

Head 234 - Registrar of the Supreme Court

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statements of the Registrar of the Supreme Court 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 Registrar of the Supreme Court was issued to the Accounting Officer on 02 June 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Department was issued to the Accounting Officer on 30 June 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 the financial position of the Registrar of the Supreme Court 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 evidences I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the 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 Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Institution 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 for the financial control of the Institution 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 exercised 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The total estimated provision made available in the Annual Estimate for 02 expenditure objects amounting to Rs.700,000 had not been utilized due failure to prepare estimates as fully and accurately as possible with proper care in accordance with Financial Regulation 50.	The provisions of these expenditure objects have been ceased as per the Memorandum on the Review of Public Expenditure dated 28.08.2021 and the information has been sent to the Treasury on 21.09.2021 .	The realistic and accurate estimates should be prepared in the preparation of expenditure estimates in terms of Financial Regulations 50 .
(b) A sum of Rs. 2,096,982 and Rs. 2,978,500 or 84 per cent and 99 per cent of the provisions out of the net provision of Rs.2,500,000 and Rs.3,000,000 respectively had been made available for 02 expenditure objects had	Arrangements have been made to cease the provisions of these expenditure objects as per the Memorandum on the Review of Public Expenditure dated 28.08.2021 . Further, the expenditure had to be limited unexpectedly	Realistic expenditure estimates should be prepared with proper care for economy and efficiency in terms of Financial Regulations 50 .

been saved.

because of the office works were not properly done due to the Covid 19 epidemic situation or because of public expenditure management.

- (c) Although the provision of Rs.100,000 had been obtained by transferring as per Financial Regulation 66 for the expenditure object 1409 , it was not observed that the transferring of provisions were done with proper planning due to the saving of provision of Rs.371,734 at the end of the year .

Actions will be taken with a focus on this in future.

Additional provisions should be obtained with a proper plan as per the requirement.

2.2 Entering into Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Liability balances as shown in the statement of commitments and liabilities (Note iii) and the Statement of Liabilities (Note iv) had not been included in the Treasury Accounts Statements SA-92 .	Although it has been included as liabilities in the CIGAS Programme, the data related to the year 2020 were indicated in the Treasury Accounts Statement due to a technical error.	All commitments and liabilities should be reconciled with the Treasury Commitments and Liabilities Account Statement.
(b) Even though the liabilities in the financial statement as at 31 December 2021, totalled to Rs.1,990,342 had been entered in a Register of Liabilities, the details regarding settlement of liabilities therein had not been entered.	Arrangements will be made to enter the details related to the settlement of liabilities in the Register of Liabilities.	Details of all the liabilities and their settlement should be recorded in the Register of Liabilities.

2.3 Non- compliance with Laws, Rules and Regulations

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

Reference to the Laws, Rules, Regulations etc.	Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Financial Regulations of Democratic Socialist Republic of Sri Lanka Financial Regulations 1645	Although a Log Book should be maintained for each vehicle in his custody by the officer-in-charge of vehicles in terms of the General Format 267, log books had not been maintained for the pool vehicles of the Institution.	The officers-in-charge of transport have been advised to proceed in terms of 1645 (a) .	Actions should be taken in accordance with Financial Regulation 1645 (a).
(b) State Accounts Guideline No. 03/2021 dated 26 November 2021			
(i) Section 3.1	The Final Treasury Account Statements of SA 40, SA 41, SA 60, and SA 100 obtained from the new CIGAS web	Accept. It will be properly presented in the next year.	Actions should be taken in terms of State Accounts Guideline with regard to the preparation of financial statements No. 2021/03 dated

application system had not been attached to the financial statements.

26.11.2021 .

(ii) Section 3.4

Although the difference in between the total net provision and the actual expenditure for each expenditure object under each expenditure object code and the reasons for the difference should be shown in Format ACA-2 (ii) , the reasons for the 99 per cent provision savings in expenditure object 2401 had not been submitted.

Actions will be taken to give reasons for the savings in each of the expenditure objects in future.

Actions should be taken in terms of State Accounts Guideline with regard to the preparation of financial statements No. 2021/03 dated 26.11.2021 .

(iii) Format ACA - 06

The statement of non-financial assets of the Institution had been attached in Format ACA-6 instead of the non-financial asset report generated by the new CIGAS Web Application.

Accept. This has occurred by a mistake. Actions will be taken to correct in future.

Actions should be taken in terms of State Accounts Guideline with regard to the preparation of financial statements No. 2021/03 dated 26.11.2021 .

3. Operating Review

3.1 Assets Management

Audit Observation

Office equipment and machines and machineries purchased by the provisions of Head 04 in the year 2021 valued at Rs. 9,383,680 and valued at Rs. 5,595,188 respectively had been entered in the Inventory Book related to 234 Expenditure Head.

Comments of the Accounting Officer

There is a store belonging to the Department of Registrar of Supreme Court and one store keeper does all the work. Therefore, a separate inventory book has not been maintained for Head No. 04 and steps will be taken to formalize this in future.

Recommendation

A separate inventory book should be maintained for the Expenditure Head 04. In terms of Finance Regulation 454 (1) .

3.2 Management Inefficiencies

Audit Observation

(a) The difference in between the debt balance as per Departmental Books and the debt balance as per Treasury Computer Printouts of Advances to Public Officers 'B' Account of Rs. 68,245 that has been carried forward since 2011 had not been settled furthermore and had been brought forward even by the year under review.

Comments of the Accounting Officer

The discussions were made with the Treasury to settle the difference of Rs.68,245 and necessary activities are being carried out to settle the balance in the future. Necessary actions are being carried out to settle the balance in future.

Recommendation

This balance, which has been overstated in the Departmental Books since many years, needs to be settled.

- (b) The advance control accounts maintained had not been properly written and reconciled with Monthly Treasury Statements.
- Due to various reasons in the year 2021, the advance control account could not be properly settled on a monthly basis and it has been properly done in the year 2022 .
- The advance control account should be properly written and balanced and Departmental Books should be reconciled with Treasury Books on monthly basis in terms of According to State Accounts Circular No. 256/2017 dated 05 July 2017 .