

Head 228 - Department of Court Administration - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 228 - The audit of the financial statements of the Department of Court Administration for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Department of Court Administration was issued to the Accounting Officer on 16 June 2025 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 15 September 2025 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 fair view in all the material aspects of the financial position of the Department of Court Administration as at 31 December 2024 and its financial performance and cash flow in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

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 Emphasis of Matter- Basis of Preparation of Financial Statements

I draw attention to Note 1 of the financial statements, which describes the basis of preparation of these financial statements. The financial statements had been prepared for the requirement of the Department of Court Administration, the Treasury and the Parliament in accordance with Financial Regulations 150 and 151 of the Government and State Accounts Guideline No. 06/2024 dated 16 December 2024, as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Court Administration, the Treasury and the Parliament of Sri Lanka. My opinion in this regard is not modified.

1.4 Responsibilities of the Chief Accounting Officer and Accounting Officer on Financial Statements

The Accounting Officer is responsible to prepare financial statements that give a true and fair view in all material aspects and to determine such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error in accordance with Government Finance Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025.

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.

1.5 Auditor's Responsibility on 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 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.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

The following deficiency was observed in accounting for property, plant, and equipment.

Audit Observation	Comments of the Accounting Officer	Recommendation
An amount of Rs. 34,295,863 paid in the year 2024 included in buildings and official quarters under Schedule SA-82 relating to non-financial assets, had been included in the opening balance of Work-in-Progress – 9160 for the year 2024.	The difference observed between the closing balance for the year 2023 and the opening balance for the year 2024 under “Office Buildings and Official Quarters” in Schedule SA-82 had occurred due to the completion of construction projects that had been included under Work-in-Progress – Code No. 9160. Since the value of those completed projects had been removed from Work-in-Progress and accounted as office buildings and official quarters under Code No. 9151 through the CIGAS system, it had been stated that the adjustment in the opening balance of assets in the CIGAS system was due to the capitalization of those completed projects.	Expenditure incurred during the year should be accounted in relation to that year.

2. Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) and Section 38 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 on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Management of Expenditure

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	During the year under review, provisions amounting to Rs. 1,844,770 relating to 03 recurrent objects and Rs. 16,243,815 relating to 05 capital objects had remained unutilized, and it ranged between 16 percent and 70 percent.	It had been stated that the savings in provisions had occurred due to incurring only essential expenditure, absence of requirements, temporary suspension of procurements, and the inability to implement certain projects.	Estimates should be prepared with a proper study.
(b)	The entire supplementary provision of Rs. 880,000 allocated under Expenditure object 228-1-1-1-1503- Public Institutions had remained unutilized at the end of the year under review.	It had been stated that, the supplementary provision had remained unutilized due to delays in the recruitments despite recruitment had been planned and the provision of additional funds by the Department of National Budget to pay the increased cost of living allowance.	The requirement should be properly identified, and supplementary provisions should be requested accurately.

3.2 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though the unutilized provisions relating to 11 expenditure objects amounted to Rs. 48,143,640 as at 31 December 2024, liabilities amounting to Rs. 119,403,596 had been entered as at 31 December 2024. Accordingly, the value of liabilities exceeding the provisions amounted to Rs. 71,259,955.	It had been stated that this situation had arisen due to entering into commitments to ensure the uninterrupted daily operations of courts, transfers under the Financial Regulation 66 and limitations of expenditure imposed through the budget circulars.	Commitments should be managed within the provisions made available.

3.3 Non-compliance with Laws, Rules and regulations

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

	Observation	Comments of the Accounting Officer	Recommendation
	Reference to laws, rules and regulations	Non-compliance	
(a)	The Financial Regulations of the Democratic Socialist Republic of Sri Lanka.		
(i)	Financial Regulation 104	Final reports of the Board of Inquiry had not been submitted in respect of 02 and 09 vehicles that met with accidents in the years 2022 and 2023, and in the year under review, respectively.	In terms of Financial Regulation 104, the Courts had been informed to conduct inquiries and submit the final reports. Action should be taken in accordance with the referred financial regulations.
(ii)	Financial Regulation 396	As at 31 December 2024, action had not been taken in respect of cheques with a value of Rs. 1,831,753 which had elapsed a period exceeding 06 months relating to 23 court bank accounts belonging to 10 High Court zones.	Action should be taken in respect of cheques which had elapsed a period exceeding 06 months in accordance with the referred financial regulations. Action should be taken in accordance with the referred financial regulations.
(b)	Public Administration Circular No. 30/2016 dated 29 December 2016	Fuel combustion tests had not been carried out for 69 vehicles belonging to the Department.	Since it would be more practical for the relevant High Court to carry out the annual fuel combustion test of the official vehicles provided to the Judges, it had been Action should be taken in accordance with the referred circular.

informed in writing that necessary action in this regard should be taken expeditiously in terms of Public Administration Circular No. 30/2016 and the relevant report be submitted to the Ministry.

3.4 Deposit Balances

Audit Observation	Comments of the Accounting Officer	Recommendation
As at the end of the year under review, the balance of the Head Office Deposit Account amounted to Rs. 339,071,224, and according to the age analysis thereof, the deposit balance exceeding 02 years and less than 05 years was amounted to Rs. 240,234,146, while the balance for over 05 years was Rs. 42,597,090.	It had been stated that instructions were issued to the respective officers to take necessary action to release all deposits capable of being released, and where that was not possible, to remit the same to the Government Revenue in terms of Financial Regulation 571.	Action should be taken to release deposits capable of being released in accordance with the provisions.

4. Operating Review

4.1 Non-achievement of expected Output Level

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As at the beginning of the year under review, the total number of cases pending before the High Courts in various categories stood at 16,393, and during the year under review, 17,086 cases had been filed. Accordingly, out of the total of 33,479 cases pending for disposal during the year under review, 16,295 cases had been	It had been indicated that measures had been taken to prevent delays in the legal proceedings, including legal reforms, establishment of courts, recruitment of judicial officers and supporting staff, and strengthening institutions that facilitate the mechanism of the administration of Justice.	Measures should be taken to provide facilities to prevent delays in legal proceedings and to expedite the disposal of cases.

disposed of, while 17,184 cases remained pending as at 31 December. The progress in case disposal during the year under review was 48 per cent.

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| (b) | During the year under review, the total number of labour disputes pending disposal stood at 5,974, of which 2,413 disputes had been settled during the year. Accordingly, 3,561 disputes remained pending as at the end of the year under review. The progress in settlement of labour disputes during the year under review stood at 40 per cent. | It had been indicated that the shortage of staff, physical resources, and infrastructure facilities had contributed to this situation, and that action was being taken to manage them. | Action should be taken to ensure the efficient and expeditious settlement of labour disputes. |
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4.2 Delays in the Execution of Projects

The following observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
Thirty-two new court complex construction and expansion projects, official residence constructions, and archive building projects, initiated based on the budgetary provisions of the Ministry, had been suspended by mutual agreement with the contractors due to adverse economic conditions, increase in material costs, and exceeding price variation limits. The total estimated cost of these 32 projects amounted to Rs. 4,498,222,955, while the cumulative expenditure at the suspension was Rs. 346,177,202. The physical progress of these projects ranged from 1 per cent to 85 per cent.	Among the projects suspended by mutual agreement as mentioned in the audit observation, action is being taken during the year under review to re-bid and recommence those projects whose physical progress had exceeded 50 per cent at the time of suspension. It had been indicated that the remaining projects would be recommenced as provisions are made in future budgets.	Action should be taken to complete the constructions as planned and to achieve their intended objectives.

4.3 Assets Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The official residence of the High Court Judge, located on Asgiriya lamagara Road, Kandy, is situated on a land extent of 40 perches in the City Centre with very high commercial value, and this residence had remained idle without being used for any purpose for a period of approximately 05 years from 2019 up to the end of the year under review.	It had been indicated that the provisions had been made in 2024 for renovations, and the residence would be handed over to the Judge upon completion of the renovation works.	Renovation works should be completed expeditiously and the residence made available for use.
(b) As at the end of the year under review, a total extent of 4.86 acres of land where the High Courts of Tangalle, Balapitiya, Hambantota, Homagama, Ambilipitiya, and Kurunegala were located had not been transferred to the Ministry.	It had been indicated that action was being taken to submit the land transfer proposal to the Ministry of Lands immediately after obtaining the approval of the Director General of National Budget in respect of the land of Balapitiya High Court, that the land of the Balapitiya Court Complex had been referred to the Superintendent of Survey for survey requisitions, that the respective Divisional Secretaries had been informed regarding the lands of Hambantota and Homagama High Courts, that requests were to be made to the Mahaweli Authority for the land at Ambilipitiya, and that land was intended to be acquired for the Kurunegala High Court under a land exchange programme.	Action should be taken to expedite the taking over.
(c) The Ministry had initiated the acquisition of 25 lands, totaling approximately 44 acres in various locations in Sri Lanka, for new court complex construction and expansion projects, as well as	It had been indicated that the takeovers would be carried out legally after the payment of compensation.	Action should be taken to expedite the takeover of these lands.

official residence constructions, during the period from 2000 to 2022. However, as at the end of the year under review, although a considerable period had elapsed, the acquisition of these lands had not been completed.

4.4 Security of Public Officers

The following observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though officers who required to furnish security in Judicial service in terms of Financial Regulation 880 should act accordingly, 107 officers attached to 20 High Courts had not furnished a sum of Rs. 2,471,500 as security during the year under review.	All Judges had been informed, through my letter No. MOJ/E16/Common dated 02 June 2025, to identify officers who had not furnished security in terms of Financial Regulation 880 and Circular No. 01/2011 of the Ministry of Justice, to take immediate action to ensure the submission of security deposits, to forward to me a copy of the security furnished by officers who had complied, and to promptly submit the names of officers who had not furnished security. Accordingly, it had been indicated that action will be taken to identify officers who had not furnished security and to take necessary measures without delay.	Action should be taken to obtain officers' security deposits in terms of the referred Financial Regulations.

4.5 Losses and Damage

The following observation is made.

Audit Observation	Comments of the Accounting Officer	Recommendation
In terms of Financial Regulations 109(1) and (2), as at 31 December 2024, the value of losses and damages still to be recovered in respect of 44 loss and damage	Inquiries have been conducted in terms of Financial Regulation 104 in respect of 08 vehicle accidents, and the relevant reports have been received. It had been indicated that	Action should be taken in respect of losses and damages in terms of the Financial

incidents that occurred in each year within the Department amounted to Rs. 3,439,925.	action was being taken to remove these from the loss and damage register, while practical issues arising in respect of other older vehicle accidents were being addressed so that further action could be taken accordingly.	Regulations.
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4.6 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The procurement value for the construction of the District Magistrate Judge's official residence at Chilaw amounted to Rs. 28,805,130, and the project was scheduled to be commenced in 2020 and completed in 2024. Out of the advance of Rs. 8,283,039 provided for this project, a sum of Rs. 1,844,562 remained to be recovered as at January 2025. The validity period of the advance bond had expired on 19 April 2024, and action had not been taken to extend it even as at the end of the year under review.	The bank had been informed to either extend or recover the advance bond before its expiry. Meanwhile, as the project had been suspended midway and the contractor had withdrawn, the bank was informed to take action to recover it. However, the bank had informed in reply that legal guidance would be sought in this regard. Accordingly, it had been indicated that a final reminder would be issued to the bank for recovery of the bond, and if it was not recovered, further action would be taken based on instructions obtained from the legal division.	Action should be taken to recover promptly the funds advanced to external parties.
(b) An outstanding loan balance amounting to Rs.34,998,533 remained recoverable as at 31 December 2024. This comprised of Rs.8,257,938 from 66 retired officers, Rs.4,454,961 from 30 deceased officers, Rs.10,161,904 from 71 interdicted officers and Rs.12,123,730 from 80 officers who had vacated their posts.	It had been indicated that instructions had been issued to the judicial zones to take immediate action to recover these outstanding loan balances.	Action should be taken to recover the outstanding loan balances without delay.

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| <p>(c) In terms of Paragraph 7.2.5 of Chapter XXIV of the Establishment Code, vehicle loans may be obtained once in 05 years, provided that any previous loans have been fully settled. However, a Registrar who served in the Colombo High Court Zone and interdicted had been granted both a motor vehicle loan and a bicycle loan, resulting in outstanding recoverable amounts of Rs. 107,000 for the motor vehicle loan and Rs. 3,800 for the bicycle loan, which had remained unrecovered for over 10 years.</p> | <p>In terms of Public Finance Circular No. 01/2024(I), the matter had been referred to the General Treasury to obtain approval for the write-off of the outstanding loan balance. Accordingly, it had been indicated that further action would be taken to settle this loan balance in accordance with instructions issued by the Department of Public Finance.</p> | <p>Action should be taken to settle the outstanding loan balances in accordance with the Establishment Code.</p> |
| <p>(d) As at 31 December 2024, a difference of Rs. 13,146,719 was observed between the total in the summary of individual loan balance classification given in the reconciliation statement of the advance B” account of government officers and the balance in the Department’s control account.</p> | <p>It had been indicated that the advance “B” account was prepared based on information from 26 judicial zones. Although accounting errors that occurred in several zones were identifiable in 2024, it was not possible to ascertain whether these errors were confined solely to the accounts of the respective judicial zones or were also recorded erroneously in the Ministry’s control account. Accordingly, it had been indicated that it was not possible to rectify these errors and reconcile the control account of the Ministry and the summary of individual loan balance classification accurately.</p> | <p>The difference between the balance in the control account and the total in the summary of individual loan balance classification should be reconciled.</p> |
| <p>(e) As at 31 December 2024, as per the fine register of 13 High Courts, a total fine of Rs. 3,883,600 was recoverable in respect of 52 cases for the year under review.</p> | <p>Details of fines already recovered in respect of each High Court, together with the fines still to be recovered, had been indicated.</p> | <p>Action should be taken to recover fines within the stipulated period.</p> |

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| (f) | A balance of Rs.67,371,118 relating to rent and work advances paid to contractors of 03 construction projects during the period of 05 years from 2017 to 2022 had remained unrecovered. | It had been indicated that action was being taken to recover the advance money provided for the District Judge's dual official residence construction project- Chilaw and the Court Complex construction project- Walapane through the advance bond, and that legal instructions was being sought regarding the recovery of advance money relevant to the Kekirawa Court building construction project since a fraudulent bond had been submitted. | Advances given to external parties should be recovered without delay. |
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5. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As at the end of the year under review, the Department had an approved cadre of 4,746 officers and an actual cadre of 3,867 officers, resulting in vacancies of 879 officers.	It had been indicated that a request had been submitted to the Committee of Officers appointed by the Cabinet of Ministers to review and manage the recruitment process in the public service and to the Ministry of Public Administration in order to obtain approval to fill the vacancies.	Action should be taken to fill the vacancies without delay.
(b) As at 31 December, the approved cadre for the positions of Office Assistant, Court Security Officer, Process Server, and Fiscal Officer stood at 2,894, 525, and 819 respectively, while the actual cadre for these positions was 2,461, 370, and 590 respectively, resulting in high vacancies of 433, 155, and 229 in the respective positions.	It had been indicated that a request had been submitted to the Committee of Officers appointed by the Cabinet of Ministers to review and manage the recruitment process in the public service and to the Ministry of Public Administration in order to obtain approval to fill the vacancies.	Action should be taken to fill the vacancies without delay.

- (c) As at 31 December, 08 Accountants had been deployed to perform duties at 08 High Courts on acting basis. Out of these officers, 03 had been appointed to duty from the year 2023, while 05 had been assigned from the year 2024.
- Although several letters had been sent to the Ministry of Public Administration notifying the requirement for Accountants, action had not yet been taken to fill these vacancies. However, it had been stated that officers had been assigned on acting basis to the vacant Accountant posts in order to ensure the proper functioning of financial activities at the Zonal High Courts.
- Action should be taken to fill the vacancies without delay.