

Report of the Auditor General on Head 228 – Department of Courts Administration - Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 228 – Department of Courts Administration for the year ended 31 December 2016, was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 14 August 2017. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Finance and Administrative Regulations. The responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements, whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.6,942.68 million and out of that, Rs.6,575.84 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Department amounted to Rs.366.84 million or 5.28 per cent. Details are given below.

Expenditure	As at 31 December 2016			Savings, as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	5,488.03	5,352.67	135.36	2.47
Capital	1,454.65	1,223.18	231.47	15.91
Total	6,942.68	6,575.85	366.83	5.28

2.2. Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No. 22801 of the Department and the amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
400.00	377.94	230.00	279.05	1,200.00	984.23

2.3 Imprest Account

The balance of the Imprest Account No.7002/000/00328/0016/000 under the Department as at 31 December 2016 amounted to Rs.178.2 million.

2.4 Deposit Account

The balance of the Deposit five Accounts under the Department as at 31 December 2016 totalled Rs.8,594.05 million. Details were given below.

Deposit Account Number	Balance as at 31 December 2016
	Rs. (Mn)
6000/0000/00/0001/0094/000	5,997.53
6000/0000/00/0002/0128/000	12.69
6000/0000/00/0013/0085/000	2,120.82
6000/0000/00/0014/0015/000	365.28
6000/0000/00/0016/0077/000	97.73
Total	<u>8,594.05</u>

2.5 Audit Observation

The Appropriation Account and Reconciliation Statements of the Department of Courts Administration for the year ended 31 December 2016, had been prepared satisfactorily subject to the audit observations, appearing in the Management Audit Report referred to in Paragraph

1.1 above. The material and significant audit observations out of the observations included in the Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

It was observed during audit test check that the Department had not maintained some of the registers shown below and that certain registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observations
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(a) Inventory of Electrical Instruments	Financial Regulation 454 (2)	No written evidence available for verify the maintain of Inventory of Electrical Instruments.
(b) Register of Damages	Financial Regulation 110	Not maintained updated manner.

3.2 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2016 of the Advances to Public Officers Account, Item No.22801.

- (a) A difference of Rs.12,259,540 existed as at 31 December 2016 between the Control Account and the total of individual balances.
- (b) According to the Reconciliation Statement presented to Audit the balances that remained outstanding as at 31 December 2016 totalled Rs.23,346,657 and those outstanding balances remained over periods ranging from 01 year to 30 years, management had not been possible to recover those outstanding balances.

3.3 Assets Management

The following deficiencies were observed during the course of audit test checks carried out relating to the Assets of the Department.

Conduct of Annual Boards of Survey

According to the Public Finance Circular No.05/2016 of 31 March 2016, the Board of Survey for the year 2016 should have been conducted and the reports thereon furnished to the Auditor General before 17 March 2017. Nevertheless, 189 courts under the Department had not furnished those reports even by 30 June 2017. The last Board of Survey conducted, had been for the year 2015.

3.4 Non-compliance

(a) Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.		

(i) Financial Regulation 94	7,454,359	Commitments had been incurred exceeding savings, after utilization of provisions made.
(ii) Financial Regulation 115 (3)	72,079	Relevant authority had not been taken in the year 2017 regarding the expenses of the year 2016.
(iii) Financial Regulation 115 (4)	164,110	The expenses regarding the ceremony of depositing foundation stone for the Homagama Court premises in the year 2014 had reimbursed the legal union on 03 January 2017. Without taken the relevant approval.

3.5 Implementation of Projects under Domestic Financing

Instances of delaying projects and weakness of management of projects observed during the course of audit test checks are given below.

- (i) Out of small volume 26 construction projects total valued of Rs.447.35 million operated during the past 3 years 21 projects had not been completed due dates according to the contract. Delayed period more than one year.

- (ii) Contract valued of Rs.194.11 million of the Wattala courts complex construction contract had been awarded to State Engineering Corporation on 01 March 2013. According to the contract construction works to be completed on 28 February 2014. However, construction period extended in 6 instances upto 31 December 2016, at that date financial progress only of Rs.131.91 million.

3.6 Human Resources Management

Approved Cadre and Actual Cadre

The position of cadre as at 31 December 2016 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	No. of Excess
(i)	Senior Level	386	425	-	39
(ii)	Tertiary Level	445	253	192	-
(iii)	Secondary Level	5,351	4,310	1,041	-
(iv)	Primary Level	4,121	3,834	287	-
	Total	10,303	8,822	1,520	39