

Judicial Infrastructure Maintenance Trust Fund - 2015

The audit of financial statements of the Judicial Infrastructure Maintenance Trust Fund for the year ended 31 December 2015 comprising the balance sheet as at 31 December 2015 and the income and expenditure account, statement of changes in accumulated fund 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 the Trust 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 Trust'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 Trust'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 as at 31 December 2015 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 Accounting Deficiencies

The balance of the current account as at 31 December 2015 amounting to Rs.3,258,965 had been stated as a fixed deposit in the balance sheet and as an investment in fixed deposits in the cash flow statement.

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with the following laws, rules, regulations were observed.

Reference to Laws, Rules, Regulations and Management Decisions

Non-compliance

(a) Section 18 of Deed of Trust dated 17 July 2007.	Even though in terms of Section 18 of Deed of Trust the Meetings of the Trustees should be held at least once in every two months, only 03 Meetings had been held during the year under review.
(b) Public Finance Circular No.PF/423 dated 22 December 2006 Paragraph 3.2 (b)	Although the excess money of the Fund should be remitted to the Consolidated Fund without delay, contrary to that, excess money of Rs.3,258,965 had been invested in 03 fixed deposits.

3. Financial and Operating Review

Financial Results

According to the financial statements presented, the operations of the Trust for the year under ended 31 December 2015 had resulted in a surplus of Rs.2,354,320 as against the deficit of Rs. 7,869,167 in the preceding year, thus indicating an improvement of Rs. 10,223,487 in the financial results of the year under review as compared with the preceding year. The increase in the Government Grants by Rs.8,000,000 and decrease in the infrastructure maintenance expenditure by Rs.1,955,393 had mainly attributed for this improvement in the financial results.

4. Operating Review

Performance

The following observations are made in this connection

- (a) This 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, its main functions were the improvement and maintenance of judiciary quarters, record rooms, production rooms, judges' rooms, Registrar's office, libraries of the judges and common places relating to the above premises and provision of information technology facilities, office equipment and furniture relating to the above premises. However, purchase of computer accessories and office equipment valued at Rs.12,344,558 only had been carried out during the year under review and attention of the Fund had not been drawn on the achievement of the other objectives.
- (b) In order to develop infrastructure facilities of the courts, the Ministry of Justice had spent a sum of Rs.814,000,000 by the Court Administration Expenditure Head No. 228 during the year under review. The Ministry of Justice had made provision under Object 110-1-2-2201(03) to the Trust for the same purpose and a sum of Rs.12,344,558 had been spent for the purchase of computer accessories and office equipments during the year under review.

4.2 Management Inefficiencies

While transactions had taken place only in August and December in the year under review, a sum of Rs.226,198 had been paid as allowances in respect of the appointments made on acting basis for the whole year.

4.3 Underutilization of Funds

Out of the amount granted to the Fund as Government Grants from the Ministry in the year 2014, the balance sum of Rs.883,863 remained idle up to 27 August 2015 and out of Rs.15,000,000 received from the Ministry as grants in the year under review, a sum of Rs.3,258,965 representing 21.7 per cent had been retained in the current account by 31 December 2015 without being utilized for the relevant objectives. Thereafter, it had been invested in three fixed deposits on 11 March 2016.

5. Accountability and Good Governance

5.1 Action Plan

An Action Plan had not been prepared in respect of the activities to be carried out during the year under review for the achievement of the objectives and goals of the Trust.

5.2 Internal Audit

An internal audit in respect of the functions of the Trust had not been carried out since the year 2009.

5.3 Audit and Management Committees

No audit and management committees had been held from the inception of the Trust Fund.