

National Film Corporation Trust for Film Artists and Film Technicians - 2021

The audit of the operational affairs of the National Film Corporation Trust for Film Artists and Film Technicians for the year ended 31 December 2021 was carried out under my direction in pursuance of 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. According to the Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, my comments and observations which I consider should be report to Parliament appear in this report.

1.2 Responsibilities of Management and Those Charged with Governance for the Submission of Financial Statements

According to section 16(1) of the National Audit Act No. 19 of 2018, every audited entity should be maintained proper books and records of its income, expenditure, assets and liabilities to enable it to prepare annual and periodic financial statements in relation to that entity. According to section 16(2) of the said Act, the annual financial statements in relation to the each audited entity should be submitted by the Chief Accounting Officer to the Auditor General together with the annual performance reports of the said entities within such period as may be prescribed by rules. According to the section 38(1) (d) of the said Act, it shall be ensured that the annual reports and other financial statements are prepared within the required time and in addition, the Chief Accounting Officer should ensure that annual reports related to the audited entity are submitted to the Parliament.

2. Report on the Legal and Regulatory

The National Audit Act No. 19 of 2018 includes special provisions regarding the following requirement.

- I obtained all the information and explanations other than the financial statements required for the audit as per the requirements mentioned in section 12 (a) of the National Audit Act No. 19 of 2018.

2.1 Financial Statements

Audit Observation	Management Comment	Recommendation
According to the regulation 877(2) (c) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka inserted by paragraph 15.1 of the Public Finance Circular No. 01/2020 dated 28 August 2020, certified financial statements should be submitted to the Auditor General within 02 months after the end of the accounting year, but the financial statements of the corporation trust for the year 2021 had not been submitted for audit as at the date of this report.	Although the financial statements are prepared on time, the certified financial statements could not be submitted to the Auditor General for audit due to that was not functioning the board of trustees and internal audit management committees.	A board of trustee should be appointed for the trust and action should be taken to submit the financial statements.

2.2 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

 The following non-compliances are made.

	Reference to Laws, Rules Regulations etc.	Non-compliance	Management Comment	Recommendation
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(a)	National Film Corporation Trust for Film Artists and Film Technicians Act No. 03 of 1986.			
(i)	Section 3(1) and (2)	Although it should be appointed a board of trustee for the management and control of the trust, a board of trustee had not been appointed for the year 2022 till the date of this report.	Necessary steps have been taken to appoint a new board of trustees.	Should be act as per the sections of the Act.
(ii)	Section 5(1)	Welfare funds, savings funds, savings or thrift societies and other similar schemes designed to assist film artists and technicians had not been established.	There was a situation that it was not possible to implement the objectives indicated by the treasury giving priority only to the payment of monthly pension allowances.	-Do-
(iii)	Section 5(2)(a)	There was no focus on providing loans, grants, housing or other similar benefits to qualified film artists or film technicians upon reaching the age of 60 years.	-Do-	-Do-
(iv)	Section 5(2)(b)	There was no system in place to provide financial assistance to film artists and film technicians who were physically or mentally	-Do-	-Do-

handicapped and unable to pursue their careers.

(v) Section 6(2)(a)	No action was taken during the year under review to implement suitable programmes or measures to earn funds.	It was not possible to implement programmes or measures to earn funds due to the inability to achieve the desired objectives as in the situation of face with many practical problems.	-Do-
(b) Financial Regulations 877(1)(c) of the Democratic Socialist Republic of Sri Lanka inserted by paragraph 15.1 of the Public Finance Circular No. 01/2020 dated 28 August 2020.	A budget of the trust for the year under review was not prepared and approved.	It was not possible to prepare and approve a budget within a very short period of time due to a new board of trustee was appointed after many years and its implementation took place on 06 July 2021.	Action should be taken as per the circular provisions.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Management Comment	Recommendation
Pension payments had been made for 160 pensioners until the year 2021 based on the income collected by the trust. However, the managements were not focus on increasing the income of the trust and providing pensions for the 72 artists who are on the waiting list for pensions by 31 December 2021.	New pension grants have been made to the waiting list eligible film artists and film technicians in recent years after considering the status of the annual funds of the trust.	Arrangements should be made to grant pensions to artists who are on the waiting list as in previous years.