

Head 323 - Department of Legal Affairs

1. Financial Statements

1.1 Opinion

Head 323 - The audit of the financial statements of the Department of Legal Affairs for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, and cash flow statement for the year then ended including material accounting policy information 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 Department of Legal Affairs was issued to the Accounting Officer on 10 May 2024 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Department was issued to the Accounting Officer on 02 August 2024 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, the financial statements prepared give a true and fair view of the financial position of the Department of Legal Affairs as at 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. 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 Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Accounting Officer.

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 annual and periodic financial statements to be prepared.

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Department in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on Audit of 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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- Evaluate the overall presentation, 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.

The Accounting Officer is made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare 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 those of the preceding year.
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Non-compliance with Laws, Rules and Regulations

The instances of non-compliance with laws, regulations and management decisions are shown below.

Reference to Laws, Rules and Regulations	Audit Observation Value (Rs.)	Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Financial Regulation 103 (1), 104, 109 (1) 109 (2)	216,155	Actions had not been taken even by 02 September 2024 to complete the investigation and submit a full report regarding the missing laptop computer in the year 2021 and although almost 03 years had elapsed, it had further been stated in the Register of Losses and Damages.	Future actions should be taken in compliance with the investigation as per F.R. 104(1) (a) and the Police investigation as per the recommendations of the Committee appointed to identify those responsible. It is stipulated to take further actions after uncovering specific facts through police investigation.	Actions should be taken in terms of Financial Regulation.

(b) Financial Regulation 891(i) A Register of Actions will be Securities had not taken to act in this been maintained. regard in the future. -do-

(c) Financial Regulation 315 The officers who Actions will be had served in taken to act in this relevant positions in regard in the the year 2023 and to future. keep securities, had not kept securities. -do-

3. Operational Review

3.1 Failure to Obtain Desired Output Levels

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>It had been impossible to get the approval of the Parliament even by 01 August 2024 For the following 09 Acts included in the Annual Action Plans in the years 2021 and 2022 out of the 24 bills submitted for the approval of the Parliament in the year 2023 .</p>	<p>Passing an Act is a very complex process which is carried out based on policy decisions and regular discussions are held with the institutions related to the relevant subjects before sending the Bills to the Parliament for adoption and it is indicated that the occurring delays in presenting them to Parliament according to the decisions of those bodies is not the responsibility of our Department.</p>	<p>Annual activities should be achieved as planned.</p>
<ul style="list-style-type: none"> • The Lady Lahore Loan Fund Act No. 38 of 1951 		
<ul style="list-style-type: none"> • The Demutualization of the Colombo Stock Exchange Bill 		
<ul style="list-style-type: none"> • Institute of Certified Management Accountants of Sri Lanka Act No. 23 of 2009 		
<ul style="list-style-type: none"> • Amendments to Prevention of Money Laundering Act No. 05 of 2006 	<p>Due to the economic problems exist in the country in the years 2021 and 2022, the adoption of the bills related to the domestic debt restructuring process, which is necessary to raise the</p>	
<ul style="list-style-type: none"> • Amendments to the Financial Transactions Reporting Act No. 06 of 2006 		

- Amendments to the Convention on the Suppression of Terrorist Financing Act No. 25 of 2005
 - Amendments to the Regulation of Insurance Industry Act No. 43 of 2000
 - Excise (Special Provisions) Amendment Bill No. 13 of 1989
 - Amendments to the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- economic situation to a higher level, was a prominent task of the Parliament and it has happened according to the policy decisions of the Government.

4. Human Resources Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Out of the 22 approved posts in the Department, 06 posts had remained in vacant and 04 of the vacancies were senior level posts. The post of Director General has been vacant since 2015 and the post of Additional Director General is in vacant from January 2021. One Assistant Director / Deputy Director Post is in vacant from the years 2020 and 2021. The Department had not taken actions to fill up those vacant posts or to revise the approved cadre</p>	<p>The post of Director General is a post to be appointed by the Cabinet of Ministers. Acting post of Additional Director General is held by a Director (Legal) Officer.</p>	<p>Employee vacancies should be filled as per the requirements.</p>