

The transactions Report of the National Film Corporation Trust for Film Artistes and Film Technicians - 2019

The audit of the operations of the National Film Corporation Trust for Film Artistes and Film Technicians for the year ended 31 December 2019 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 provisions of the National Audit Act No. 19 of 2018.

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

In terms of Section 16(1) of the National Audit Act No.19 of 2018, every auditee entity shall maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared in respect of such entity. In terms of Section 16(12) of the said Act, annual financial statements in respect of every auditee entity, shall be submitted by the Chief Accounting Officer to the Auditor-General along with the annual performance reports, within such period as may be provided by rules. In terms of Section 38(1) (d) of the said Act, the Chief Accounting Officer shall ensure the timely preparation and submission of annual and other financial statements and in addition the he shall be required to submit annual reports to Parliament pertaining to the auditee entity. In terms of Section 6.5.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003 and the Treasury Circular No.01/2004 dated 24 February 2003, the annual financial statements of the statutory boards shall be submitted to the Auditor General within 60 days from the close of the year of accounts, whereas financial statements for the year 2019 had not been presented for audit even by the date of this report.

2. Audit Observations

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

Reference to Laws, Rules/Directives	Non-compliance	Comment of the Management	Recommendation
National Film Corporation Trust for Film Artistes and Film Technicians Act, No.3 of 1986			
(a) Sections 3.1 and 3.2 (ii)	Although a Board of Trustees should have been appointed for the management and administration of the Trust, a Board of Trustees had not been appointed since 2013.	Steps have continuously been taken with the line ministry to appoint a Board of Trustees to incorporate the matters, the administration, management and control of the Trust in accordance with National Film	A Board of Trustees should be appointed to manage and control the Trust.

Corporation Trust for Film Artistes and Film Technicians Act, No.3 of 1986.

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| (ii) | Without being followed a proper verification methodology as to whether a retired member of the trust is alive, monthly pension had been banked. | Steps have been taken to update the details of the new pensioners so as not to arise such problematic situations for the time being. | A life certificate of the members should be obtained annually. |
| (iii) | As action had not been taken to raise awareness among the artists and technicians aware of the benefits provided by the trust, it could not be possible to involve new beneficiaries to the Fund | Awareness raising on this matter is being done through the official website of the National Film Corporation and the promotion on new pension benefits through electronic and print media as well as propaganda programmes. | Programs should be implemented to raise awareness among the members of the benefits provided by the Trust. |
| (b) | Section 6.2 Measures had not been taken during the year under review to implement appropriate programmes or strategies to raise funds. | Steps have been taken to raise awareness in the Public sector in the year 2018 and thereby to raise funds. | A program must be implemented to raise funds. |
| (c) | Section 5(3) Although some financial assistance should be provided for the funeral expenses of deceased artists, no such action had been taken thereon. | Although the legal parties of the deceased pensioners were informed on this matter, financial assistance had not been provided during the year under review due to non-submission of relevant requests and documents. | Financial assistance should be provided for funerals of deceased artists. |

2.2 Operations and Review

 The following observations are made

Audit Observation	Comment of the Management	Recommendation
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(a) Although the main objective of the Corporation Trust was to formulate contributory pension schemes, establish benevolent funds, savings funds, savings or thrifts societies and other similar schemes designed to assist film artistes and technicians ; to grant a pension, loan an allowance, housing facilities or any other similar benefit, any financial assistance if he is under any physical or mental disability and is unable to engage in his occupation, any financial or other assistance in respect of funeral expenses, no attention had been paid on sources of financing for that purpose.	Having focused on the implementation of the objectives of the Trust specified in Section 05 of the National Film Corporation Trust for Film Artistes and Film Technicians Act, the National Film Corporation has taken steps to obtain financial provision of Rs. 10 million from the General Treasury.	Attention should be paid on the sources of financing for the establishment of savings or thrift societies for the betterment of the members.
(b) Sums totaling Rs.9,370,000 had been paid as pensions for the film artists and film technicians during the year under review and any amount had not been paid on funeral assistance or medical aid.	Not commented.	The possibility to grant funeral assistance or medical aid for the beneficiaries should be taken into account.

2.3 Management Activities

Audit Observation	Comment of the Management	Recommendation
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In terms of Rule No.05 of the Trust, any member is not eligible to receive retirement benefits if he receives other types of pension benefit, provident fund or subsidy. Nevertheless, it was observed that the Trust had not yet examined or collected information in accordance with that Rule in respect of artists who are paid pension benefits.	If there are such beneficiaries, a decision will be taken regarding their pension payments after the appointment of the Board of Trustees.	Information should be called for in order to identify members who are ineligible to receive retirement benefits in accordance with Rule 3.5 of the Trust.

2.4 Underutilization of Funds

Audit Observation	Comment of the Management	Recommendation
The average monthly balance of the bank current account maintained by the Corporation Trust during the last quarter of 2019 was Rs. 9.25 million and no action had been taken to invest that money effectively in the short-term investments and earn additional income.	The observations are correct. Action will be taken to earn an additional income through effective short-term investment of funds in the future.	The excess money in the current account should be invested in the short-term investments and earn an income.