

Head 4 - Report of the Auditor General on Judges of the Superior Courts - 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 Judges of the Superior Courts. 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 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 the Judges of the Superior Courts– Head 4 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 on 03 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 Judges of the Superior Courts 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 included in the Management Audit Report appear in paragraph 2.1 to 2.5 of this report. It was observed that the accountability as the Chief 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 specified in the Financial Regulation 127 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 127	Non-compliance of the Accounting Officer to the Provision	Reference to the Paragraph of the report Containing Observations
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Financial Regulations

127 (1)(a)	has planned the financial work of his department so that the business is transacted with correctness and financial propriety.	1. Non utilization of provisions made	2.3
		2. Deficiencies in Internal Audit	2.4
127(1)(b)	has evolved a system which provides adequate controls over expenditure and the collection of revenues.	Deficiencies in the Human Resources Management	2.5

127(2)	that existing items of expenditure, as well as proposals for new or increased expenditure in the departments under his control, are closely examined in the Ministry from the points of view of economy and efficiency;	Internal Audit	2.4
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2. Material and Significant Audit Observations

2.1 Key Functions

- (a) Jurisdiction in respect of Constitutional Matters.
- (b) Jurisdiction in respect of Fundamental Rights.
- (c) Final and appellate Jurisdiction.
- (d) Consultative Jurisdiction.
- (e) Jurisdiction in Election Petitions (Presidential Election).
- (f) Jurisdiction in respect of any breach of privileges of the Parliament.
- (g) Jurisdiction in respect of such other matters which Parliament may by law vest or ordain.
- (h) Admission, Enrolment, Suspension and Removal of Attorneys-At-Law.

2.2 Conduct of Annual Boards of Survey

Boards of Survey should be conducted within the time frame mentioned in the Paragraph 3 of the Public Finance Circular No. 05/2016 of 31 March 2016 and action on the excesses and shortages reported accordingly should be finalized and the Reports should be submitted to the Auditor General before 17 March of every Financial Year. Nevertheless, the Institution had not furnished the report of the Annual Boards of Survey in terms of the Circular to the Auditor General.

2.3 Utilization of Provisions made by Parliament for the Performance of Functions

Information pertaining to the provisions allocated to the Institution and utilization of provisions and the savings during the year ended on 31 December 2017 and during the previous year and audit observations in that regard are mentioned below.

Year	Type of Expenditure	Net Provisions	Utilization	Savings	Savings as a percentage of the net provisions
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		Rs. Million	Rs. Million	Rs. Million	
2016	Recurrent	131.0	108.6	22.4	17
	Capital	43.6	38.4	5.2	11.9
	Total	174.6	147.0	27.6	15.8
2017	Recurrent	137.2	129.5	7.7	5.6
	Capital	56.3	53.3	3	5.1
	Total	193.5	182.8	10.7	5.5

The following observations are made in this regard.

(a) Appropriation Account

The following observations are made.

(i) Non-utilization of Provisions made

The entire net provision of Rs. 0.92 million made for 03 objects had been saved without being utilized.

(ii) Excess Provisions

Excess provision of Rs. 4.14 million had been made for 10 Objects and as such the savings, after the utilization of provisions totalling Rs. 12.15 million only, ranged between 15 per cent to 95 per cent of the net provisions relating to the respective Objects.

2.4 Internal Audit

An Internal Audit had not been conducted for the Judges of the Supreme Court in the year under review.

2.5 **Human Resources Management**

Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The Number of approved cadre, actual cadre, vacancies for the performance of the function mentinoed in paragraph 2.1 above as at 31 December 2017 had been 23, 22 and 01 respectively and the number of vacancies of the Staff as at 17 October 2018 had been 02. A sum of Rs. 87.49 million had been spent by the Judges of the Superior Courts (In Head No. 4) for the category of personal emoluments for the year under review.