

Road Maintenance Trust Fund - 2011

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Road Maintenance Trust Fund as at 31 December 2011 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Rendition of Financial Statements

Although the annual financial statements should be submitted to the Auditor General on or before the end of April in the ensuing year as per Section 11 of the Deed of Trust, annual financial statements for the year under review had been submitted to the Auditor General on 21 June 2013 only.

1.2.2 Audit Observations

Following observations are made.

- (a) As per Section 04 of the Deed of Trust the main objective of the Trust is to finance routine and periodic Road Maintenance programmes of National roads in a timely manner to avoid deterioration of the road network. However, the management of Trust had not performed their duties to fulfill the above responsibilities.
- (b) As per Section 19 of the Deed of Trust, the functions of the Trust should be reviewed after 3 years from the commencement of the Fund, to assess the effectiveness of the Trust in providing sustainable road maintenance financing and to examine the ways of improving the operation of the Trust. Although the Trust operated with effect from 1st January 2006, the Board of Management of Trust Fund had not reviewed financial and physical performance of the Trust Fund as required.
- (c) In terms of Section 20 of the Deed of Trust, in the event of it becoming impossible to fulfill the objectives of the Trust, the Trust shall be wound up and all the monies in

the Trust shall be transferred to the consolidated fund. According to the financial statements presented to audit, any financial or physical operation had not been carried out during the year under review. However, the Board of Trust had not complied with the above requirements in the Deed of Trust.

2. Financial Review

Financial Results

According to the financial statements presented, the operations of the Trust Fund for the year ended 31 December 2011 had resulted in a net surplus of Rs. 3,481,215.

The following summary shows the receipts, payments and net surplus for the year under review.

	<u>2011</u>
	<u>Rs. Mn.</u>
Receipts from Treasury	Nil
Payments made to RDA	Nil
Add: Interest on Treasury bills	3.5
Net surplus	3.5