

Judicial Infrastructure Maintenance Trust Fund – 2017

The audit of financial statements of the Judicial Infrastructure Maintenance Trust Fund for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in equity and 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 the 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

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 Auditor's 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 Institutions (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 misstatement 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 management, 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 Judicial Infrastructure Maintenance Trust Fund as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Fund for the year under ended 31 December 2017 had been a deficit of Rs.6,035,148 as against the surplus of Rs.6,258,943 in the preceding year, thus indicating a deterioration of Rs.12,294,091 in the financial result of the year under review as compared with the preceding year. The increase in the expenditure on infrastructure maintenance by Rs.12,148,112 in the year under review as compared with the preceding year had mainly attributed to the deterioration of the financial result.

4. Operating Review

4.1 Performance

4.1.1 Planning

The original budget estimate to the value of Rs.10,000,000 prepared for achieving objectives and targets of the Fund for the year under review and the Action Plan relating thereto had been prepared on 06 June 2016 and the approval of the Board of Trustees for the revised budget estimate valued at Rs.19,689,000 and for the Action Plan had been obtained only on 29 December 2017. Further, the progress of performing functions within the Action Plan had not been presented to Audit.

4.1.2 Function and Review

Provisions of Rs.130,000,000 had been made under the Court Administration Expenditure Head for acquisition of capital assets for the purpose of development of infrastructure facilities of Court Zones in the year under review and out of that, a sum of Rs.128,896,325 had been spent for acquisition of furniture and office equipment. Despite the fact that, a sum of Rs.10,000,000 received to the Fund had been spent for achieving objectives cited in Section 1(A) of the Deed of Trust of the Fund and only a sum of Rs.15,723,208 had been spent for acquisition of capital assets by using other income of the Fund, by the Ministry of Justice. However, attention had not been paid on the achievement of other objectives cited in Section 1(A) of the Deed of Trust of the Fund.

5. Accountability and Good Governance

5.1 Budgetary Control

According to the revised budget estimate of the year 2017, savings of 17 per cent of acquisition of capital assets under estimated expenditure of the year and 19 per cent under Administrative expenditure were available and as such, it was observed that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Fund from time to time and the attention should be paid on failure in carrying out an internal audit on functions of the Fund.