

Visually Handicapped Trust Fund - 2019

1. Financial Statement

1.1 Opinion

The audit of the financial statements of the Rehabilitation of the Visually Handicapped Trust Fund for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, 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 provisions of the National Audit Act No. 19 of 2018. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, 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 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 Sub-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 Board.

1.4 Auditor's Responsibilities for the Audit of the 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 University 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 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.

2. Financial Review

2.1 Financial Results

The operations of the Fund for the year under review had resulted in a deficit of Rs. 544,920 as against the surplus of Rs. 989,505 in the preceding year, thus observing a deterioration of Rs. 444,585 in the financial results. This deterioration was mainly due to increase in the educational and cultural aids by Rs.3,178,789 despite increase in the Government grants by Rs. 1,000,000 during the year under review compared to the preceding year.

3. Operating Review

3.1 Management Inefficiencies

Audit Observation	Comment of the Management	Recommendation
(a) Even though the Federation of the Blind had planned to train 15 visually impaired persons during the year under the rehabilitation program, only 4 visually impaired persons had been trained. However, allowances to a staff of six including the training officers had been paid out the fund relating to the above training. Further, this situation had remained unchanged for the last 04 years and action had not been taken to increase the number of trainees. Although a report on the issues regarding the provision of training was submitted to the Chairman of the Fund during the year under review, no further action had been taken in this connection.	The people who later became visually impaired are involved in these projects. Such persons are lesser in number. Further, it is also difficult for the clients in the remote areas of Colombo to access such facilities. Although the number of clients is less, the amount to be spent as the consultation allowances for these purposes are not changed.	Action should be taken to design and maintain this training in collaboration with the Blind People's Service Board in a manner that is beneficial to the majority of the people.
(b) Production of the Handloom Welfare Centre maintained for the visually impaired trainees at the Seeduwa Vocational Training Centre had become totally standstill since January last year due to the resignation of the instructor of that Centre. Although the in-charge of the centre had been informed to submit a report to the Board of Directors on the cessation of production, such a report had not been submitted even by 28 August 2020. Further, the remaining handloom raw materials worth Rs. 48,250 and handloom items worth Rs. 9,671 produced last year remained unused for more than a year.	The report submitted by the officer-in-charge of the Institute on Visually Impaired Women Welfare Centre has been presented to the Management Committee held on 26.02.2019. Production of this centre has been halted due to the lack of a training consultant and the difficulty in finding visually impaired women for production. Similarly, it has been decided at the Board of Management meeting held on 04.03.2020 that this visually impaired women welfare centre should be abandoned if the maintenance of this centre is further seems difficult. The remaining raw materials and the finished goods are temporarily in the custody of the Store Keeper of the Seeduwa Vocational Training Institute.	As an institution providing services to the visually impaired persons, necessary steps should be taken to enhance their well-being and welfare. Accordingly, necessary steps should be taken to make the best use of this training centre towards the above purpose. Information should be obtained by liaising with the assisted schools and the social service officers in the Divisional Secretariats.

- (c) Provisions had not been made for the implementation of the two objectives as specified in the Act to provide housing facilities for the visually impaired persons to enable them to follow academic courses or vocational training and to provide marketing facilities for goods manufactured by the visually impaired persons.
- Due to the limited funds received to the Rehabilitation of the Visually Handicapped Trust Fund, the provision of housing facilities has been limited and arrangements have been made to sell the products manufactured by the visually impaired persons through the Diriya Pola conducted at the Seeduwa Vocational Training Centre.
- As these two objectives are very important for the visually impaired, action should be taken to implement those objectives.
- (d) Although it has been stated in accordance with Section 4.2.2 of the Public Enterprises Circular No. PED / 12 dated 03 of June 2003 that the meetings of the Governing Body should be held monthly, during the seven sessions of the Board of Meetings conducted in the year under review, the Board of Directors had not presented any preliminary objective improvement strategy for the welfare of the visually impaired persons.
- According to the needs of the Fund, conducting of meetings are decided by the Board of Management, including the Hon. Chairman. Accordingly, it is more effective to hold meetings as needed than to hold monthly meetings. The Fund or visually impaired organizations funded by it are service provider organizations that do not carry out enterprise activities.
- The Board of Management should act to achieve the primary objectives of the Fund.
- (e) Out of the provision of Rs. 100,000 made to provide contact lenses to 5 persons with eye disorders, a sum of Rs. 53,800 had been spent to provided contact lenses to 4 persons and Rs. 46,200 had been saved. Likely, due to the lack of a proper methodology for the provision of contact lenses, it had not been possible to make maximum use of the allocated funds.
- As Government hospitals and other NGOs implement programmes for free distribution of contact lenses, demand for the Fund relating to that matter has decreased. According to the requests made, the Fund has issued four contact lenses during the year 2019.
- Since it is a service provided to the visually impaired persons, a programme should be created to provide adequate publicity thereon.