

Head 004 - Judges of the Superior Courts

1. Financial Statements

1.1 Opinion

Head 004 - The audit of the financial statements of the Judges of the Superior Courts 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 ,and notes to the financial statements, 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 including my comments and observations on the financial statements of the Judges of the Superior Courts was issued to the Chief Accounting Officer on 20 May 2024 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Chief Accounting Officer on 19 June 2024. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Judges of the Superior Courts as at 31 December 2023, and of its financial performance and its cash flows 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 responsibility, under those standards is 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 the Accounting Officer for the Financial Statements

The Chief 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 Institution 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 Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Institution 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 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 Chief 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.

2. Financial Review

2.1 Expenditure Management

Audit observation	Comments of the Chief Accounting Officer	Recommendation
(a) The total net allocation of Rs.3,245,000 allocated to three recurrent expenditure objects and one capital expenditure objects had been saved.	It had been informed that these provisions were saved as instructions given in Budget Circular 1/2023, no provision was used for local travel expenses, and due to the non-use of the provision for object 1404 on receipt of the Judge's House Rent Allowance and the building repairs were done under the 2001 object with Chinese aid.	Expenditure estimates should be prepared with proper study.
(b) Rs.15,580,236 saved out of Rs.20,300,000 allocated for 05 recurrent expenditure objects and 04 capital expenditure objects and that saving ranged from 28 percent to 98 percent.	It had been informed that savings have occurred due to following the instructions given in the Budget Circular 1/2023, some goods have been obtained under Chinese aid and the judges who have taken property loans have retired.	Adequate estimates should be prepared.

2.2. Incurring of liabilities and Commitments.

Audit observation	Comments of the Chief Accounting Officer	Recommendation
According to paragraph 3.3 of the State Accounts guideline No. 05/2023 dated 30 November 2023, the Institution's commitments and liabilities should be disclosed as at 31 December 2023 according to commitment numbers, but Liabilities amount of Rs.207,313 were not included in the register of liabilities and Statement of commitment and liabilities in the Financial Statement.	It had been informed that since the payments for December 2022 were made in January 2023, it could not be included in the register of commitments and liabilities due to the end of provisions.	As per the referred circular the correct liability value should be shown in the Financial Statement.

2.3 Certifications of Chief 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 Institution	Recommendation
The Chief Accounting Officer and the Accounting Officer shall ensure that the annual and other financial statements are prepared within the required time and, in addition, the Chief Accounting Officer shall ensure that the annual reports relating to the audited entity are submitted to Parliament, but those requirements were not fulfilled due to the audit observation mentioned in paragraph 3.1(a) of the report.	Although the 2022 Annual Performance Report was submitted to the Parliament with delay, it had been informed that the 2023 Annual Performance Report will be tabled in the Parliament on the scheduled date.	Actions should be taken As per the provisions in Section 38 of National Audit Act No. 19 of 2018.

2.4 Non-compliance with Laws, Rules, 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	Comments of the Chief Accounting Officer	Recommendation
	Reference to Value Non-compliance Laws, Rules and Regulations RS		
(i)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
103 (1) (b)	Accidents should be reported to the police, but in the year 2023, 07 vehicles were not reported to the police.	It had been informed that the officers have been informed to report accidents to the police in the future.	Actions should be taken as per the referred Financial Regulations.
(3)104(4)	As per the Financial Regulations. preliminary investigations were not conducted regarding the accidents of 14 vehicles that happened in the year 2023	It had been informed that the court registrar who conducted the investigations in accordance with M.R.103(1)(b) is currently conducting the investigations even though the investigation has been hampered due to her transfer.	Actions should be taken as per the referred Financial Regulations.
156(5)	1,198,411 Correction of errors in 17 vouchers had not been done as per financial regulations.	Officers have been informed and told that they will do it properly in the future.	Actions should be taken as per the referred Financial Regulations.

) 237a(i)	466,200	While making payments related to 07 repairs, according to the Financial Regulations, no arrangements were made to obtain a certificate from a responsible officer related to that work.	Since there are no technical officers to check the photocopy machines, computers and printers after repair, it had been informed that from this year, the officer who will be using the relevant machine will get a certificate about the operation of the machine.	Actions should be taken as per the referred Financial Regulations.
(ii) Public Administration Circular				
Paragraph 03 of Circular No. 13/2008 dated 26 June 2008		As per the circular a monthly report had not been prepared for 33 assigned vehicles.	It had been informed that the officers to prepare monthly reports in future.	Actions should be taken as per the referred Circular to prepare monthly reports for vehicles.
Paragraph 3.1 of Circular No. 30/2016 dated 29 December 2016		As per the Circular, no fuel consumption test was done in respect of 33 official vehicles.	It had been informed that the 33 vehicles are not pool vehicles, because they are official vehicles assigned to the judges, fuel will not be provided and only a fuel allowance will be provided.	Actions should be taken as per the referred Circular.
(iii) Public Finance Circular				
Paragraph 04 of Public Finance Circular No.02/2020 dated 28 August 2020		The annual procurement plan had been submitted to the Auditor General on October 30, 2023 after a delay of 10 months and 20 days.	It had been informed that the procurement plan for the year 2023 has not been properly prepared and its copies have not been forwarded, and the procurement plan for the year 2024 has been properly prepared and issued to the relevant divisions.	Actions should be taken as per the referred Circular.

(iv) **Assets Management Circular**

<p>Paragraph 02(i) of Assets Management Circular No.02/2017 dated 21 December 2017</p>	<p>Even by date of the report, 07 vehicles provided by the Attorney General's Department and the Ministry of Justice had not been taken over as per the circular provisions.</p>	<p>It had been informed that the necessary actions have been taken to formally register the vehicles given by other institutions in the name of the institution.</p>	<p>Actions should be taken as per the referred Circular.</p>
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2.5 Issuance and Settlement of Advances

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>As per the amended Public Financial Circular No. 01/2020 dated 28 August 2020, the amended Financial Regulation No. 371(2), sub imprest given to staff officers for any specific tasks must be repaid within 10 days It took a period of 02 months 10 days to 05 months 20 days to settle the total of Rs.91,615 sub imprest giving in 03 occasions.</p>	<p>had been informed that by now, the relevant officers were informed to limit the issuance of sub imprest and minimize time delays as much as possible, and steps have been taken to issue sub imprest only to staff It officers.</p>	<p>Actions should be taken as per the referred Circular and Financial regulations.</p>

3 Operating Review

3.1 Annual performance Report

In terms of paragraph 10.2 of Public Finance Circular No. 02/2020 dated 28 August , 2020, The Annual performance Report should have been prepared in accordance with the Format specified in the Guideline 14, issued by the Department of Public Finance The following observations are made in that regard.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>(a) As per the paragraph 12.1 of Circular No. 02/2020 dated 28 August 2020, the Annual Performance Report must be submitted to Parliament for tabling before 150 days from the end of the financial year, but the annual report for the year 2022 has been submitted to Parliament with a delay of 02</p>	<p>Although the 2022 Annual Performance Report has been submitted to the Parliament late, it was also informed that the 2023 Annual Performance Report will be tabled in the Parliament on the scheduled date.</p>	<p>As per the referred circular, the performance report should be submitted to the Parliament on the due date.</p>

months on 28 July 2023.

- (b) As per the paragraph 10.2 of Public Finance Circular No. 02/2020 dated 28 August 2020, the Annual Performance Report was not submitted with the financial statements in terms of section 16(2) of the National Audit Act No. 19 of 2018.
- It had been informed that the Annual Performance Report to be submitted with the Financial Statements as per the provisions of the State Finance Circular and the National Audit Act has now been submitted to the Audit branch.
- As per the referred circular, the performance report should be submitted

3.2 Losses and damages

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) According to loss and Damages register there are 02 number of accidents below Rs.25,000 and the value is Rs.40,641 but in the statement of losses and waivers in Annexure (i) of the financial statement there are 01 accident below Rs.25,000 and its value was stated as Rs.16,991.	It should be correct as two losses below Rs.25,000 and the loss of vehicle bearing WPKV 3902 was less than Rs.25,000 but by omission it was entered in the loss column above Rs.25,000.	It should be Accurately record losses and waivers in the Financial Statement.
(b) According to the loss and damages register, there are 11 number of accidents above Rs.25,000 and the value of which is Rs.1,504,934, but in the statement of losses and waivers in Annexure (i) of the financial statement, the number of accidents above Rs.25,000 is shown as 18. and its value was stated as Rs.1,528,584. Among these accidents there were 06 accidents that the loss was not estimated .	Agree with Observation and It had been informed that the value of the loss of 06 accidents has not been estimated so far.	It should be Accurately record losses and waivers in the Financial Statement.

4. Good Governance
4.1 Internal Audit

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
As per the Paragraph No. 40 (1) of the National Audit Act No. 19 of 2018, the department should have its own internal auditor appointed by the governing body to carry out internal audit work, but no internal auditor position was included in the approved staff of Supreme Court Judges. Further, as per paragraph 03 of Management Audit Circular No. DMA/01-2019 dated 12 January 2019, an Internal Audit Division headed by a Class I officer of the Sri Lanka Accountancy Service under the direct supervision of the Chief Accounting Officer/Accounting Officer shall be established for all Special Expenditure Units but in the Superior Court Judges an internal audit unit had not been established.	The staff under this head of Expenditure is 37 superior Court Judges and includes only general administrative expenses. For this purpose, it was discussed with the government audit department and in the management audit committee meeting that it is impractical to appoint a firstclass officer of the Sri Lanka Accountancy Service as an internal audit officer at a high cost. However, it had been informed that a request will be made by the Department of Management Services of the Ministry of Finance in this regard.	Actions should be taken as per the paragraph No. 40(1) of the National Audit Act No. 19 of 2018.