

Judicial Infrastructure Maintenance Trust Fund – 2016

The audit of financial statements of the Trust Fund for the Judicial Infrastructure Maintenance for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016, and the 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(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 22 of the Deed of Trust of the Fund dated 17 July 2007. My comments and observations on the above financial statements appear in this report.

1.2 Responsibility of the Management for the Financial Statements

The 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 control 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 Auditors' 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 Institution (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 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by managements, as well as evaluating the overall presentation of the financial statements.

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 Judicial Infrastructure Maintenance 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 etc.

The following instances of non- compliances with the provisions in laws, rules and regulations were observed.

Reference to Laws, Rules and Regulations

Non- compliance

(a) Section 18 of the Deed of Trust dated 17 July 2007

Although the meetings of the Trustees should be conducted at least once in every two months, only 01 Meeting had been conducted during the year under review.

(b) Paragraph No.3.2(b) of Public Finance Circular No.PF/423 dated 22 December 2006

Even though the surplus money of the Fund amounted to Rs.6,101,640 as at 31 December 2016 and Rs. 3,258,965 as at 31 December 2015 should be immediately transferred to the Consolidated Fund, instead of that those surplus money had been deposited in a current account of the Fund and invested in 03 call deposits to be matured as monthly .

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Fund for the year ended 31 December 2016 had resulted in a surplus of Rs.6,258,944 as compared with the corresponding surplus of Rs. 2,354,321 for the preceding year, thus indicating an improvement of Rs.3,904,623 in the financial results for the year under review. Although the Government grants had decreased by Rs. 5,000,000 and the decrease of infrastructure maintenance expenses by Rs. 8,769,461 were the main reasons attributed for this improvement.

4. Operating Review

4.1 Performance

The following observations are made.

- (a) The Fund had been established by a Deed of Trust dated 17 July 2007 and in terms of Section 1(A) of the Deed of Trust; improvement and maintenance of judicial quarters, record rooms, court productions rooms, judges' rooms, registrar offices, libraries of the judges and the common places relating to above premises and supplying of information technology facilities, and supplying of office equipment and furniture were the main activities. A sum of Rs. 10,000,000 had been made available for these activities in the year under review and out of that Rs.3,575,096 had been spent for supplying of computer accessories and office equipment only and the attention had not been paid regarding the achievements of the other objectives.
- (b) Although a sum of Rs. 1,211,902,087 had been spent from the Head 228 of Courts Administration of Ministry of Justice for the improvement of infrastructure facilities of Courts which was a main activity of therein, a provision amounted to Rs. 10,000,000 had been granted from the Head 110 for the same activity.

5. Accountability and Good Governance

5.1 Action Plan

Even though an Action Plan had been prepared with a view to achieve the objectives and goals of the Fund the approval of the Deed of Trustee thereon had not been taken and also not implemented.

5.2 Internal Audit

An internal Audit had not been carried out with regard to the activities of the Fund in terms of Financial Regulation 133.

5.3 Audit and Management Committees

Audit and Management Committee meetings had not been held in terms of Section 7.4.1 of Public Enterprises Circular No. PED/12 dated 02 June 2003 from the year 2009 since the Commencement of the Fund.