

**1. Financial Statements**

**1.1 Qualified Opinion**

The audit of the financial statements of the Sri Lanka Judges' Institute for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in net assets 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 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

**1.2 Basis for Qualified Opinion**

My opinion is qualified on the matters described in paragraph 1.5 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 qualified opinion.

**1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

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 of the Institute.

## 1.4 Audit Scope

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 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.
- 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 the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the overall the institute 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 scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Institute, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Institute has complied with applicable written law, or other general or special directions issued by the governing body of the Institute.
- Whether it has performed according to its powers, functions and duties; and
- Whether the resources of the institute had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

## **1.5 Audit Observations on the preparation of Financial Statements**

### **1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards**

| <b>Non-Compliance with the reference to particular Standard</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Management Comment</b>                                                                                                                                     | <b>Recommendation</b>                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| (a) In terms of paragraph 63(e) of Sri Lanka Public Sector Accounting Standard No. 01, values in the financial statements should be presented using level of rounding however, in the financial statements submitted for the year 2024, the values had been presented in cents.                                                                                                                                                                                                                                              | Action has been taken to correct the financial statements, which were presented in rupees and cents without using proper rounding levels.                     | Action should be taken in accordance with the referred accounting standard.    |
| (b) According to paragraph 22 of Sri Lanka Public Sector Accounting Standard No. 02, cash receipts from grants or transfers and other appropriations by the central government or other public sector entities or from other budgetary authority, should be reported under operating activities in the cash flow statement. However, the financial grant received amounting to Rs. 8,408,494 for the year 2024 had been reported under financial activities.                                                                 | It was informed that this has been corrected to reflect it under financial activities and actions have been taken to present it under operational activities. | Action should be taken in accordance with the referred accounting standard.    |
| (c) According to paragraph 65 of Sri Lanka Public Sector Accounting Standard No. 07, the residual value and useful life of an asset should be reviewed at the end of the day of each annual reporting period by reducing them. However, as at December 31, 2024, the institution had not reviewed 06 categories of assets with a total value of Rs. 47,729,163, which had been fully depreciated. Accordingly, this should have been accounted for as a change in an accounting estimate in terms of Sri Lanka Public Sector | It was informed that a revaluation process is currently being carried out.                                                                                    | Assets should be reviewed in accordance with the referred accounting standard. |

Accounting Standard No. 03, but it had not been done so.

#### 1.5.2 Documentary Evidences not made available for Audit

|     | Subject                        | Amount<br>Rs. | Evidences not                                                     | Management Comment                                                                                                                                                                                                                                                                                                   | Recommendation                                                                    |
|-----|--------------------------------|---------------|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| (a) | Property<br>Plant<br>equipment | 3,130,669     | Type of assets, invoices, valuation reports.                      | It was informed that invoices or valuation reports related to these assets purchased prior to the year 2012 are no longer available with the institution. However, information regarding these assets has been obtained from the cash books and accounts of previous years and included in the fixed asset register. | Evidences relevant to verifying the balances of fixed assets should be submitted. |
| (b) | Library books                  | 1,306,195     | Number of books, value of books                                   | It was informed that the deficiencies had occurred due to the renovation of the library and the vacancy of the Librarian post, that a Librarian was appointed on 2025.01.15, and that at present library operations are being carried out in an orderly manner.                                                      | Evidences should be presented to verify the value of the library books.           |
| (c) | Vehicles                       |               | Value of vehicles confirmation documents (valuation reports etc.) | It was informed that these two vehicles had been provided by the Ministry, and that steps will be taken to verify their values and submit to the audit through the Ministry of Justice without delay.                                                                                                                | Action should be taken to verify the values of the vehicles.                      |

## 2. Financial Review

### 2.1 Financial Result

The operating result of the year under review amounted to a surplus of Rs. 2,841,598 and as against deficit in the preceding year amounted to Rs.118,263. Therefore, an improvement

amounting to Rs2,959,861 of the financial result was observed. This improvement is mainly due to capital grant by Rs 8,426,494 increase in foreign grant received by Rs 4,645,460 and increase in foreign training and seminars expenses by Rs 4,819,557.

### **3. Operational Review**

#### **3.1 Management Inefficiencies**

| <b>Audit Observation</b>                                                                                       | <b>Management Comment</b>                                                        | <b>Recommendation</b>                                 |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------|
| The legal database system valued at Rs. 3,517,995 had remained idle from the year 2017 up to 31 December 2024. | It was informed that action was being taken to update the legal database system. | The legal database system should be updated and used. |

#### **3.2 Procurement Management**

| <b>Audit Observation</b>                                                                                                                                                      | <b>Management Comment</b>                                                                                                                                                                                                                                                                                                                                                                                         | <b>Recommendation</b>                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| An amount of Rs. 250,000 had been included in the 2024 procurement plan for staff training program however, the said training program had not been conducted during the year. | It was informed that due to the circular issued on expenditure control, staff recruitments had been restricted, resulting in the institution had been facing a severe staff crisis. However, as a result of continuous representations and requests made, this crisis has now been somewhat resolved. It was also stated that, due to the above reasons, the total allocated amounts could not be fully utilized. | Provisions should be accurately estimated and included in the procurement plan. |

#### **3.3 Human Resources Management**

| <b>Audit Observation</b>                                                                                                                 | <b>Management Comment</b>                                                                                                                                                                                                                                                                                                                                   | <b>Recommendation</b>                                       |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| (a) 31 December 2024, the approved cadre of the institution was 34, whereas the actual cadre was 18, resulting in 16 vacancies of cadre. | It was informed that the Secretary, Research Officer, and Software /Hardware Technical Officer had been recruited in December 2024, while the Librarian and Driver were recruited in January 2025. In addition, it was stated that action is being taken to recruit for the posts of Evaluation and Monitoring, Typist, Driver, and Administrative Officer. | Action should be taken to fill the vacancies without delay. |

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|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| (b) | <p>There were 03 vacancies for 03 senior level positions, 01 vacancy for 01 junior level position, 07 vacancies for 05 secondary level positions, and 04 vacancies for 02 primary level positions.</p>                                                                                                                                                                                                                                                          | <p>It was informed that out of the 03 senior level vacancies, a Secretary and a Research Officer had been recruited, while one Research Officer position still remains vacant and steps are being taken to fill it in due course. The Schemes of Recruitments for the junior managerial level vacancies have been forwarded for approval, and the process is currently in progress. Out of the four secondary level positions, the Librarian was recruited on January 15, and the 03 Management Assistant positions are currently being carried out by officers serving in acting capacity.</p> | <p>Action should be taken to fill the vacancies without delay.</p> |
| (c) | <p>Although providing library facilities for judicial officers is a primary objective of the institution under paragraph 5(d) of the Sri Lanka Judges' Institutions Act No. 46 of 1985, this objective was observed not to have been achieved due to the vacancy in the post of Librarian. In addition, the posts of Evaluation and Monitoring Officer, Administrative Officer, Typist, and Driver were 100 percent vacant according to the approved cadre.</p> | <p>The post of Librarian was recruited on 15.01.2025. Approval for the recruitment of the posts of Evaluation and Monitoring, Typist, Driver, and Administrative Officer was granted by the Department of Management Services on 04.04.2025. Approval for the posts of Evaluation and Monitoring and Typist has been submitted to the Recruitment Review Committee through the Ministry of Justice and it is informed to be currently in progress.</p>                                                                                                                                          | <p>Action should be taken to fill the vacancies without delay.</p> |

**4. Accountability and Good Governance**  
**4.1 Internal Audit**

| <b>Audit Observation</b>                                                                                                                                                                                                                                                                    | <b>Management Comment</b>                              | <b>Recommendation</b>                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| According to paragraph 40(1) of the National Audit Act No. 19 of 2018, the institution should have its own internal auditor duly appointed by the governing board of the entity to carry out internal audit. However, as at 31 December 2024, the post of Internal Auditor remained vacant. | It was informed that action is being taken to recruit. | Action should be taken in accordance with the Audit Act. |