

Head 004 - Judges of the Superior Courts

1. Financial Statements

1.1 Qualified Opinion

Head 004 - The audit of the financial statements of the Judges of the Superior Courts for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) 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. The Summary Report containing my comments and observations on the financial statements of the Judges of the Superior Courts was issued to the Accounting Officer on 26 May 2023 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the department was issued to the Accounting Officer on 26 June 2023 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Judges of the Superior Courts as at 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me regarding on the financial statements of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Non-Compliance of Financial Statements with Circular Provisions

The financial statements should be prepared in terms of state Accounts Guideline No. 2022/05 dated 13 December 2022, however, instances of non-compliance with those provisions appear below.

	Audit observation	Comment of the accounting Officer	Recommendation
(a)	According to paragraph 7.5 of state Accounts Guideline No. 2022/05 dated 13 th December 2022, the balance of the statement of the financial performance as at 31 December 2022 should be equal to the total of the balance as at statement of imprest reconciliation and the imprest balance at end of the year, but the balance of the statement of financial performance as at 31 December 2022, Rs. 1,425,420 imprest balance has not been shown .	-	Financial statements should be prepared in terms of State Accounts guideline.
(b)	As per the treasury books of ACA-3 as at 31 December 2022, the imprest balance was shown as Rs.1,425,420, but in the statement of financial position, it has not been shown under financial assets as cash in transit and imprest balance under current liabilities.	-	The imprest balance should be shown correctly in the statement of financial position.

1.6.2 Accounting Deficiencies

(a) Recurrent Expenditure

The following deficiency was observed in accounting recurrent expenditure relating to the financial Statements.

Audit observation	Comment of the Accounting Officer	Recommendation
Vehicle maintenance cost of Rs.100,000 was shown under investing activities instead of being shown under operating activities in the statement of cash flows as rehabilitation and improvement of capital assets. As a result, the cash flow under operating activities was understated and the cash flow under investing activities was overstated.	An amount of Rs.100,000 has been spent under the subject of capital asset rehabilitation and improvement, and as this is a capital expenditure, it has been included in the acquisition of investments in the cash flow statement.	The data should be entered under the correct classification in the cash flow statement.

(b) Capital Expenditure

The following deficiency was observed in accounting capital expenditure relating to the financial statements.

Audit observation	Comment of the Accounting Officer	Recommendation
Construction of physical assets, purchase and acquisition of other investments under investment activities in the cash flow statement, although the value of acquisition is Rs. 82,920, but it has been over stated by Rs. 100,000 as mentioned it as Rs. 182,920.	It had been informed that steps will be taken to act with this in the coming years as per the instructions of the State Accounts Department.	The correct data should be entered to the cash flow statement.

(c) **Non – maintenance of Registers and Books**

It was observed during audit test checks that the department had not maintained the following registers in the proper and updated manner.

Audit observation	Comment of the accounting Officer	Recommendation
Log books of 12 vehicles have not been updated as per Finance Regulation 1645(a)	<p>The details of 04 vehicles accidents are recorded in the log book of the respective vehicle. It had been informed that the log books in respect of all the vehicles of the Supreme Court Judges have been updated.</p> <p>It had been informed that the monthly summary of journeys related to these vehicles, all the information related to annual license and vehicle repairs have been entered and updated in the log book.</p>	Log books should be updated and maintained.

2. Financial Review

2.1 Expenditure Management

Audit observation	Comment of the Accounting Officer	Recommendation
(a) The entire allocation of Rs. 2,400,000 for 02 recurrent objects and 04 capital objects had been saved.	In accordance with the instructions and awareness given by the National Budget Circular No. 05/2022 dated 26 April 2022, the expenditure on buildings and constructions, vehicles, machines, and machinery was controlled as much as possible. Furthermore, due to the state economic instability in the country at that time, it had been informed that steps will be taken to fully control the capital expenditure.	Expenditure estimates should be prepared with proper study.

- (b) There were Rs. 14,990,000 Provisions for domestic travel Expenditure estimates allocations for 08 recurrent and foreign travel expenses of should be prepared with objects and 05 capital objects. Honorable Supreme Court and proper study Furthermore, among those Court of Appeal judges had to be limited due to the covid situation in the country. Furthermore, due to the non-application of government property loans as expected for the year 2022 by the Honorable Supreme Court and Court of Appeal Judges, the provisions in the object of property loan interest expenses have been left.
- (c) An allocation of Rs. 7,976,000 That Rs. 7,976,000/- obtained Adequate provision was obtained through through supplementary should be transferred. supplementary provisions for a provisions for the object of 004 – 1 – 1 – 1301 recurrent vehicle expenses have been object, and Rs. 410,000 was completely utilized for vehicle transferred through Financial repair, it was also informed that due to the fact that the vouchers Regulation 66, but there was expected to be paid from the remained an allocation of amount transferred by FR 66 Rs. 367,420. The balance is 90 were not received by the percent of the transfer value. accounts division by the end of the year, the amount could not be spent.
- (d) According to paragraph 03(xvii) In the year 2022, due to the un should concentrate in of the National Budget Circular expected increase in the prices following the No. 03/2022 dated 26 April, of stationery, the monthly Circular instructions 2022, if there is savings of the increase in fuel prices, and the increase in the prices of the spare parts used for the repairs of the vehicles used for the duties of the Honorable Judges, in order to avoid the lack of provision in those objects, The above-mentioned objects. It had been informed that provisions were transferred by FR 66.

2.2. Incurring of liabilities and Commitments.

Audit observation	Comment of the accounting Officer	Recommendation
(a) SA 92 cumulative liability report mentions Rs. 479,871 value of liabilities were not included in the Statement of Liabilities and the Register of Liabilities as on 31 December 2022.	The error was later corrected as this omission of vouchers did not result in cancellation from the Cigas program.	The correct liability value should be shown in the financial statements and in the liability register
(b) The Statement of commitments and Liabilities (Annexure iii) as at 31 December was not included in the Financial Statement.	-	The Statement of commitments and Liabilities (Annexure iii) should be included in the financial statement.
(c) Although Rs.91,000 related to the year 2022 belonging to two objects were paid in the year 2023, those liabilities were not included in the statement of liabilities and the register of liabilities in the financial statement.	It had been informed that these expenses were incurred in the month of 2022/12, but due to the vouchers not being properly received by the accounts department and due to omission, they were not included in the debit register by omission.	Liabilities must be properly disclosed.

2.3 Certification of Chief Accounting Officer/ Accounting Officer

Accounting Officer should certify the following matters in terms of provisions set out in section 38 of the National Audit Act, No 19 of 2018. However, it had not been so done.

Audit observation	Comments of the Accounting Officer	Recommendation
(i) The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems, and accordingly make any	It had been informed that the monthly reports, answers to audit queries and annual financial statements have been properly prepared and submitted for audit.	Action should be taken in terms of provisions in Section 38 of National Audit Act No. 19 of 2018.

alterations as required for such systems to be effectively carried out. such reviews should be carried out in writing, and a copy thereof Should be presented to the Auditor General. But no statements had been furnished to the audit that the reviews had been carried out.

- (ii) The Chief Accounting Officer and the Accounting Officer shall ensure the timely preparation and submission of annual and other financial statements; and, in addition, the Chief Accounting Officer shall be required to submit annual reports to Parliament pertaining to the auditee entity. However, the said requirements had not been fulfilled due to audit observation indicated in Paragraph 3.2 in the report
- It had been informed that the summary report of the Auditor General's for the year 2021 was received on 02 June 2022, the performance report was translated in three languages and sent to the Prime Minister's Office for approval on 09th September 2022, furthermore it has been presented to the Parliament on 02 November 2022.
- Actions should be taken in terms of Section 38 of the National Audit Act No. 19 of 2018.

2.4 Non- compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Observation					
Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance	Comments of the Accounting Officer	Recommendation	
(i) Statutory Provisions					
The provisions of the Stamp Duty Act No. 43 of 1982	6,389,842	In 34 cases Payments above Rs.25,000 were not done with under the Act.	It had been informed that the vouchers were stamped.	Actions should be done in terms of the Stamp Duty Act shall be followed.	

(ii) **Public**

Administration

Circulars

Paragraph 03
(IV) of Circular
No. 11 dated 14
July 2006

A report was not prepared monthly as per Annexure 02 of the circular For 25 vehicles which were assigned to officers

According to the Public Administration Circular 11/2006, it has been informed that it has not possible to send the documents to the Honorable Supreme Court Judges to complete the documents mentioned in Annexure 02 in accordance with the measures to be taken regarding official vehicles.

Actions Should be done as per the circular.

Paragraph 3.1 of
Circular No.
30/2016 dated 31
December 2016

Fuel consumption has not tested in respect of 12 vehicles

It had been informed that no fuel check has been done so far because those official vehicles have been used by the Honorable Supreme Court and Court of Appeal Judges

Actions Should be done as per the circular.

2.5 Issuance and Settlement of Advances

Audit Observation

Comments of the Accounting Officer

Recommendation

According to paragraph 9.1 (b) of public Finance Circular No. 01/2020 dated 28 August 2020, after issuing an sub imprest advance, the said sub imprest advance must be settle within 10 days after completion of the work, but a period of time ranging 01 month to 3 months and 17 days was taken to settle the sub imprest amounting to Rs.95,800 given in 08 occasions

In many cases, sub imprest have been given for the affairs of the Chief Justice's official residence, and the relevant officers have been informed about it and necessary arrangements have been made for proper settlement in the future.

Ad - hoc sub imprest advances should be paid without any delay as per circular and Finance Regulations.

3. Operating Review

3.1 Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to paragraph 03 of the Public Finance Circular No. 02/2020 dated 28 August 2020, the annual action plan for the coming year should be prepared and submitted to the Chief Accounting Officer for execution of approved estimate before 15 December of the transition year to obtain approval, but the action plan for the year 2022 Submitted on 28 April 2023.	It had been informed that the Annual Action Plan for the year 2022 has been prepared and sent for the approval of the Chief Accounting Officer on 27 January 2022, and a copy of it has also been forwarded to the Auditor General.	As per the circular, the annual action plan should be prepared and submitted on the due date.
(b) According to Guideline No. 12 for the preparation of Annual Action Plan of (public Finance Circular No. 2/2020 dated 28 August 2020) the matters to be included in the Annual Action Plan have not been considered.	It had been informed that the action plan for the year 2023 has been prepared according to the circular	Annual action plan should be prepared as per the guideline.

3.2 Annual Performance Report

In terms of paragraph 10.2 of Public Finance Circular No.2/2020 of 28 August 2020, the Annual Performance Report should have been prepared in accordance with the Format specified in Guideline 14, issued by the Department of Public Finance. The following observations are made in this connection

Audit observation	Comments of the Accounting Officer	Recommendation
As per the paragraph 12.1 of the circular annual performance report should be submitted before 150 days from the end of the financial year and as per the letter of the Ministry of Finance No.PFD/RED/REG/02/CC/2022 dated 26 May 2022 Performance Report for the year 2021, in case of difficulty in presenting it for tabling in Parliament within said days, it has been extended to 30 June 2022, but	It had been informed that Auditor General's report for the year 2021 was received on 02 June 2022, and the performance report was translated into the three languages and sent to the Prime Minister's Office for approval on 09 September 2022 and was presented to Parliament on 02 nd November 2022.	According to the circular, the performance report should be submitted to the Parliament on the scheduled date.

the annual performance reports for the years 2020 and 2021 were submitted to Parliament on 02 November 2022.

3.3 Procurements

The following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
(a) According to paragraph 04 of the State Finance Circular No. 02/2020 dated 28 August 2020, the annual procurement plan must be prepared and submitted to the Auditor General before 10 December of the year under review, but the procurement plan for the year 2022 was submitted to the Auditor General on 28 April 2023.	It had been informed that the procurement plan for the year 2022 was sent to the Chief Accounting Officer for approval on 26 January 2022, and copies were also forwarded to the Auditor General.	Actions should be taken in terms of the Circular.
(b) According to section 4.2.1 of the Government Procurement Guidelines 2006 and as per guidelines 13 of the above circular, the procurement plan was not prepared to show in detail of the procurement activities for the coming year.	It had been informed that the detailed action plan for the year 2023 has been prepared.	Actions should be taken in terms of the Circular.

3.4 Asset Management

The following observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
According to paragraph 11.1 of the public Finance Circular No. 01/2020 dated 28 August 2020 and paragraph 756 (6) of the Finance Regulation, it has been shown the completion of time frame of the annual board of survey was carried out and completed, but the department had not conducted the annual board of survey according to the time frame.	It had been informed that Board of survey work related to the year 2022 has been completed and currently the Board of survey reports have been handed over.	According to the provisions of the circular, the Board of survey should be done as per the prescribed time frame.

4. Achieving Sustainable Development Goals

The following observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the letter issued by the Ministry of Sustainable Development and Wildlife No. MSDW/08/65 dated 27 April 2018, the department had not prepared a sustainable development program by appointing officers to identify sustainable development goals and indicators for the year 2022 and coordinate the achievement of those sustainable development goals.	It had been informed that sustainable development programs have been prepared by appointing officers to identify sustainable development objectives and indicators and coordinate the achievement of sustainable development objectives.	According to the letter issued by the Ministry of Sustainable Development and Wildlife, a sustainable development program should be prepared.

5. Good Governance

5.1 Rendering of Services to the Public.

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the total number of cases pending in the Supreme Court from January to December 2022 were 6678. Due to 1,196 number of cases concluded cases during that period, the number of cases to be further pending as on 31st December 2022 was 5,482. That is, compared to the cases that were to be pending at the beginning of the year, the number of concluded cases was 18 percent lower.	The total number of cases pending in the Supreme Court on 01 January 2022 are 5,021. The total number of newly filed cases in the year 2022 are 1,657. The total number of cases closed in the year 2022 are 1,196. Accordingly, it was informed that 72 percent of the cases filed during the year have been concluded.	Actions should be taken to increase the performance of the institution.

- (b) From January to December 2022, the total number of cases to be resolved in the Court of Appeal were 4,595, but due to the number of cases resolved during that period being 1,172, the number of cases to be resolved by 31 December 2022 were 3,423. That is, compared to the cases that were to be resolved at the beginning of the year, the number of cases resolved were a lower percentage of 26 percent.
- The total number of cases pending in the Court of Appeal as on 01 January, 2022 are 3,563. The total number of newly filed cases in the year 2022 are 1,032. The total number of cases concluded in the year 2022 are 1,172. Accordingly, it was informed that all the cases filed during the year and 40 cases belonging to previous years have been concluded.
- Actions should be taken to increase the performance of the institution.

5.2 Internal Audit

The following observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
In accordance with the provisions of the Section 40 (1) of the National Audit Act No. 19 of 2018, an Internal audit unit had not been established in the department, and an Internal Auditor had not been appointed.	Audits are carried out by the Ministry's Internal Audit Division. It had been informed that attention has been paid to establish a separate internal audit division.	According to the National Audit Act, actions should be taken to establish an internal audit unit.