

## **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 2020 comprising the statement of financial position as at 31 December 2020 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 28 June 2021 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 28 June 2021 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 2020 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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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**

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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**

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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:

- 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

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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

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### 1.6.1 Statement of Financial Performance

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#### Recurrent Expenditure

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<b>Audit Observation</b>	<b>Comments of the Accountng Officer</b>	<b>Recommendation</b>
It had been accounted for an insurance expense of Rs. 61,948 belonging to the Supreme Court Judges' Expenditure Head under the Expenditure Head of the Registrar of the Supreme Court and an insurance expense of Rs. 77,436 belonging to the Expenditure Head of Registrar of the Supreme Court under the Expenditure Head of the Supreme Court Judges.	Since the relevant vehicles were used for the activities of the Registrar's Office of the Supreme Court and as it was also used for the activities of Supreme Court Judges Head, payments have also been made under Head No. 04.	It should be accounted for under the accurate Heads.

## 1.6.2 Statement of Financial Position

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### (a) Non – Financial Assets

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>There was a difference of Rs. 3,342,396 in between the statement of non-financial assets and the Treasury printout in relation to the value of assets purchased during the year.</p>	<p>Actions will be taken to correct this difference with CIGAS.</p>	<p>Financial statements should be prepared in terms of the Circular reconciling Treasury Accounts with Departmental Accounts.</p>

### (b) Financial Assets

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>The closing balance remained in a dormant current account in the year under review amounting to Rs. 21,014,984 had not disclosed in the financial statements.</p>	<p>Because of this bank account is not currently active, it has not been mentioned in the financial statements and actions are being taken to send the balance of this account to the General Treasury .</p>	<p>The dormant account balances should be disclosed in the financial statements.</p>

### 1.6.3 Reconciliation Statement on Advances to Public Officers' Account

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) The overstated debit balance in the Departmental Books brought forward from 2011 amounting to Rs. 68,245 had not been settled.	This balance which has been bringing forward since 2011 could not be able to correct so far on failure to find documents.	Unresolved old balances for years need to be settled.
(b) The closing balance of annual reconciliation statement had been overstated by Rs. 26,860 due to unreconciled individual debt balances.	Actions will be taken to check these inconsistencies again and to be corrected and informed in future.	Individual debt balances should be equal to the debt balances in the reconciliation statement.

### 1.6.4 Deposits

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
The deposits which were not settled amounting to Rs. 26,314,512 had not been included in the Register of Deposits and there was a difference of Rs. 34,841 in between the balance of the Register of Deposits at the end of the year and the balance of Treasury print out .	A separate deposit ledger for each year is being maintained and a deposit ledger for the year 2020 was also opened. The CIGAS Division of the Department of State Accounts has already been notified of this difference.	Unsettled deposits should be brought forward until being settled. The Treasury balances and balances in financial statements should be kept reconciled.

## 2. Financial Review

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### 2.1 Expenditure Management

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#### Audit Observation

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#### Comments of the Accounting Officer

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#### Recommendation

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(a) The total provision of Rs. 500,000 had been saved in 02 capital expenditure objects.

Even though the capital form of expenditures on buildings and vehicles were expected, such expenditures had not occurred in 2020 .

In preparing expenditure estimates, it should be prepared in accordance with Financial Regulations 50.

(b) Even though the balance of the remaining 05 expenditure objects had ranged from 11 per cent to 99 per cent, reasons for the savings had also not been given because of the percentage was incorrectly stated in less.

The provisions in 1101, 1102, 1201, 1202, 1301 were saved due to the Covid 19 .

Actions should be taken in terms of Paragraph 3.5 of Guidelines 6 of the Public Finance Circular.

(c) Although the saving of an expenditure object was 10.06 per cent of the revised estimate, the reasons for those savings were not stated.

As a result of failure to conduct trainings due to Covid 19, there were savings in provisions.

Actions should be taken in terms of Paragraph 3.5 of Guidelines 6 of the Public Finance Circular.

(d) Out of the additional provision made available for 02 capital expenditure objects amounting to Rs.9,300,000 and Rs.18,400,000 respectively, a sum of Rs.4,281,020 and Rs. 9,212,286 respectively had been saved.

Provisions were obtained for the purchase of furniture and other equipment required for the office of the Registrar with the swearing of the new judges on 01 December 2020 and purchases could not be made as planned by 31 December 2020 .

Additional provisions should be obtained in plans.

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| (e) A sum of Rs.185,620 which was incurred by other Expenditure Heads had not been included into the actual expenditure in the summary of Financing Expenditure. | It is stated that the expenditure made by another Department has not been added to the actual expenditure. | The expenditure made by other Heads of Expenditure should also be included in the actual expenditure. |
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## 2.2 Non-compliance with Laws, Rules, Regulations

The instances of non-compliance with the provisions of the Laws, Rules and Regulations observed during the audit test checks are analyzed below .

Observation -----	Comments of the Accountng Officer -----	Recommendation -----
<b>Reference to Laws, Non-compliance Rules and Regulations</b> -----		
<b>(a)</b> Financial Regulation 454 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka	There was a surplus of 61 units for 10 items and a shortage of 24 units for 03 items in between the stock book balance and the actual balance due to the Purchases and issues were not included in the Inventory Book.	Arrangements have been made to correct the inventory book on the actual balance. Actions should be taken in terms of Financial Regulations.
<b>(b)</b> Paragraphs 04 and 05 of Public Administration Circular No. 02/2018 dated 24 January 2018 .	A Human Resources Plan had not been prepared for the officers.	A Human Resources Plan has been prepared for the year 2021 . Actions should be taken in terms of the Circular.

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| <p>(c) Paragraph 2.2 of the Ministry of Public Administration and Management Circular No. 05/2008 dated 06 February 2018</p> | <p>Actions had not been taken to implement a Citizen / Client Charter.</p>  | <p>Actions are being taken to prepare a Citizens' Charter for the year 2021.</p>          | <p>Actions should be taken in terms of the Circular.</p> |
| <p>(d) Paragraphs 02,05 and 07 of Asset Management Circular No. 04/2018 dated 31 December 2018</p>                           | <p>Actions had not been taken to submit accurate information of non-financial assets to the Comptroller General and to assess the assets.</p> | <p>Actions will be taken to assess the assets this year as per the relevant circular.</p> | <p>Actions should be taken in terms of the Circular.</p> |

### 2.3 Operating Bank Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Actions had not been taken to settle a balance of Rs. 48,978 bringing forward from the year 2017 but not credited to bank as per the bank reconciliation statement.</p>	<p>As soon as the disciplinary action on the balance remained from 2017 amounting to Rs. 48,978 is completed, actions will be taken to settle it on its decision.</p>	<p>Actions should be taken to identify the reasons for not to credit bank account and to take necessary actions promptly.</p>

## 3. Operating Review

### 3.1 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The Annual Performance Report had not been furnished in accordance with Paragraph 10.2 and Guideline 14 of Public Finance Circular No. 02/2020 dated 28 August 2020 .</p>	<p>The relevant report is being prepared and will be submitted as soon as possible.</p>	<p>Arrangements should be made in terms of the Circular.</p>

### 3.2 Assets Management

<b>Audit Observation</b>	<b>Comments of the Accountng Officer</b>	<b>Recommendation</b>
<p>(a) Three underutilized vehicles which were recommended to be handed over to the Technical College by the Board of Survey 2019 had not been handed over as recommended.</p>	<p>It has been informed by letters to take the vehicle to the Technical College and reminders as well has been sent.</p>	<p>Actions should be taken as per the recommendations in Board of Survey.</p>
<p>(b) Actions had not been taken to hand over a vehicle given to the Ministry of Justice valued at Rs. 3,000,000 from a period of one year and or take over a vehicle received from the Ministry of Justice valued at Rs. 4,000,000 .</p>	<p>Necessary actions will be taken to hand over the vehicle provided by us and to take over the vehicle given to us.</p>	<p>Arrangements should be made to take over the assets belonging the Institution.</p>

### 3.3 Keeping Securities By Government Officers

<b>Audit Observation</b>	<b>Comments of the Accountng Officer</b>	<b>Recommendation</b>
<p>Securities had not been obtained from 17 officers who were required to post securities in terms of Public Finance Circular No. 01/2020 dated 28 August 2020, Financial Regulation 315 (1), Public Service Security Ordinance in terms of Financial Regulation 880 and Ministry of Justice Circular No. 01/2011 dated 18 January 2011 .</p>	<p>Documents required for keeping securities have been submitted to the Ministry of Justice and actions will be taken to obtain securities as soon as obtaining the approval of the Ministry.</p>	<p>Arrangements should be made in accordance with relevant Circulars, Financial Regulations, Security Ordinance and Ministry Circulars.</p>

#### 4. Human Resources Management

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Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) There were 81 vacancies at the end of the year under review and two senior level officers and a driver had been employed in excess of the approved number of employees.</p>	<p>Although 09 officers of the Registrar of Courts Grade III have been approved for the Department of the Supreme Court, only two judicial officers have been assigned by 31 December 2020. Similarly, the services of two Officers in Grade I of the Judicial Service has been assigned to this Department by the Judicial Service Commission. The driver of an Honourable Judge of the Court of Appeal has been attached by the Attorney General's Department to the Supreme Court.</p>	<p>Vacancies should be filled within the approved number of employees and actions should be taken to get approval for the excess officers .</p>
<p>(b) There were 15 vacancies for judicial typists in the secondary level even by 21 June 2021 .</p>	<p>Since the approval of the Department of Management Services has been obtained to increase the staff in concurrent with the increase in the number of Honourable Supreme Court Judges as per the 20th Amendment to the Constitution necessary arrangements are being made for the recruitment by now.</p>	<p>Actions should be taken to fill the vacancies.</p>