

Rehabilitation of the Visually Handicapped Trust Fund - 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Rehabilitation of the Visually Handicapped Trust Fund for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in net assets 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(1) 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 and Finance Act No.38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the fund as at 31 December 2022 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 Qualified Opinion

I expressed qualified opinion on the matters described in paragraph 1.5 of this report.

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 qualified 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' stability 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 fund.

1.4 Auditor's Responsibility 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 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 fund;
- 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 Audit Observations on the preparation of 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. The following observations are made with regard to maintenance of key accounting records such as General Ledger, Journal and Journal vouchers, payment vouchers etc.

Audit Observation	Management Comment	Recommendation
Contrary to the generally accepted accounting principles and practices, the main ledger and accounting books had been maintained in an unclear and informal manner while copying the transactions and voucher numbers, cheque numbers, etc. related to the transaction had been deleted and changed and the cash book and expense records had been maintained without transparency.	Those errors had been already corrected.	Generally accepted accounting principles and practices should be followed.

1.5.2 Non-Compliance with Sri Lanka Public Sector Accounting Standards

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
Due to the provision was not made in the accounts on accrual basis as per No.01 of Public Sector Accounting Standards of Sri Lanka, the interest income Rs.52,362 for the months of November and December of the year under review had not been accounted.	That interest income will be adjusted during the preparation of final accounts for the year 2023.	Complying with Sri Lanka Public Sector Accounting Standards.

2. Financial Review

2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs.958,571 and the corresponding surplus in the preceding year amounted to Rs.275,050. Therefore an improvement amounting to Rs.683,521 of the financial result was observed. The main reason for the improvement is decrease in supporting expenses for education and culture by Rs.1,746,969.

3. Operational Review

3.1 Operational Inefficiencies

Audit Observation	Management Comment	Recommendation
(a) Although the legal provisions had been made as per the section 07 of the Rehabilitation of the Visually Handicapped Trust Fund Act No.09 of 1992 to raising funds in addition to the government allocations for the fund; grants, gifts, or donations received locally or abroad, funds realized or collections and income from investments in the fund or dues to the fund or other funds, the fund had no any further plan or focus on other sources of funds apart from government grants for the increase of the fund during the period of 29 years from the inception of the fund to the year under review.	The hand machines weaving section of the Visually handicapped women's welfare center which was implemented in Seeduwa Vocational Training Institute in order to generate income for fund had been closed in a loss-making situation. A program to install money boxes with the aim of collecting money in the year 2023 is currently being implemented.	Arrangements should be made to raising funds as per the provisions of the Act.

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| (b) | <p>In order to achieve the goals and objectives of the fund,</p> <ul style="list-style-type: none"> ➤ Creating employment opportunities for the visually handicapped. | <p>Since the National Secretariat for persons with Disabilities has been executed a self-employment assistance program for all disabled persons including the visually handicapped, the fund had been decided to wind up the self-employment assistance program. Nevertheless, action had been taken to give self-employment support for 20 visually handicapped people who had obstacles for existed self-employment by considering as a special case.</p> | <p>Action should be made to perform contemplated tasks.</p> |
| | <ul style="list-style-type: none"> ➤ Providing residential facilities to the visually handicapped to enable them to pursue academic courses or get the vocational training. | <p>Due to provide with free residential facilities for them through the vocational training center of the Department of Social Services, such need had not been arisen at present.</p> | <p>Action should be made to perform contemplated tasks.</p> |
| | <ul style="list-style-type: none"> ➤ Providing marketing facilities for products produced by the visually handicapped. | <p>Visually handicapped people have been engaged in manufacturing activities at the regional level at a minority extent. For that, it had been done sales activities according to an identified market for that by them. Most Visually handicapped people has being bought small-scale stocks through the general market and sold.</p> | <p>Action should be made to perform contemplated tasks.</p> |
| | <ul style="list-style-type: none"> ➤ Programs and Projects had not been planned and implemented for the elimination of conditions that prevent equal rights and equal opportunities. | <p>Every program implemented by the Rehabilitation of the Visually Handicapped Trust Fund had been focused on protecting the equal rights of the visually handicapped.</p> | <p>Action should be made to perform contemplated tasks.</p> |
| (c) | <p>The fund had been provided bursaries as educational support to children studying from the grade one to G.C.E (O/L), children studying</p> | | |

advanced level, university students and Louis Braille to the children (non-visually handicapped) of visually handicapped parents. Accordingly, Rs.5,279,586 had been spent to provide bursaries to 368 students out of 401 targeted students in the year under review. The following points had been observed during the related sample testing in this regards.

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| I. Database had not been maintained to identify the number of visually handicapped children covering the entire island. | The fund has no necessary financial, physical and human resources. When collecting information for a database, survey officers should be specially trained for it. Successfully carrying out such work is a difficult task for the Rehabilitation of the Visually Handicapped Trust Fund in the face of limited resources. | Action should be taken to maintain a database related to identifying the visually handicapped community. |
| II. In relation to granting bursaries, bursary scheme had not been planned and implemented included criteria such as the basis of selection of students, the required qualifications, priority, the value of the bursary, etc. | Being a visually handicapped person, being a low-income child of visually handicapped parents are the basis for providing bursaries. The amount of the granting bursary had been decided time to time by the Board of Management of Visually Handicapped Trust Fund. | Action should be taken to identify formal criteria for granting bursaries. |
| III. Due to the fact that not submission of information regarding the selection method of bursary recipients to the audit, it was problematic in the audit whether the activities had been done correctly and transparently. | The fund had been arranged to provide bursaries to all low-income applicants who provide to be visually handicapped until the year 2022. As a result, problem has not been arisen regarding the selection method. | Action should be taken to provide sufficient evidence to the audit to confirm. |

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| <p>IV. Bursaries of Rs.735,000 had been given to the 158 bursary recipients in March and April and the receipt of Rs.507,000 received by 115 bursary recipients had not been given to the fund to prove the amount. Accordingly, the audit had been observed that the internal control of the bursary giving process is in a poor condition.</p> | <p>Those errors had been corrected since year 2023.</p> | <p>Action should be taken to provide sufficient evidence to the audit to confirm.</p> |
| <p>(d) There was no focus on a program with the aim of encouraging the primary education of visually handicapped talented children to provide bursary for visually handicapped students who passed the grade 05 scholarship exam.</p> | <p>All bursary programs of the Visually Handicapped Trust Fund had been started and simultaneously and not implemented. It was gradually developed topically.</p> | <p>A program should be established to provide bursaries for visually handicapped students who passed grade 05 scholarship exam.</p> |
| <p>(e) It is important to identify information about the number of visually handicapped community and district wise distribution, age structure, visually handicapped condition and economic status in order to transparently and systematically implement programs and projects at the national level for the rehabilitation and welfare of the visually handicapped community. It has been easier to take specific, accurate and effective decisions through that. Nevertheless, action had not been taken to prepare database including the information of the visually handicapped community.</p> | <p>The Department of Social Services is being worked to prepare a database for all disabled people including the visually handicapped. It has been expected to perform on the basis of that data and information for the activities of the Visually Handicapped Trust Fund.</p> | <p>Action should be taken to create a database including the information of the visually handicapped community.</p> |

3.2 Human Resource Management

Audit Observation	Management Comment	Recommendation
<p>Not approving a sufficient staff to carry out the functions of the fund, not preparing the recruitment procedure in accordance with it and not making the recruitment as per the recruitment procedure had been adversely affected the fulfilment of the duties for the achievement of the objective of the fund and conduct of an expected performance.</p>	<p>The attention of the Board of Management had been focused on improving the financial condition of the fund and necessary recruitment procedures will be prepared and necessary recruitments will be made.</p>	<p>Action should be taken to recruit sufficient staff to fulfil the tasks.</p>