

## **Trust Fund for the Rehabilitation of Visually Handicapped Persons - 2014**

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The audit of financial statements of the Trust Fund for the Rehabilitation of Visually Handicapped Persons comprising the statement of financial position as at 31 December 2014, statement of financial performance and the 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with paragraph 9(2) of the Trust Fund for the Rehabilitation of Visually Handicapped Persons Act, No. 09 of 1992 .

### **1.2 Responsibility of the Management 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 controls 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust Fund's preparation and fair presentation of the 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 Trust Fund'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.

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

## **2. Financial Statements**

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### **2.1 Opinion**

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In my opinion, the financial statements give a true and fair view of the financial position of the Trust Fund for the Rehabilitation of Visually Handicapped Persons 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**

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### **2.2.1 Sri Lanka Public Sector Accounting Standards**

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Current Assets in the statement of financial position had not been presented according to the format indicated under the basis of preparation in terms of the Sri Lanka Public Sector Accounting Standard -01.

### **2.2.2 Accounting Deficiencies**

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The cheques returned by the Bank related to the payment of grants for students in the previous year amounting to Rs.20,500 had been accounted as income of the year under review instead of deducting from grants for students and shown as payables.

### **2.2.3 Lack of Evidence for Audit**

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Receipts on acknowledging the payment amounting to Rs.293,959 made during the year under review to the Sri Lanka Visually Handicapped People's Association by the Trust Fund for the Rehabilitation of Visually Handicapped Persons had not been furnished.

## **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 Fund for the year ended 31 December 2014 had resulted in a deficit of Rs.285,389 as against the surplus of Rs.27,189 for the preceding year thus indicating that the financial results for the year under review had deteriorated by Rs.312,578 as compared with the previous year. The increase of expenditure by Rs.317,999 and the increase of loss of Visually Handicapped Women Welfare Centre by Rs.15,635, despite the increase of other income by Rs.21,057 during the year under review.

## **4. Operating Review**

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### **4.1 Performance**

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The following observations are made.

- (a) A sum of Rs.500,000 had been remitted to the Divisional Secretary, Katana to repair houses in Nayanalokagama village in Katana, contrary to the objectives of the Trust Fund for the Rehabilitation of Visually Handicapped Persons and accounted under sundry expenses. However, only a sum of Rs.28,500 had been spent as at 25 April 2015.
- (b) Action had not been taken to achieve the following objectives, out of the main objectives included in the Act No. 09 of 1992 of the Trust Fund for the Rehabilitation of Visually Handicapped Persons.

- (i) Creating employment opportunities for the visually handicapped persons and when necessary, providing financial assistance and guidelines to them for self-employment.
  - (ii) Providing facilities for self-employment
  - (iii) Implementation of schemes for the welfare of visually handicapped persons
  - (iv) Taking action to remove situations that prevent the visually handicapped persons from obtaining equal rights and equal opportunities.
- (c) According to the Action Plan for the year 2014 a sum of Rs.1,500,000 had been provided as educational and cultural grants for 250 children. However, a sum of Rs.1,380,324 had been actually paid to 199 children. This amount had been reduced by Rs.110,060 and spent Rs.1,390,000 by the revised estimate, presented on 18 December 2014. The number of beneficial students had reduced by 51.
- (d) A sum of Rs.1,190,000 had been allocated to provide 225 eye lenses and medical treatments and a sum of Rs.1,272,973 had been spent to provide 123 eye lenses and Rs.20,000 per person to get medical treatments. Therefore, the number of eye lenses beneficiaries had been reduced by 102 and expenditure amount had been incurred in excess of the estimated amount.
- (e) Eventhough a sum of Rs.239,500 had been estimated for the year under review to train 08 persons in the Visually Handicapped Women Welfare Centre, 04 persons had been actually trained at a cost of Rs.233,929. As such, the physical progress was 50 per cent whilst the financial progress remained at 98 per cent, and the intended persons had not been trained as well.
- (f) The monthly bursaries for the G.C.E (A/L) students had been paid for 07 students with delays ranging from 01 month to 09 months and the payments of monthly bursaries of Rs.1,000 each for 14 students had been delayed for the period ranging from 03 to 12 months.

## **5. Accountability and Good Governance**

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### **5.1. Action Plan**

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The Action Plan for the year under review had not been revised according to the Estimate revised on 18 December 2014 and not presented for audit.

### **5.2 Budgetary Control**

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The following observations are made.

- (a) Variations between the revenue and the expenditure shown in the Budget and the actual income and expenditure ranged from 19 per cent to 95 per cent thus

indicating that the Budget had not been used as an effective instrument of management control.

- (b) Provisions made from the original Estimates for the following expenses had been revised by the amended Estimate approved on 18 December 2014 ranging from 7 per cent to 20 percent. However, reasons therefore were not made available for audit. Further, it was observed that the objectives of the preparation of Estimates were not achieved as the initial Estimate had been revised on 18 December 2014 which remained only 13 days to the end of the financial year.

<u>Description of Expenditure</u>	<u>Estimated Amount Rs.</u>	<u>Revised Estimate Rs.</u>	<u>Decrease in expenditure Rs.</u>	<u>Percentage</u>
(i) Vocational Training	200,000	160,500	39,500	20
(ii) Educational, Cultural Aids	1,500,000	1,390,000	110,000	07
(iii) Rehabilitation Aids	1,300,000	1,050,000	250,000	19

#### **6. Systems and Controls**

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Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Fund from time to time. Special attention is needed in respect of the following areas of control.

- (a) Payments of bursaries to the students
- (b) Implementation of projects for rehabilitation of visually handicapped persons
- (c) Payments of rehabilitation aids
- (d) Accounting