

Trust Fund for the Rehabilitation of Visually Handicapped Persons – 2016

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 2016, 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(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 9(2) of the Trust Fund for the Rehabilitation of Visually Handicapped Persons Act, No. 09 of 1992 . My comments and observations which I consider should be published with the Annual Report of the Fund in terms of Section 14(2)(c) of the Finance Act, appear in this report.

1.2 Responsibility of the Management for the Financial Statements

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

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 misstatements 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. Sub-sections (3) and (4) of 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.

2. Financial Statements

2.1 Opinion

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 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

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

In terms of the Financial Regulation 751 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, all goods purchased should be entered in a Stock Book. Nevertheless, 133 eye lenses purchased at a cost of Rs.1,184,050 in the year under review, had been directly issued to visually handicapped persons instead of entering in the Stock Book.

3. Financial Review

3.1 Financial Results

According to the statement of financial performance presented, the operations of the Fund for the year under review had resulted in a deficit of Rs.513,678 as against the surplus of Rs.1,256,732 for the preceding year thus indicating a deterioration of Rs.1,770,410 in the year under review as compared with the preceding year. The increase of expenditure on educational and cultural activities by Rs.2,012,165 in the year under review had been the reason for this deterioration.

4. Operating Review

4.1 Performance

According to the Trust Fund for the Rehabilitation of Visually Handicapped Persons Act, No. 09 of 1992, the following objectives should be achieved.

- (a) Providing educational and vocational training facilities, creating employment opportunities for the visually handicapped persons and providing financial assistance and guidelines to them for self-employment, when necessary.
- (b) Providing housing facilities for the visually handicapped persons to enable them to pursue academic courses or to obtain vocational training.
- (c) Implementation of schemes for the welfare of visually impaired persons.

- (d) Providing marketing facilities to sell products made by visually impaired persons.
- (e) Taking action to remove situations that prevent the visually impaired persons from obtaining equal rights and equal opportunities.

Provisions amounting to Rs.8,059,000 had been made in the year under review for the achievement of these objectives of the Fund. However, only a sum of Rs.6,839,940 out of the provision made amounting to Rs.7,549,000, had been spent to implement the objectives (a), (c) and (e) of these objectives.

The following observations are made in this connection.

- (a) Even though provisions of Rs.3,800,000 had been made in the year under review for 250 students for educational and cultural activities, only a sum of Rs.1,307,100 had been granted to 231 students as Louis Braille Scholarships, bursaries for Advanced Level Students and for University Students.

In the payment of bursaries for students, payments of 03 months relating to the preceding year had been delayed and a sum of Rs.177,000 out of the provisions made in the year under review, had been spent thereon. A proper methodology had not been followed to avoid that delay. Hundred and sixty five students had been assisted in the preceding year whereas 231 students in the year under review had been assisted, thus indicating a considerable improvement thereof.

- (b) Even though providing financial assistance amounting to Rs.1,750,000 for 36 blind persons in 02 institutions had been planned under the Rehabilitation Programme, a sum of Rs.1,185,760 had been granted only to 16 out of those persons. Even though sixteen students had been given the trainings by 07 Instructors during 06 preceding years itself, the number of students had not increased in the year under review as well.
- (c) The Centre for Visually Impaired Women in Seeduwa area had conducted sewing training classes only for 03 students and an improvement in the number of trainees could not be achieved in the past few years. However, the management had not taken action to improve the number of trainees.
- (d) Even though provisions of Rs.200,000 had been made in the year under review for the improvement of sports skills, it had not been utilized therefor.
- (e) Any activity whatsoever had not been carried out for providing housing facilities for the visually handicapped persons to enable them to pursue academic courses or to obtain vocational training, out of the objectives to be achieved by the Fund.

4.2 Management Activities

The following observations are made.

- (a) At the meetings of the Board of Management held during the year under review, proposals had been adopted for the maintenance of a Data Base on the number of visually handicapped persons and all disabled persons and for the formulation of a social security system for visually handicapped persons. Nevertheless, action had not been taken to achieve those activities.
- (b) Even though the responsibility of the Management and Administration of the Fund had been assigned to a Board of Management comprising 13 members, two members had not participated in any meeting of the Board of Management held during the preceding year and the year under review.

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 Fund from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
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(a) Administration of Programmes	Failure to organize adequate rehabilitation programmes for visually handicapped persons.
(b) Financial Control	Failure in providing adequate assistance for educational and cultural activities.