

## Head 234 - Registrar of the Supreme Court

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Registrar of the Supreme Court for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 Registrar of the Supreme Court was issued to the Accounting Officer on 18 June 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018 . The Annual Detailed Management Audit Report of the Registrar of the Supreme Court was issued to the Accounting Officer on 28 July 2020 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 in accordance with the provisions of State Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Registrar of the Supreme Court as at 31 December 2019 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

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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

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The Chief Accounting Officer and the Accounting Officer are 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 Supreme Court 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 Supreme Court 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**

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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 furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control , obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures 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

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I declare the following matters in terms of Sub-section 6 (1)(d) and Section 38 of the National Audit Act No. 19 of 2018 .

- (a) The financial statements are in consistent with those of the preceding year,
- (b) The recommendations made by me regarding the financial statements related to the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Statement of Financial Position

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) Despite there was no balance in the non-financial assets (ACA - 6) as at the end of the preceding year, a sum of Rs. 13,757,201 was taken as the opening balance of the year under review and it had not been revealed even by a note in the financial statements.	Changes in opening balances should be disclosed in a note in the financial statements.	All assets remained as at 31.12.2018 have been included in the accounts as opening balances on the agreement of the Treasury in the year 2019 . This was not disclosed in the notes separately.
(b) The value of 08 vehicles belonging to the Supreme Court had not been included in the financial statements.	The assets which bears legal ownership to the Supreme Court should be included in financial statements.	Although it was discussed with the Department of State Accounts in Treasury to account for the vehicles, it was impossible to reach a final agreement on value. Arrangements will be made to be accounted for by the year 2020 based on the value of insurance of all vehicles owned by the Supreme Court.

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| <p>(c) Although a sum of Rs.8,511,764 had been spent for the purchase of furniture and office equipment and plant and machineries during the year under review, because of acquisition of fixed assets was stated as Rs.8,385,061 through purchasing in the financial statement (Form ACA - 6) a sum of Rs.126,703 had been understated.</p> | <p>The expenditure on acquiring of assets during the year should be capitalized.</p> | <p>It is informed that incurring a sum of Rs.8,511,764 during the year under expenditure objects on acquisition of assets for the year under review and it happens automatically under Non-financial assets 9152 and 9165 under the CIGAS programme and actions will be taken to make aware the Department of State Accounts in Treasury to take necessary actions in this regard.</p> |
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## 1.6.2 Advance Account Balances

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Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Even though the debit balance as per the books of the Registrar of the Supreme Court as at 31 December 2019 in the Advances to Public Officers Account "B" was Rs.38,731,193, since the balance as per the Treasury Books was Rs.38,662,948, a sum of Rs.68,245 had been overstated in the books of the Registrar of the Supreme Court. Due to the lack of documents related to this balance which had been remaining since December 2011, this difference has been bringing forward continuously without rectifying.</p>	<p>Immediate actions should be taken to examine the difference and to correct.</p>	<p>Even though there was an effort to correct the difference, it has not been possible so far. Discussions will be carried out with the relevant parties and take actions to rectify this by the end of the year 2020.</p>

### 1.6.3 Non-compliance with Laws, Rules and Regulations

The instances of non-compliance with Laws, Rules and Regulations observed at the audit test checks carried out are analysed below

Observations ----- Reference to Laws, Rules, Regulations -----	Non-compliance -----	Recommendations -----	Comments of the Accounting Officer -----
<b>(a) Public Administration Circulars</b> -----			
<b>(i)</b> Paragraph 3.1 of Circular No. 30/2016 of 29 December 2016	Fuel tests had not been carried out in respect of 06 vehicles as per the circular provisions.	Actions should be taken in accordance with the circular instructions.	Arrangements have been made to carry out the tests of fuel combustion from the year 2020 onwards under the supervision of the Accountant.
<b>(ii)</b> Circular No. 05/2008(i) of 24 January 2018	The Citizens' Charter had not been implemented.	Actions should be taken in accordance with the circular instructions.	Although the Supreme Court system exists as a Department, as the judicial functions are primarily carrying out but not attended to a charter so far as per Public Administration Circulars 5/2008 and 5/2008 (1), the public needs have been met expeditiously, efficiently, qualitatively and continuously. However, it is informed that arrangements are being made to prepare a Citizens' Charter so as not to be inconsistent with the rules of the Supreme Court.

(iii) Circular No. 02/2018 of 24 January 2018	A Human Resource Development Plan had not been prepared.	Actions should be taken in accordance with the circular instructions.	Necessary advices are being provided to prepare for the year 2020 and further actions have been taken.
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**(b) National Budget**  
**Circular**

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Sub-section 1.1.6 of Circular No. 118 dated 11 October 2004	The total loan balance of an officer who was transferred on 03 June 2019 totalled to Rs.205,810 as distress loan amounting to Rs.197,060 and festival advance amounting to Rs.8,750 had not been recovered.	Actions should be taken in accordance with the circular instructions.	It has been instructed to make arrangements to inform the Ministry of Justice to make the settlement in this year.
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**2. Financial Review**

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**2.1 Operating Bank Accounts**

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) The balance of Rs. 21,014,984 remained as at 31 December 2019 in the current account opened in the Bank of Ceylon on 24 August 1983 has been bringing forward inactive for several years.	Actions should be taken as per the instructions of the Department of Treasury Operations.	A sum of Rs.21,000,000 from the balance as at 2019.12.31 has been deposited for litigations. It has been decided to close this account after having instructions with the Department of Treasury Operations for the

settlement of this. Actions are being taken to identify the balance remained amounting to Rs. 14,984 .

- (b) The cash totalled to Rs. 48,978 that had revealed in February 2017 but not deposited in the bank had continuously been shown in the bank reconciliation statement. The reasons for not deposited in the bank should be identified and expedite the necessary actions to be taken. Because of the disciplinary actions are being carried out by the Judicial Services Commission and the Ministry of Justice for the cash that had revealed in February 2017 but not deposited in the banks totalled to Rs. 48,978, the relevant balance could not be settled.

### 3. Human Resource Management

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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(a) Six had been recruited exceeding the approved cadre for the post of Judicial Registrar II of the Supreme Court and 02 posts of Typist.	Actions should be taken to get the excess staff approved.	The authority to recruit Judicial Registrar II and Typist has only to the Judicial Services Commission. These are the officers transferred in and attached by the Judicial Services Commission on current service requirement.

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| <p><b>(b)</b> Five had been recruited exceeding the approved cadre for the post of Programme Assistant in the Court of Appeal.</p> | <p>Actions should be taken to get the excess staff approved.</p>  | <p>Actions will be taken in future to refer to the Department of Management Services through the Judicial Services Commission.</p>  |
| <p><b>(c)</b> There were 17 vacancies in the cadre for 06 approved posts in the Supreme Court .</p>                                | <p>Actions should be taken to make some assessment on the staff required to carry out the objectives and main functions of the institution effectively and to fill the essential vacancies.</p> | <p>The Judicial Services Commission has been made aware of the vacancies in the posts of Judicial Registrar, Judicial Clerk, Judicial Stenographer (English). The Ministry of Justice has been made aware of the vacancies in Translator Development Officer Primary and Non-Technical Grade Posts.</p> |
| <p><b>(d)</b> There were 20 vacancies in the cadre for 07 approved posts in the Court of Appeal.</p>                               | <p>Actions should be taken to make some assessment on the staff required to carry out the objectives and main functions of the institution effectively and to fill the essential vacancies.</p> | <p>Vacancies have arisen due to retirement from the post of Registrar. The Judicial Services Commission on the vacancies in the posts of Clerk, Stenographer, Typist, Book Binder, and the Ministry of Justice regarding the vacancies in the posts of Translator and Office Assistant.</p>             |