

## Superior Courts Complex Management Board – 2010

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### 1. Financial Statements

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#### 1:1 Opinion

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So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Superior Courts Complex Management Board had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1.2 of this report, the financial statements have been prepared in accordance with Generally Accepted Accounting Principles, give a true and fair view of the state of affairs of the Superior Courts Complex Management Board as at 31 December 2010 and the financial results of its operations and cash flows for the year then ended.

#### 1:2: Comments of Financial Statements

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##### 1.2.1 Accounting Deficiencies

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The value of the land on which the Superior Courts Complex is situated had not been assessed and brought to account.

##### 1:2:2 Accounts Receivable and Payable

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The following observations are made .

- (a) Out of 73 debtor balances totalling Rs.3,543,248 as at the end of the year under review, 67 balances totalling Rs.3,081,082 had been outstanding from 01 to 05 years and balances totalling Rs.462,166 had been outstanding for over 5 years.

- (b) Out of 41 creditor balances totalling Rs.470,383 as at the end of the year under review, 24 balances totalling Rs.192,221 had not been settled from 01 to 05 years and 17 balances totalling Rs.278,162 had not been settled for over 05 years.

### 1.2.3. **Non-compliance with Laws, Rules, Regulations and Management Decisions**

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 Non-compliance with the following laws, rules regulations etc. were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
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(a) Financial Regulation 371 and Public Finance Circular No. 428 of 28 May 2008	Even though the petty cash imprest is limited to Rs. 7,500 a sum of the Rs. 30,000 is being used as the petty cash imprest.
(b) Treasury Circular No. 2004/01 of 24 February 2004	The draft Annual Report had not been furnished within 60 days after the close of the year of accounts.
(c) Treasury Circular No. 842 of 19 December 1978.	A proper Register of Fixed Assets had not been maintained.

## 2. **Financial and Operating Review**

### 2:1 **Financial Review**

#### 2:1:1 **Financial Results**

According to the financial statements presented, the working of the Management Board for the year ended 31 December 2010 had resulted in a deficit of Rs.894,478 as compared with the corresponding deficit of Rs. 2,919,119 for the preceding year. Thus a decrease of Rs.2,024,641 in the deficit for the year under review was observed. The decrease of operating expenditure by a sum of Rs. 2 million had affected in decrease in the deficit.

### 2.1.2 **Transactions of Contentious Nature**

The Board had paid electricity and water bills amounting to Rs. 27,323,893 and Rs. 2,130,605 respectively in the year 2010. Those electricity and water bills included respective charges of the of the other institutions maintained in the Superior Courts Complex building. Action had not been taken for the recovery of the building rent and the electricity and water charges relating to those institutions.

## 2:2 **Operating Review**

### 2:2:1 **Performance**

Out of the 17 projects scheduled for implementing in the year according to the Action Plan , 12 projects had been implemented and 11 out of those had been completed by the end of the year under review.

### 2:2:2 **Budgetary Control**

The Board had received a capital grant of Rs. 4,550,000 from the Treasury during the year under review and only a sum of Rs. 1,650,000 had been utilized.

## 3. **Systems and Controls**

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Board from time to time. Special attention is needed in respect of the following areas of control.

- (a) Fixed Assets
- (b) Inventory
- (c) Debtors and Creditors
- (d) Contract Administration