

Trust Fund for the Rehabilitation of the Visually Handicapped – 2018

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Trust Fund for the Rehabilitation of the Visually Handicapped for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka in conjunction with provisions of the National Audit Act No.19 of 2018. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust Fund as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

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 opinion.

1.3 Responsibilities of Management and Those Charged with Governance for 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 Scope of Audit

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 statement 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 Institute.
- 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 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. Issues with regard to maintenance of key accounting records such as General Ledger, Journal and Journal vouchers, payment vouchers etc. may include under this heading.

2. Financial Review

2.1 Financial Results

The operation of the year under review had resulted in a surplus of Rs.989,505 as compared with the surplus of Rs.165,974 in the preceding year. Accordingly, an improvement of Rs.823,531 in the financial result was observed. The increase of capital grants had mainly attributed to this improvement.

3. Operating Review

3.1 Management Inefficiencies

Observations	Comments of the Management	Observation
(a) In making payment of bursaries to handicapped school children and university students, there were delays in every year and an appropriate methodology to expedite delays had not been followed. Accordingly, payment of bursaries to 88 handicapped students had been delayed.	As the amount of bursary, is paid to the beneficiary once in 3 months, the payment of the last quarter of the year is made in the first quarter of the next year. However, it was informed that it is intended to implement a methodology to pay bursaries during the year itself in future years by obtaining vouchers of the last quarter monthly.	In the payment of bursaries to the handicapped students at the time of incident itself, students requirements can be fulfilled and as such it need not be delayed.
(b) Out of the provision of Rs.200,000 made for the supply of lenses to 15 Visually Handicapped Persons, lenses have been given only to 3 persons, incurring a sum of Rs.36,600. As there is no methodology to give lenses total provision could not be utilized.	Under the program for the supply of lenses to the Visually Handicapped, assistance is given by the Trust Fund for Rehabilitation of Visually Handicapped Persons only to persons below the age of 60 years. Similarly, free supply of lenses projects are carried out by the Ministry of Health and Non-Governmental Organizations as well. Therefore, requests made to the Trust Fund for Rehabilitation of Visually Handicapped Persons have considerably decreased. It was however informed that according to the number of requests make to the Fund it is hoped that allocations receive further to this project	Action needs to be taken to supply lenses as required after being obtained the particulars of the handicapped.

are used for fulfilling the limited requirements having being control the funds.

(c) Even though, a sum of Rs.1,000,000 had been allocated for the training of 50 visually handicapped persons in 2 institutions under the Rehabilitation program, only 16 students have been trained incurring a sum of Rs.863,400.

The progress of the rehabilitation project maintains by the Sri Lanka council for Blind Persons has been followed up in the year under review and presented to the Management Committee. It was informed that the progress of other organizations is scheduled to be examined in due course.

Being followed up the training progress of the visually handicapped students, increase the number of students.

(d) The Textiles course conducted by the Seeduwa Vocational Training Institute for Visually handicapped women operated at a loss for the last 4 years and stopped its operations in the year 2019. A system has not been formulated to enrol trainees for this course and only 3 visually handicapped women are enrolled since few years as trainees. Furthermore, sale of textiles has not been improved. Even though, the officer in charge of the vocational training institute has been made aware to submit a report in respect of the present position to the Board of Control, such a report had not been submitted even by 30 June 2019.

Production speed of these Visually handicapped women is very slow and they do not remain for a long period and it effects to reduce production and the profit. The purchase of raw materials was not required for the Seeduwa Visually Handicapped Women Welfare Centre in the year under review and the previous year, as the purchased materials were available. The Department of Textiles has agreed to supply a few machines and the service of a training instructor will be given and the project reports thereon had been prepared. It was informed that those reports will be submitted to the next management meeting to get the approval and it is expected to restart production.

Being appointed a female instructor to this centre action needs to be taken to commence the course without delay.

(c) Monetary provisions for the achievement of two goals stated in the Act, comprising the supply of housing facilities, enabling the visually handicapped persons to study academic courses or to obtain vocational training and the supply of marketing facilities for product produced by the visually handicapped have not been made.

As the financial provisions receive by the Trust Fund for Rehabilitation of Visually Handicapped Persons is limited, supply of housing facilities, enabling the handicapped to study academic courses or to obtain vocational training is also limited. Action has been taken to market the goods produced by the visually handicapped at 'Diriya Pola' operated in the Seeduwa Vocational Training Centre premises. It was informed that it is expected to implement the marketing programs for the sale of products of the handicapped in future, as necessitated.

As these two goals are very important for the visually handicapped, it needs to be implemented.

4. Accountability and Good Governance

4.1 Annual Action Plan

Observations

Even though, a revised action plan has been prepared for the Fund to promote activities being revised again the existing plan, targets in the action plan could not be achieved.

Comments of the Management

According to the objectives of the Trust Fund for Rehabilitation of Visually Handicapped Persons Act, targets of main topics in the Action Plan had been achieved. Education and cultural assistance, sports assistance, rehabilitation assistance, vocational training etc. can be cited as examples.

Recommendation

Being identified the needs of the visually handicapped, action plan needs to be prepared in conformity therewith.

4.2 Budgetary Control

Observations	Comments of the Management	Recommendation
<p>In the comparison of the budgeted expenditure with the actual expenditure, variances ranging from 10 per cent to 81 per cent were observed. Thus, it was observed that the budget had not been made use of as an effective instrument of management control.</p>	<p>Even though, a provision of Rs.200,000 had been made in the annual budget for giving lenses to the visually handicapped, decrease of requests made to the Trust Fund at Divisional level and District Level had caused to the gap between the budgeted expenditure and the actual expenditure. It was informed that, by controlling the budgetary provisions make to this project, action would be taken to use the budget as an effective instrument of management control in future.</p>	<p>Action needs to be taken to minimize the variances between the budgeted expenditure and actual expenditure.</p>