regulations, etc. were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliances
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(a) Government Procurement Guidelines	Even though a sum of Rs.180,000 had been paid to a private institution for the purchase of raw yarn for the Visually Handicapped Women's Welfare Centre, action in that connection had not been taken in accordance with the Procurement Guidelines.
(b) Financial Regulation 396(d)	Action in terms of the Financial Regulation had not been taken on 10 cheques valued at Rs.18,300 for over 06 months after issue.

2. Financial Review

2:1 Financial Results

According to the financial statements presented, the working of the Fund for the year ended 31 December 2012 had resulted in a surplus of Rs.606,747 as against the deficit of Rs.1,862,057 for the preceding year, thus indicating an improvement of Rs.2,468,804 in the financial result for the year under review as compared with the preceding year

3. Operating Review

3:1 Performance

The progress according to the Action Plan for the year 2012 and the Progress Report furnished as at 31 December 2012 had been as follows.

	<u>Physical</u>		<u>Financial</u>		<u>Progress</u>	
	According to Action Plan	Actual	According to Action Plan	Actual	Phy- sical	Finan- cial
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			Rs.	Rs.	%	%
Sports Aid – Persons	15	1 (Visually Handicapped Cricket Association)	50,000	50,000	7	100
Vocational Training (Instructor's Allowances)	04	03	230,000	149,000	75	65
Educational and Cultural Aid	250	177	1,700,000	916,000	71	54
Rehabilitation	Blind Persons Service Bond	Blind Persons Service Bond				
	Mobility and Direction Consultancy Allowances	Mobility and Direction Consultancy Allowances	900,000	942,434	--	105
	Blind Persons Federation	Blind Persons Federation				
Eye Lenses and Eye Treatment	100	78	850,000	705,859	78	83
Visually Handicapped Women's Welfare Centre	08	04	400,000	444,988	50	111

The following observations are made in this connection.

- (a) Even though provision amounting to Rs.50,000 had been made for providing sports aid to 15 visually handicapped persons in the year 2012, that sum of Rs.50,000 had been paid to the Blind Persons Cricket Association.
- (b) Even though provision amounting to Rs.1,700,000 had been made according to the Action Plan for the year 2012 for the grant of educational aid to 250 students, a sum of Rs.916,000 only had been spent for 179 students. As such the financial performance had been 71.6 per cent and the physical performance had been 53.9 per cent.
- (c) The payment of bursaries amounting to Rs.485,000 to University Students had been delayed from April to December 2012.
- (d) A sum of Rs.490,948 had been paid for the expenditure in the year 2012 for the Visually Handicapped Rehabilitation Centre at Mahameegaswewa, Anuradhapura maintained by the Sri Lanka Visually Handicapped Persons Conference. The Grama Niladhari, the Social Service Officer and the Divisional Secretary had certified the number of inmates of the Centre for the purpose of payment. But the following activities had not been performed by them.
 - i. The particulars of training programmes conducted and the performance thereof had not been furnished to the Fund.
 - ii. The Visually Handicapped Persons Association had not supervised the work.
 - iii. Follow up action had not been taken on the project.
- (e) According to the Action Plan for the year 2012, the training of 08 persons had been expected while only 04 persons had been trained. As such the physical progress had been 50 per cent.

3:2 Staff

The following observations are made.

- (a) The formal letter of appointment of the officer functioning in the post of Secretary had not been furnished to audit.

- (b) Even though a post of clerk had been approved for the Trust Fund by the letter No. DMS/WE and SW/16 of 24 October 2005, the post of Secretary had not been approved.

4. Accountability and Good Governance

4:1 Budgetary Control

Reconciliation of estimated income and expenditure in the budget with the actual income and expenditure revealed variances ranging from 10 per cent to 100 per cent, thus indicating that the budget had not been made use of as an effective instrument of management control.

5. Systems and Controls

Deficiencies in the following areas of systems and controls observed during the course of audit were brought to the notice of the Chairman of the Fund from time to time.

- (a) Payment of Bursaries
- (b) Consultancy Allowances
- (c) Visually Handicapped Rehabilitation Projects
- (d) Visually Handicapped Women's Welfare Centre