

Superior Courts Complex Board of Management

1. Financial Statements

1.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 1.2 of this report, the financial statements give a true and fair view of the financial position of the Superior Courts Complex Board of Management as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Comments on Financial Statements

1.2.1 Accounting Deficiencies

The value of 132 items of spare parts of the telephone systems remained at the stores as at end of the year had not been computed and brought to the accounts.

1.2.2 Accounts Payable

Out of the creditors balances amounting to Rs.574,254 remained as at end of the year under review, two sums of Rs.283,970 and Rs.32,086 were relating to more than 05 years and from 01 year to 05 years respectively whereas action had not been taken to settle those balances.

1.2.3 Lack of Evidence for Audit

Evidences shown against each item of the following accounts had not been presented for audit.

	Item of Accounts	Value	Documentary Evidence not Presented
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		Rs.	
(a)	Other Receivables	2,821,455	Letter of confirmation of balances
(b)	Other Payables	10,421,687	Letter of confirmation of balances
(c)	Lands	4,788,000,000	Title deed

1.2.4 Non-compliance with Laws, Rules and Regulations

 The following non-compliances were observed.

Reference to Laws, Rules and Regulations	Non-compliance
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(a) Financial Regulations 802(3)	Even though a register had been maintained in respect of vehicles and machineries, particulars such as date of purchase of vehicle and cost had not been included therein.
(b) Treasury Circular No.IAI/2002/02 dated 28 November 2002	A Register of Computer Fixed Assets had not been maintained in terms of the circular instructions.
(c) Sections from 3.1 to 3.6 of Chapter VIII of the Establishments Code.	Even though expenditure should have been incurred for works which are fall quite outside the normal work, are urgent cannot possibly be performed within the normal hours, the staff of the Board had often engaged in overtime works and a sum of Rs.4,453,905 had been paid in this regard during the year under review.

2. Financial Review

 2.1 Financial Results

 According to the financial statements presented, the operation of the Board for the year ended 31 December 2012 had resulted in a deficit of Rs.11,497,626 as compared with the corresponding deficit of Rs.1,228,632 for the preceding year. The increase of other operating expenditure by Rs.9,042,217 had mainly attributed for the deterioration of financial results for the year under review by Rs.10,268,994 as compared with the preceding year.

2.2 Rapid Increases of Deficit

 The rapid increase of deficit of the Board for the year under review as compared with two preceding years had adversely affected to the Accumulated Fund. Details are given below.

Year	Deficit	Affect to the Accumulated Fund
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	Rs.	Rs.
2010	894,478	43,330,279
2011	2,483,781	(79,475,324)
2012	11,915,862	(197,936,899)

3. Operating Review

3.1 Performance

According to the Action Plan, it was estimated to complete 18 activities during the year 2012. However, it was possible to complete only 07 activities.

3.2 Management Inefficiencies

According to the financial statements, electricity expenditure for the year under review was Rs.38,287,039 and it represented 87 per cent of the total useful expenditure. The following observations are made in this connection.

- i. Even though it was decided by the management that the enhancement of effectiveness of the central air-conditioning system as a long term permanent solution was the only solution to be taken for controlling the electricity expenditure, a suitable procedure had not been implemented in this regard.
- ii. According to the provision of the Budget Circular No.156 dated 16 February 2012, fuel and electricity expenditure should have been managed within the limit of provision made for the relevant expenditure for the year 2012. Even though the electricity expenditure of the Board for the year under review amounted to Rs.38,287,039, the total provision thereon was Rs.27,890,000 and as such, expenditure had incurred exceeding the provision by Rs.10,397,039.
- iii. A sum of Rs.114,191 had been paid as penalty due to not making payment of electricity bills within the specified date.

4. Accountability and Good Governance

Presentation of Financial Statements

Accounting deficiencies amounting to Rs.883,151 revealed at the test check on the draft financial statements were drawn to the attention of the Marshal of the Board. Accordingly, those accounting deficiencies had been rectified and the financial statements had been represented. However, the possibility of existence of further accounting deficiencies outside the samples could not be ruled out.

5. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Board from time to time. Special attention is needed in respect of the following areas of control.

(a) Accounting and Financial Control

(b) Assets Control