

Head 234 - Registrar of the Supreme Court

1. Financial Statements

1.1 Qualified Opinion

Head 234 - The audit of the financial statements of the Registrar of the Supreme Court 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 Registrar of the Supreme Court was issued to the Accounting Officer on 28 May 2024 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Institute was issued to the Accounting Officer on 18 July 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, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the Institute 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 Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report 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 Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for 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 .

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Institute 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 and maintained for the financial control of the Institute 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 express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the Summary Report of the Auditor General 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 exercise 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
- It is not intended to express an opinion on the effectiveness of internal control of the plan appropriate audit procedures in a timely manner
- Evaluate the structure of financial statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.
- The transactions and events underlying the structure and content of the financial statements are appropriately and fairly when submitting financial statements as a whole.

The Accounting Officer was 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 in consistent with those of the preceding year.
- (b) Recommendations made by me regarding the financial statements of the preceding year had been implemented .

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Reconciliation Statement on the Advance Accounts of the Government Officers

Audit Observation	Comments of the Accounting Officer	Recommendation
As on 01 January 2023, there was a difference in the balance of Advance 'B' account as per departmental books and treasury computer printout was Rs.68,245 and it had been going forward for about 10 years.	The Director of State Finance has given approval to make the necessary adjustments and had informed that steps have now been taken to update.	Actions should be taken to identify the correct difference.

(b) Balances of Advance Accounts

The following deficiencies were revealed while accounting for the year-end balances of Advance accounts.

Audit Observation	Comments of the Accounting Officer	Recommendation
(i) According to the balance check as on 31 December 2023, although the total advance recovery for the year was Rs.18,983,754 and due to the fact that the amount in the cash flow statement was Rs.14,416,403, the advance receipts in the cash flow statement had been understated by Rs.4,567,351.	It had been informed that only cash transactions have been prepared while preparing the cash flow statement as the balance check includes cash transactions as well as transactions done through cross entries.	Actions should be taken to prepare the Cash flow statement using both cash transactions and cross entries.
(ii) According to the balance check as on 31 December 2023, although the total advance payments for the year were Rs.24,544,976 but due to the amount was Rs.19,977,625 in the cash flow statement, the advance payments had been understated by Rs.4,567,351 in the cash flow statement.	It had been informed that the cash flow statement has been prepared using only cash transactions in the preparation of the cash flow statement, as the balance check includes cash transactions as well as transactions made through cross entries.	Actions should be taken to prepare the Cash flow statement using both cash transactions and cross entries.

2. Financial Review

2.1 Cost Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Due to over-allocation, the estimated allocation of 05 recurrent expenditure subjects and one capital expenditure subject had been left between 35 percent and 52 percent.	Instructions of Budgetary Circular 1/2023 dated 27 January 2023 were followed to use government expenditure more sparingly and reduce non-essential expenditure as much as possible and accordingly it had been informed that the savings indicated had occurred.	Actions should be taken to prepare the estimates with due care focusing on economy and efficiency.

2.2 Entering into liabilities and obligations

Audit Observation	Comments of the Accounting Officer	Recommendation
Although all liabilities relating to the year 2023 should be included in the Register of Liabilities and Treasury SA-92 Statement of Liabilities, expenses of Rs.377,066 had been incurred in January 2024 without being recognized as liabilities for the year 2023.	It had been informed that it was not possible to include the expenses indicated in the inquiry paid in January 2024 in the Register of obligations and liabilities	All the liabilities of the year should be entered in the liability register and in the SA-92 statement.

2.3 Non-compliance with laws, rules and regulations

The instances where the provisions of the laws, rules and regulations observed during the sample audits were not complied with are analyzed below.

Audit Observation	Value	Non-compliance	Comments of the Accounting Officer	Recommendation
Reference to laws, rules and regulations	Rs.			

(i) Statutory Provisions				
Act No. 12 of 2006	10,073,805	Although stamp duty of Rs.25 should be charged for every	It had been informed that from April 2023 stamp duty has been charged for every payment exceeding	Actions should be taken to charge a stamp duty of Rs.25 on every payment

payment over Rs.25,000. above Rs.25,000.
 Rs.25,000 paid to third parties, the payments made on 05 occasions in January 2023 had not been acted in terms of the Act.

(ii) **Public Administration Circulars**

Paragraph 3.1 of Circular No. 30/2016 dated 29 December 2016

Fuel combustion test Regarding two vehicles of the department, had not been carried out as per the circular.

As these vehicles have been sent for repairs, it had been informed that the fuel combustion test would be done after the repairs.

Actions should be taken to proceed as per the circulars referred to.

Paragraph 4.3 of Circular No. 30/2016 dated 29 December 2016 77,800

The recommendations of a qualified mechanical engineer regarding a repair of Rs.77,800 carried out in January 2023 in respect of a departmental vehicle, had not been obtained as per the circular.

By omission, the engineering recommendation for fitting a new battery to this car has not been obtained. It had been informed that instructions have been given to the officials to avoid such lapses in the future.

Actions should be taken to proceed as per the circulars referred to.

2.4 Issuance and Settlement of Advances

Audit Observation

Comments of the Accounting Officer Recommendation

According to Financial Regulation 371(I), although the ad hoc sub imprest should be settled within 10 days after the completion of the relevant work after issuing the ad hoc sub imprest, the advances amounting to Rs.350,000 had not been settled within the stipulated period in 04 cases.

It had been informed that the advance would be settled within 14 days after completion of the related work.

Actions should be taken to proceed as per the Financial Regulations referred to.

3. Operational Review
3.1 Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
According to paragraph 04 of the Public Finance Circular No. 02/2020 dated 28 August 2020, although the annual procurement plan for the implementation of recurring and capital programs of the coming year should be prepared before 10 December of the previous year and the approval of the Chief Accounting Officer should be obtained and a copy of the same should be submitted to the Auditor General, it had been submitted to the Auditor General on 30 October 2023.	It had been informed that due to an omission, it has not been possible to forward the copies to the Auditor General.	Actions should be taken to proceed as per the circular referred to.

3.2 Asset Management

Following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the leasing facility that the department had obtained from a private company for a vehicle had been paid in the year 2023, the transfer of the vehicle to the company had not been completed.	It had been informed that the transferring of this vehicle in the name of the company is currently being done.	Arrangements should be made to take over the ownership immediately.

3.3 Giving Securities of the Government Officers

Following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
09 officers who were supposed to be given securities in the Court of Appeals as per Financial Regulations 880 had not given securities.	It had been informed that the necessary activities were being carried out to recover the securities of the concerned officials.	Arrangements should be made to recover the securities as required.

3.4 Damage and Losses

Following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the damage and loss register, 02 departmental pool vehicles had been involved in accidents in the year 2023 and the loss had not been assessed and included in the financial statement as per the financial regulations.	It had been informed that since the repairs of these two vehicles have not been done till now, it is not possible to estimate the loss.	Actions should be taken to assess the Losses and include in the financial statements of the relevant year.

3.5 Management Weaknesses

Following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A vehicle belonging to the department has been in disrepair for more than 4 years from January 2020 till now and although only mechanical engineering recommendation has been obtained so far, no repairs have been done.	It had been informed that although the recommendation of the mechanical engineer had been called for this vehicle, the recommendation of the mechanical engineer has not been received so far.	Actions should be taken to carry out the Repairs promptly.

- (b) The balance due on 31 December from an officer interdicted on 29 August 2023 was Rs. 183,000. It had been informed that investigations are still going on in the Ministry of Public Administration and that they have not been employed in the service so far. Actions should be taken to recover the balance.
- (c) The total number of cases belonging to 14 types of cases to be resolved in the High Court in the year 2023, was 7268 and the number of cases trialed during the year was 1535. It was 21 percent as a percentage and the number of cases to be resolved at the end of the year was 5733. Accordingly, the percentage of resolving cases during the year was at the lowest level. දන්වා තිබුණි. It had been informed that measures have been taken for speedy completion of the cases and accordingly, measures have been started for the speedy completion of other cases under the guidance of the Honourable Chief Justice especially the Commercial High Court, appeals, and accordingly, arrangements would be made for the efficient completion of the cases in the future. Actions should be taken to resolve the cases within the stipulated time.
- (d) During the year under review, the total number of cases filed for resolution of 23 types of cases in the Court of Appeal was 5921 and the number of cases resolved during the year was 1780. It was 30 percent as a percentage and the number of cases to be resolved at the end of the year was 4141. Accordingly, the progress of resolving cases in the Registrar's office of the Court of Appeals was at a minimum level. It had been informed that measures have been taken for the speedy completion of the cases and accordingly, the activities have been started under the guidance of the Honorable Chief Justice for the speedy completion of other cases, especially the Commercial High Court, court of appeal and accordingly, arrangements would be made for the efficient completion of the cases in the future. Actions should be taken to resolve the cases within the stipulated time.

4. Good Governance

4.1 Internal Audit

Following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the provisions of Section 40 (1) of the National Audit Act No. 19 of 2018, the Registrar of the Supreme Court had not established an internal audit unit.	It had been informed that the internal audit would be conducted by the Internal Audit Division of the Ministry of Justice.	Actions should be taken to establish an Internal Audit Unit as per the referred Act.

5. Human Resource Management

Following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As on 31 December 2023, the total approved cadre to the Registrar of the Supreme Court was 558 while the actual cadre on that date was 430. Accordingly, 127 officers remained vacant.	It had been informed that a request has been made to the Secretary of the Judicial Service Commission regarding the cadre vacancies in the department.	Actions should be taken to fill the Vacancies promptly.
(b) An accountant from another department had been employed for the position of Accountant III on a 02-day-a-week basis, and that position remained vacant for more than 02 years from 03 January 2022.	It had been informed that a request has been made to the Secretary of the Judicial Service Commission regarding the cadre vacancies in the department.	Actions should be taken to fill the Vacancies promptly.

- (c) There were vacancies of 40 officers including 06 officers for the post of Court Registrar III, 15 officers for the post of Legal Research Assistant, 15 officers for the post of Court Registrar I, II, III and 04 officers for the post of Court Book Binder in the Office of the Registrar of the Supreme Court
- It had been informed that a request has been made to the Secretary of the Judicial Service Commission regarding the cadre vacancies in the department.
- Actions should be taken to fill the Vacancies promptly.
- (d) There were 10, 09, 08 vacancies in the Court Clerk, Translators, Bookbinder posts in the Court of Appeal Registrar's Office.
- It had been informed that a request had been made to the Secretary of the Judicial Service Commission regarding the staff vacancies in the department.
- Actions should be taken to fill the Vacancies promptly.