

Head 07 - Judicial Service Commission

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statements of the Judicial Service Commission for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 Judicial Service Commission was issued to the Chief Accounting Officer on 15 June 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Commission was issued to the Chief Accounting Officer on 07 July 2022 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, the financial statements prepared give a true and fair view of the financial position of the Judicial Service Commission as at 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Unqualified Opinion

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 on Financial Statements

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 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Commission 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 Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Commission 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

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 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 Chief 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

I declare the following matters in terms of Section 6 (1) (d) and 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 furnished for the preceding year had been implemented.

2. Financial Review

2.1 Non-compliance with Laws, Rules and 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 Chief Accounting Officer	Recommendation
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Reference to Laws, Rules and Regulations	Value Non- compliance		
-----	Rs. -----		
Paragraph 3.1 of State Accounts Guideline No. 03/2021 dated 26 November 2021	Although the trial balance generated by CIGAS Desktop Application as at 31 December 2021 should be attached to the financial statements, the trial balance for the month of December 2021 had been presented.	The trial balance of December 2021 had been attached to the financial statements by a mistake.	Actions should be taken in terms of the State Accounts Guideline.

3. Operating Review

3.1 Annual Performance Report

Audit Observation

Although the Draft Performance Report should be submitted along with the financial statements in terms of Paragraph 10.2 of Public Finance Circular No. 02/2020 dated 28 August 2020, the Commission had not submitted the Performance Reports of the year under review and the preceding year. It was stated in the reply letter dated 09 June 2022 for the Draft Summary Report of the Auditor General for the year under review that the aforesaid report could not be submitted to the Auditor General because there were the matters contain affecting the entire judicial system and the independence of the courts as per the Honorable Attorney General's letter No. AG/28/2016 dated 27.09.2016 .

Comments of the Chief Accounting Officer

As it contains matters related to the entire judicial system and directly affecting the independence of the courts, it is kindly informed that the Performance Reports cannot be submitted along with Audit Reports according to the Honorable Attorney General's letter No. AG/28/2016 dated 27.09.2016 .

Recommendation

Actions should be taken in terms of Paragraph 10.2 of Public Finance Circular No. 02/2020 dated 28 August 2020 .

3.2 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A motor vehicle belonging to the Commission had remained in idle for about 04 years.	Although the actions were taken to dispose this motor vehicle on three occasions, it could not be dispose due to non-availability of a buyer. The Quality Inspection Report obtained on 23.04.2021 also had indicated that the motor vehicle was suitable for disposal. Accordingly, The Tender Board which met on 07.03.2022 has decided to dispose under the formal procurement procedure. Necessary arrangements are being made to appoint the Assessment Board at present.	Actions should be taken in respect of idle assets, in terms of Public Finance Circular No. 01/2020 dated 31 August 2021 .

3.3 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
There was a debt balance of Rs.185,000 due from one officer for more than 04 years by 31 December 2021 .	The officer who was the relevant debtor has been considered to have left the service from 12.07.2017 . Actions are being taken to recover the debt balance as per Public Finance Circular No. 05/2019 .	Arrangements should be made to recover the outstanding loan balance immediately.

4. Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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Although the staff had been approved for the establishment of an Internal Audit Unit of the Judicial Service Commission from the Department of Management Services letter No. DMS/1021/VOL 1 dated 18 July 2017 , an Internal Audit Unit had not been established even by 06 April 2022, the date of audit.	An Internal Audit Unit has not been established due to insufficient space for approved staff since the Judicial Service Commission Secretariat is being maintained in a temporary building. Nevertheless, financial discipline is properly maintained in the institution by making arrangements in terms of the Financial Regulations and related circulars.	Actions should be taken in terms of the provisions in the Section 40 of the National Audit Act No. 19 of 2018 .

5. Human Resources Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) Vacancies and Excesses in the Staff		
(i) The number of vacancies as at 31 December 2021 was 48 as per the staff information of the	It has been mentioned that the number of vacancies in various posts of the Judicial Service	Arrangements should be made to fill up the vacancies

Commission. It had taken 41 per cent of the approved staff.	Commission is 48 which is 41 per cent of the approved number of employees as at 31.12.2021 .	in essential posts.
(ii) There were 10 vacancies in 07 posts that directly affect the achievement of the role of the Commission .	Arrangements have been made to cover the duties belonging to the vacant posts from the existing staff.	Arrangements should be made to fill the vacancies in essential posts.
(iii) The actual number of employees was 29 which exceeded the approved number of employees of the Commission.	Actions have been taken to cover the duties of the posts remained in vacant from the 29 officers remained in excess of the approved number of staff.	Arrangements should be made to get approved the excess staff as required.
(iv) Five officers had been recruited for the post of Registrar of Court who are not belonging to the Approved Staff of the Commission.	As the Judicial Service Commission Secretariat performs the judicial administration of all courts, Registrars of Courts have the knowledge and experience with regard to that. Accordingly, necessary steps are being taken to get the position approved by the Department of Management Services.	Arrangements should be made to get approved the staff as required.
(v) Although the salaries were paid by the judicial administration Expenditure Head , judges and the staff of the court who are performing duties in courts which were administered by the Judicial Service Commission (appointments,	Although the administration of the courts is done by the Commission, the approved and actual number of staff of the Judicial Service Commission Secretariat does not include judges and judicial staff who are deployed in courts because of the salaries for judges and the staff of the	Since the administration of the Courts is being done by the Commission, details about the number of employees of judges and court staff should be maintained.

promotions, transfers etc.) had not been included in the above description. The approved and actual number of the aforesaid staff could not be obtained from the Judicial Service Commission or the Ministry of Justice.

court are paid from the Ministry of Justice Head (228) .

(b) **Human Resources Development Plan**

Actions had not been taken to prepare the Human Resource Development Plan and sign the Annual Performance Agreements in terms of the Public Administration Circular No. 02/2018 dated 24 January 2018 .

The preliminary work to prepare a Human Resource Development Plan for the Judicial Service Commission Secretariat has been done so far and further activities are being done .

Actions should be taken in terms of circular provisions.