

Head 234 - Report of the Auditor General on the Department of Registrar of Supreme Court – Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Department of Registrar of Supreme Court. The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of Department of Registrar of Supreme Court – Head 234 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Registrar of the Department on 22 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports presented to Audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Audit Observation

The audit observations of the Department of Registrar of Supreme Court for the year ended 31 December 2017 revealed in audit appear in Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations appear in paragraph 2.1 to 2.8 of this report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 128(1)	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph of the report which included the Observation
Financial Regulations		
128(1)(a) That the work of his department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavour is made to complete the programme of work laid down for the year and/or to attain the targets specified,	<ol style="list-style-type: none"> 1. Action Plan had not been prepared 2. Non-utilization of provisions. 3. Excess provision made. 4. Deficiencies in the training of staff. 	<p>2.1</p> <p>2.4(a)</p> <p>2.4(b)</p> <p>2.8</p>
128(1)(c) That the Financial Regulations and other supplementary instructions of the Government are adhered to in his department, and that they are supplemented by departmental instructions, where necessary.	Deficiencies in the conduct of Audit and Management Committee Meetings	2.7

128(1)(e)	That adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment, and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions.	Deficiencies in the documentation of assets.	2.3
128(1)(h)	That special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery	Failure to recover the outstanding loans of advances to public officers	2.5(a)
128(1)(i)	That the activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business	Deviations from the Procurement Guidelines	2.2

128(1)(o) That the procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence's, faults or frauds on the part of officers/employees and surcharges are imposed on officers/employees responsible for such losses in terms of F.R.156(1). Failure to recover the cash not banked from the officers responsible. 2.6(b)

2. Material and Significant Audit Observations

2.1 Planning

The Action Plan for the year 2017 had not been prepared in terms of Public Finance Circular No.01/2014 of 17 February 2014.

2.2 Procurement of Supplies and Services

Five computers and 25 Tabs valued at Rs.10.16 million had been purchased in 05 instances by the Department in the year under review. The following observations are made in this connection.

- (a) The Master Procurement Plan had not been prepared in terms of Guideline 4.2.1 of the Government Procurement Guidelines.

- (b) The proceedings of the public bid opening relating to procurements under Shopping Method, had not been recorded in the prescribed format in terms of Guidelines 6.3.3 and 6.3.6 of the Government Procurement Guidelines.

- (c) Immediately after the evaluation is completed, the Technical Evaluation Committee should prepare a bid evaluation report and submit to the Procurement Committee together with all supporting documents in terms of Guideline 7.11.1 of the Government Procurement Guidelines. Nevertheless, it had not been so done by the Technical Evaluation Committee.

- (d) Formal contract agreements had not been entered into contrary to Guideline 8.9.1(b) of the Government Procurement Guidelines.

- (e) The computers and accessories purchased had not been included in the Register of Fixed Assets on computers, accessories and software in terms of Treasury Circular No.IAI/2002/02 of 28 November 2002.

- (f) In terms of Guideline 4.2.3 of the Government Procurement Guidelines, the goods expected to be purchased in the year under review should be included in the Procurement Plan and purchased in accordance with the Procurement Time Schedule. Nevertheless, action had not been taken accordingly in purchasing 25 Tabs valued at Rs.4.95 million.

2.3 Asset Management

The following deficiency was revealed in the audit test check carried out in respect of the assets owned by the Department.

Documentation of Assets

The Register of Fixed Assets on computers, accessories and software had been maintained in terms of Treasury Circulars No. 842 of 19 December 1978 and No. IAI/2002/02 of 28 November 2002. Nevertheless, every asset of the Department had not been included in those registers. In terms of Asset Management Circular No.01/2017 of 28 June 2017 of the Comptroller General Office, information on assets owned by the

Department had been submitted to the Comptroller General. However, that information was not tallied with the information stated in Registers of Fixed Assets. Moreover, information on 10 motor vehicles, 88 plant and machinery and 2,382 office equipment and furniture had been submitted to the Comptroller General Office while the value thereof had not been assessed and stated in the report.

2.4 Utilization of Provisions authorized by Parliament for the Performance of Functions

Information on the utilization and savings of provision made for the Department during the year under review and preceding year is given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
		Rs. Million	Rs. Million	Rs. Million	
2016	Recurrent	152.9	143.1	9.8	6.41
	Capital	9.4	4.6	4.8	51.06
	Total	162.3	147.7	14.6	9.00
2017	Recurrent	160.9	147.8	13.1	8.14
	Capital	11.7	9.4	2.3	19.66
	Total	172.6	157.2	15.4	8.92

The following observations are made in this connection.

(a) Non-utilization of Provisions

The entire net provision amounting to Rs.65,000 made for 02 Objects had been saved due to non-utilization.

(b) Making Excess Provision

Excess provision had been made for 10 Objects and as such the savings, after the utilization of provisions, ranged between 21 per cent to 89 per cent of the net provisions relating to the respective Objects.

(c) Incurring of Commitments exceeding Provisions

Commitments amounting to Rs.317,111 had been incurred exceeding the balance after the utilization of provisions made for 04 Objects.

2.5 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.23401 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
16.00	15.98	10.00	12.32	40.00	36.80

The following observations are made in this connection.

- (a) According to the Reconciliation Statement presented to audit, the total outstanding balance as at 31 December 2017 except the loan balances of the officers transferred out, amounted to Rs.138,312. Even though the said outstanding balances were brought forward over a period ranging from 06 months to 05 years, the Department had failed to recover those outstanding loan balances even by the end of the year under review.

(b) The balance of the Advances to Public Officers Account between the Departmental Books and Treasury Books revealed a difference of Rs.65,245. Even though the said balance was brought forward since the year 2012, it had not been reconciled and rectified in terms of Financial Regulation 427 even by the end of the year under review.

2.6 Deficiencies in the Operation of Bank Accounts

The following observations are made.

(a) Action in terms of Financial Regulation 396(d) had not been taken in respect of a cheque valued at Rs.5,000 issued on 31 December 2017 in the Bank Current Account but not presented for payment despite a lapse of 06 months .

(b) The Department had failed to take action even by August 2018 in terms of Financial Regulation 104(1) with regard to a sum of Rs.48,978 shown in the Bank Reconciliation Statement as at 31 December 2017 and not banked over a period of one year and to recover from the officers responsible for the deficit.

2.7 Audit and Management Committee

In terms of provisions in the Management Audit Circular No.DMA/2009(1)(i) of 09 June 2009 amended by the Management Audit Circular No.DMA/2009(1)(i) of 28 January 2016, 04 meetings of the Audit and Management Committee should be held in a year as one for each quarter. Nevertheless, only 02 meetings of the Committee had been held in the year under review although the Audit and Management Committee had been established in the Ministry of Justice.

2.8 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The particulars relating to the approved cadre, actual cadre, vacancies and excess cadre as at 31 December 2017 are given below. The Department had spent a sum of Rs.85.78 million on the category of Personal Emoluments of the administration of Supreme Court for the year under review. Further, a sum of Rs.50.89 million had been spent on the administration of the Court of Appeal.

Administration of Supreme Court

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	05	06	01	02
(ii)	Tertiary Level	13	10	05	02
(iii)	Secondary Level	111	75	42	06
(iv)	Primary Level	103	89	18	04
(v)	Casual/Contract basis	-	02	-	02
	Total	232	182	66	16

Administration of Court of Appeal

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i) Senior Level	03	01	02	-
(ii) Tertiary Level	18	09	09	-
(iii) Secondary Level	49	54	-	05
(iv) Primary Level	45	43	02	-
Total	115	107	13	05
Grand Total	347	289	79	21

The following observation is made.

Out of 181 officers in the staff of the Department, 138 officers had not been given any kind of training during the year 2017.