

Head 110 – Ministry of Justice

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Justice 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 Ministry of Justice was issued to the Chief Accounting Officer on 17 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 Ministry was issued to the Chief Accounting Officer on 21 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, 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 financial position of the Ministry of Justice 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 Qualified Opinion

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 the 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 Ministry 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 Ministry 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 and obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- 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.
- 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) 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.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Capital Expenditure

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
Even though a sum of Rs. 2.768 Million had been incurred by the Treasury from the provision made available by foreign grants to a capital expenditure object, it had not been accounted for by Treasury printouts or as expenditures of the year. Nevertheless, the surcharge of Rs.3,540 recorded by the Treasury for that expenditure object had been deducted from the capital expenditures and shown in the financial statements.	Arrangements should be made to account for the Laptops which were directly purchased and handed over by the GIZ Project to the Ministry as fixed assets this year.	All the expenses should be accounted for and the Departmental Books should be checked with the Treasury printouts and the entries should be corrected.

(b) Non-financial Assets

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
The expenditure of Rs. 344,544 which had been taken into accounts by Other Expenditure Heads under the furniture and office equipment expenditure object and the value of office equipment purchased from 02 expenditure objects totalled to	There is no possibility of capitalizing the equipment purchased under these expenditure objects in the CIGAS Programme as fixed assets. Therefore, necessary arrangements will be made to record non-financial assets as opening	All the asset purchases should be properly capitalized.

Rs. 22,825,665 had not been capitalized during the year under review. balances after correctly identifying the locations where the equipment remained

1.6.2 Failure to Maintain Records

It was observed during the audit test checks that the following documents had not been maintained regularly in an updated manner.

Audit Observation			Comments of the Chief Accounting Officer	Recommendation
Type of Record	Relevant Regulation	Observations		
(a) Register of Securities	Financial Regulation 891	It had not been maintained .	The relevant officers were informed to identify the officers who should give securities and arrange to deposit the securities and prepare the Register of Securities.	It should identify the officers who has to give securities and the Register of Securities should be maintained in terms of Financial Regulation 891 .
(b) Register of damages	Financial Regulation 110	It had not been updated.	Arrangements should be made to update the Register of Damages and Losses by entering the information of 15 road accidents that had occurred in the year 2021.	All the damages should be entered in the Register of Damages and Losses maintained.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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(a) The net provision of Rs. 355,502,000 which had been made available for 41 details of the expenditure object had entirely saved.	The provisions have saved based on the matters such as limitation of attending of officers to duty, reducing the use of machines and equipment thereby, limitation of foreign travel, failure to incur expenses as expected and not being able to implement programmes as planned as per the Health Guidelines issued as a result of the Covid 19 situation.	As the estimates are prepared based on the Action Plan, actions should be taken to perform the tasks included in the forecast Action Plan within the relevant period.
(b) The following observations are further made regarding the saved provisions mentioned in "a" above.		
(i) Even though a provision of Rs.1,000,000 has been made available through the Foreign Grants and Rs.12,000 under foreign financing related costs for Social Cohesion and Reconciliation Activities Projects of the International Agency for International Development, the Ministry had not submitted project proposals.	At the initial stage of commencement of the Social Cohesion and Reconciliation Activities Foreign Aid Project (SCORE), the Project Submission Form has been submitted and approval has been obtained for the main activities of the Project.	Project proposals should be submitted as per the Action Plan.
(ii) Due to the failure to extend the Memorandum of Understanding with the Government of India, even though the project of construction of rain water filling tanks in Jaffna District has been stopped from the	The duration of the Memorandum of Understanding for the Project has now been extended.	Arrangements should be made to make available the provisions after extending the period of Memorandum of Understanding .

year 2020, the entire provision of Local Funds amounting to Rs.25,000,000 for construction of 3000 systems and a sum of Rs.3,600,000 made available under the foreign financing related cost had saved during the year under review as well.

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| <p>(iii) Even though the provision of Rs. 40 Million had been made available to set up 25 Reconciliation Committees at the District Level, as the Committees were not formed during the year the entire provision had saved.</p> | <p>A sum of Rs. 38.94 Million has been ceased as per the Memorandum of Cabinet on Public Expenditure Review and as a result of Covid 19 epidemic situation, the saved provision also could not be utilized due to the awareness made as the public gatherings should be minimized as per the Health Guidelines issued.</p> | <p>Estimates should be prepared within the capacity of the organization to perform in the financial year with due regard on thrifty and efficiency in terms of Financial Regulation 50 .</p> |
| <p>(iv) The provision of Rs. 9.65 Million obtained to the expenditure object 110-1-2-26-1409 by a Supplementary Estimate to make payments to the law firm that had provided legal service on the maritime disaster occurred from the X-Press Pearl ship had entirely saved as the request made to People's Bank for payment of foreign exchange has been rejected.</p> | <p>As the Treasury Department does not have sufficient foreign exchange, the respective request has been rejected and the provision has saved.</p> | <p>Provisions should be made available through supplementary estimates according to the proper plan.</p> |

(v) Due to the fact that the provision was made through supplementary estimates without proper planning, the provisions of 03 expenditure objects had remained in the range of 21 per cent to 59 per cent.	Description of Expenditure	Reasons for savings	Provisions should be made by obtaining supplements on the basis of ability to perform the work.
	110-1-2-22-2104	Due to infecting of Covid, many of the workers who were employed could not complete the contract construction work as expected.	
	110-1-2-0-1404		
	110-1-2-23-2001	Although it was planned to bring all the Divisions of the Ministry to the Kalutota building, as the Ministry of Finance took considerable time to resolve the issues regarding the lease terms included in the agreement to modernize the Supreme Court complex building and due to maintaining several divisions in the Supreme Court Complex building, provisions have saved.	

2.2 Entering into Liabilities and Commitments

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The liabilities totalled to Rs.1,498,440 indicated in the statement of liabilities (i) (Note iv) had not been entered in the Report on Commitments and Liabilities of the Treasury (SA 92) .	The Statement of Commitments and Liabilities of the Treasury consisted of the commitments and liabilities accounted for by other Departments, District Secretariats to the Expenditure Head of this Ministry.	It should ensure that the figures shown in the financial statements match with the balances shown in the Final Treasury Account Statements as per Paragraph 3.2 of the State Accounts Guideline No. 2021/03 dated 26 November 2021 .
(b) The liabilities totalled to Rs.13,346,860 included in the Statement of Commitments and Liabilities of the Treasury (SA 92) had not been entered in the Statement of Commitments and Liabilities (Note - III) and Statement of Liabilities (i) (Note iv) .	The Statement of Commitments and Liabilities of the Treasury consisted of the commitments and liabilities accounted for by other Departments, District Secretariats to the Expenditure Head of this Ministry. Therefore, it has not been entered in Note III.	It should ensure that the figures shown in the financial statements match with the balances shown in the Final Treasury Account Statements as per Paragraph 3.2 of the State Accounts Guideline No. 2021/03 dated 26 November 2021 .
(c) The liabilities of 05 expenditure objects which should be entered in the statement of commitments and liabilities (Note III) totalled to Rs.741,570 had been included in the statement of liabilities entered into (Note iv) in terms Financial Regulation 94 (2) and (3) .	The Statement of Commitments and Liabilities of the Treasury consisted of the commitments and liabilities accounted for by other Departments, District Secretariats to the Expenditure Head of this Ministry. Therefore, it has not been entered in Note III.	The information should be accurately entered in the financial statements.

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.

Audit Observation			Comments of the Accounting Officer	Recommendation
Reference to the Laws, Rules, Regulations etc.	Value	Non-compliance		
	Rs.			
(a) Financial Regulation of Democratic Socialist Republic of Sri Lanka				
(i) Financial Regulation 94 (1)	58,350	Although it should not engage with any cost or commitment for a work or service or supply unless there is cash provisions in the Annual Estimates, the liabilities had been entered into exceeding the saving of provisions of the year for 02 expenditure objects.	The relevant officers have been instructed to take necessary actions in terms of Financial Regulation accordingly in entering into liabilities in future.	Actions should be taken in terms of Financial Regulation.

(ii)	Financial Regulation 109 (1) and (2)	47,650	Actions had not been taken in terms of the Financial Regulation even by 31 December 2021 in respect of the losses and damages that occurred on 08 occasions from 2012 to November 2021 .	Inquiries as per the Financial Regulation 104 are being carried out in respect of 03 vehicle accidents and writing off of losses and recovery of losses are being done with regard to the other losses.	Actions should be taken in terms of Financial Regulation.
(iii)	Financial Regulation 365 (3)	833,699	Even though it has been specified that the money related to the imprests should not be used for settlement of payments in another financial year other than the specified financial year , the rates pertaining to the year 2022 amounting to Rs. 833,699 had been paid from the provisions of the year 2021 .	Officers were instructed not to make such payments in future.	Actions should be taken in terms of Financial Regulation.
(iv)	Financial Regulation 371 (2) (b)	46,400	Although the ad hoc sub-imprests should be settled just after the completion of the task expected to be done , the money had been held for a period of 10 working days to 07 months, in 06 instances when the full advance amount has been settled in case of cancellation of the task for which the advance amount has been received.	Actions have been taken to inform all the staff officers to make the settlement pertaining to the imprest amount obtained as soon as the completion of the relevant task.	Actions should be taken in terms of Financial Regulation .

(v)	Financial Regulation 835 (3)	-	The Ministry had not sent the copies of agreements of any of the buildings acquired on rental basis, to the Auditor General.	Necessary arrangements will be made to provide copies of the relevant agreements to the Auditor General.	Actions should be taken in terms of Financial Regulation .
(b)	State Accounts Circular No. 250/2016 (1) of the Ministry of State Finance dated 03 August 2016	15,021,830	Because of a separate account number was not obtained from the Department of State Accounts under the General Ledger Accounts for each advance pay, the rent advance balance of Rs.1,722,500 further receivable by the end of the year under review and the work advances of Rs.13,299,330 paid during the year under review had not been disclosed in the rent and work advances account.	As these payments have been made from 2509-8 and 2001 expenditure objects, it has been impossible to obtain advance account numbers. Therefore, these advance balances to be received have not been shown in the rent and work advance account.	Actions should be taken in terms of Circular.

2.4 Deposit Balances

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) In making payments for the contracts in the years 2018 and 2019 , a total of Rs. 518,178 obtained as retention money had not been settled even by 31 December 2021 .	Recommendations have been requested from the Technical Officers to release this retention amount.	Actions should be taken in terms of Contract Agreements.
(b) The amount of Rs. 1,316,041 received from the UNDP Project on 22 March 2017 to settle the expenses	Necessary arrangements are being made to utilize for implementing the mediator training	The funds received should be used for the relevant task and if not, actions should be

incurred for the Mediation Day held in November 2016, had been retained in the deposit account even by 29 April 2022 without spending for the relevant purpose.

programmes in this year .

taken in terms of Financial Regulation 571 .

3. Operating Review

3.1 Planning

Audit Observation

Although it has been emphasized in the Guidelines No. 12 on the preparation of the Annual Action Plan as per Paragraph 03 of the Public Finance Circular No. 02/2020 dated 28 August 2020, area of responsibility, activities and results of the budget-based Prioritized Activity Plan, Imprest Requirements Plan for annual activities, Annual Procurement Plan for planned major development programmes had not been included in the Action Plan prepared for the year 2021 .

Comments of the Chief Accounting Officer

The Action Plan of the year 2021 has been prepared as per the Guidelines issued by the Ministry of National Policy and Economic Affairs No. MNPEA/ APG/15 as per the Decisions of the Cabinet of Ministers dated 22.09.2015.

Recommendation

Action Plan should be prepared as per the Circular.

3.2 Progress of Meeting Performance Indicators

Audit Observation

According to the submitted Draft Performance Report, the Ministry had identified 07 Performance Indicators based on the Action Plan, the targets for 04 indicators out of that had not been achieved in the year 2021 .

Comments of the Chief Accounting Officer

This has occurred, because of the interruption in the continuation of the work of the office due to the COVID 19 epidemic situation, re-discussion and revision of draft laws based on the submission of various

Recommendation

Actions should be taken to Plan realistic and practical performance goals and to fulfill it.

observations of the parties interested in the amendment of the law, delay in certain cases in obtaining approvals of the Cabinet of Ministers and termination of terms of Parliament and inability to identify targets to the National Authority for the Protection of Victims of Crime and Witnesses until the cases pending in the court are over, inability to hold training programmes planned to be held within the Institution as well as in the Zones, as the limitation of gathering the number of persons due to the Covid-19 pandemic.

3.3 Abandonment of Projects without Completion

----- Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
<p>The construction contract of Puttalam Legal Aid and Community Correction Building with 02 floors had been awarded to an external party on 15 September 2010 at a contract value of Rs. 5,583,770 and the work should have been completed on 27 March 2011 . Even though a sum of Rs. 5 Million have been allocated in the year 2014 for the contract, the provision had not been utilized. The Legal Aid Office is being running in the building where only the ground floor was constructed without completing the work of the Project and as a result, the requirement to establish a separate office for counseling and office work of community correction offenders had not fulfilled until May</p>	<p>A letter dated 26.04.2022 and a reminder letter dated 26.05.2022 have been submitted to the contracting agency for further recovery of the amount receivable. If the contracting agency does not act on those letters, it will be sent to the Attorney General's Department and further actions will be taken according to the instructions received there.</p>	<p>The objectives of the construction should be fulfilled and arrangements should be made to recover the amount due.</p>

2022. Further, a total of Rs. 594,286 as a sum of Rs.254,691 from the mobilization advance paid to the said contractor on 21 October 2010 and Rs. 339,535 to be received from the Performance Bond had not been recovered as at 31 December.

3.4 Activities in Contrary to the Main Functions

----- Audit Observation -----	----- Comments of the Chief Accounting Officer -----	----- Recommendation -----
A provision amounting to Rs. 20,000,000 had been made available from the Annual Estimate for the expenditure object 110 - 1 - 05 - 22 - 2509 in the year under review for the construction of a modern specialized economic center in Jaffna connecting Colombo and Dambulla Economic Centers which is not related to the objectives and functions of the Ministry and it had not been utilized.	The construction project has been handed over to the Ministry of Agriculture in December 2020 . Nevertheless, because of the Budget Estimates for the year 2021 have been prepared in September 2020, provisions has been made for the year 2021 for that Project as well.	Provisions should be made through the estimates related to the objectives and functions of the Ministry.

3.5 Failure to Achieve Expected Benefits

----- Audit Observation -----	----- Comments of the Chief Accounting Officer -----	----- Recommendation -----
(a) Proposing that it is appropriate to identify a specific time frame to complete the drafting of a new Constitution by the Honorable Minister of Finance, from the Cabinet Decision Notification Letter dated 10 September 2020 No. 20/1252/330/001 – 1 of the Cabinet Secretary and a sum of Rs. 100 Million had been approved for those expenses. Preparation of time	The provisions have saved on the reasons such as serving of 05 members of the Specialist Committee without having any allowance, failure to use the office facilities initially identified and reserved beyond 31.12.2020 due to the Covid-19 epidemic situation, saving of a lot of expenses due to conducting online meetings, failure to forecast the expenses precisely for	Arrangements should be made as per the Cabinet of Ministers and expenditure estimates should be prepared and provisions should be made for the respective activities with due consideration and thrift.

frame or an estimate for costs had not been made even by the date of audit on 27 December 2021 and a provision totaled to Rs. 158 Million had been made available as Rs. 50,100 and 08 Million from the annual estimates for 2020, 2021 and 2022 respectively. From those provisions, a sum of Rs.41,093,108 and Rs.88,063,094 or 82 per cent and 88 per cent had saved in the years 2020 and 2021 respectively.

this complex process.

- (b) A total of Rs. 20,843,798 had been incurred by holding the initial meeting of the Committee on 09 October 2020, and holding 38 Committee Meetings from that date to 12 December 2021, and holding 09 meetings with external parties. Even though it had been mentioned that the process of drafting and submitting the Constitution should be completed within 06 months from the date of appointment of the Committee and more time can be extended on request as per requirement, in Terms of Reference (TRO) which was submitted without the signature, date and letter number of the Secretary of the Ministry of Justice and also 15 months had elapsed since the committee was appointed as at 31 December 2021, but its task had not been completed.

The formulation of recommendations related to the formulation of a new Constitution is a very complex process and obtaining opinions and suggestions from various parties and reviewing should be carried out. The Members are not the officers who serve full-time and 05 Members have served without receiving any allowance. Similarly, the Committee has played the relevant role amid the Covid-19 epidemic situation and the travel restrictions have been imposed along with it. Considering these facts, His Excellency the President has extended the period of this Committee.

The activities should be done and completed within a specific time frame in carrying out discussions with the relevant parties.

- (c) Further, the Rent of Rs.816,480 paid for 3 unused office rooms and unused office equipment valued at Rs.435,348 included in the payments in (b) above had become idle expenses.
- As the Committee Meetings were held through online technology due to the spread of the Covid-19 pandemic in the country and travel restrictions, reserved room numbers 29,30 and 33 were handed over.
- The office equipment purchased has been used for the new staff and to fulfill the shortcomings in some sectors of the Ministry.
- Public money should be used only for economic transactions after identifying the requirements accurately .
- (d) Even though a total of Rs. 10,180,000 had been paid as Rs.3,100,000 for attending one session as Rs. 25,000 per each and Rs.120,000 as Rs.5,000 for travel allowance per meeting for specialists of the Committee established to draft a new constitution, monthly allowance of Secretary to the Committee amounting to Rs.1,200,000 as Rs. 200,000 per each, monthly allowance of Coordinator amounting to Rs. 600,000 as Rs. 100,000 per each, monthly allowance of full time Research Assistant amounting to Rs. 2,600,000 as Rs.80,000 per each, part-time Research Assistant amounting to Rs.2,560,000 as Rs.40,000 per each by 31 December 2021, an approval had not been obtained for the respective rates.
- Cabinet Paper No. 2022/cab Memo/J/R/38 dated 29.04.2022 has been submitted to obtain a cover approval for making payments for the drafting of a new Constitution.
- Payments made without obtaining the approval of the Treasury should be recovered from the responsible parties.

3.6 Procurements

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>A sum of Rs. 88,436,100 and Rs. 4,768,200 respectively had been paid as rent by renting 03 buildings from external parties and 06 rooms from Bandaranaike International Memorial Conference Hall without following Government Procurement Guidelines.</p>	<p>Arrangements have been made in terms of Procurement Guidelines in renting the building at No. 130, Halfdrop Mawatha Colombo 12 and No. 150, Mihindu Mawatha Colombo 12. Actions have been taken to get the approval to the building at No. 19 Sangharajamawata, Colombo 10 by Cabinet Decision No. CP/21/0842/330/004-1.</p> <p>Arrangements have been made to rent 06 rooms in the Bandaranaike Memorial International Conference Hall after obtaining the approval of the Procurement Committee.</p>	<p>It should be done according to the N.P.A Circular dated 25 January 2006 .</p>

3.7 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) It had not completed land acquiring activities by obtaining the copy of the plan of the land along with the building where the Legal Draftsman Department is located and was built by the Ministry of Justice by incurring Rs. 374,119,204 in the years 2007-2010 .</p>	<p>Necessary arrangements will be made to take over after receiving the Plan.</p>	<p>Legal documents should be obtained.</p>

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| <p>(b) Acquisition activities of the 0.2023 hectare land where the Nuwara Eliya Circuit Bungalow is located, 01 Rood, 10 perches of land where Rakwana Circuit Bungalow is located and 0.1760 hectare of land where Battaramulla Juvenile Magistrate Court is located and dwelling by the Ministry of Justice had not been completed and the values were also not assessed.</p> | <p>Activities of land acquisition is being carried out and actions will be taken to forward for assessment after completion of those activities.</p> | <p>Actions should be taken to obtain legal documents and to get assessed the value.</p> |
| <p>(c) Even though the ownership of an extent of 2.4281 hectares of land belonging to the BCC Lanka Limited had been taken over in the year 2019 and commenced the construction works for the construction of the New Court Complex in Colombo, the valuation report of the land had not been obtained even by 31 December 2021.</p> | <p>Land acquisition activities are being done and by the Divisional Secretariat and actions will be taken to refer to the assessment after handing over the land legally to the Ministry.</p> | <p>The ownership of the land should be transferred immediately and the Assessment Report should be obtained.</p> |
| <p>(d) The ownership of 07 vehicles which had been obtained from other institutions for the use of the Ministry had not been taken over even by 28 February 2022.</p> | <p>Actions are being taken to obtain letters as the Attorney General has no objection to take over the 04 vehicles given by the Attorney General's Department in the name of the Secretary of the Ministry of Justice and to bring the original copies of the registration certificates of the other 03 vehicles from the then State Ministry of Prison Rehabilitation and Prisoner Management.</p> | <p>The ownership should be transferred to the Ministry.</p> |
| <p>(e) A cab with a market value of Rs. 5,000,000 and handed over to the Deputy Minister for his duties met with an accident on 8 March 2017 and after 02 years,</p> | <p>Arrangements have been made to re-appoint the Board of Inquiry as per F.R 104 and an interim report has been submitted by the</p> | <p>Investigations should be completed immediately and damages should be recovered.</p> |

06 months, 20 days (930 days), he had loaded it in another vehicle and brought to the Ministry of Justice premises on 28 September 2019 after being detained at an external location since that day. Although the tenure of the Deputy Minister had ended on 27 October 2018, the vehicle had failed to be formally accepted at that time. The Report of the Board of Inquiry appointed on 07 June 2017 regarding the accident, copy of complaint to police, driver's statement were not available in the file. Although an inquiry was being conducted according to the Financial Regulation 104 again in the year 2021, the party responsible for the accident had not been identified and the government had not recovered the loss or taken legal action even by May 2022 .

Board. Accordingly, the Chief Security Officer of the Supreme Court Complex Management Board has been informed to inform about the dates of the vehicle brought to the Supreme Court Complex after the accident. The persons who were driving the vehicle at the time of the accident occurred and who had formally handed over the vehicle at that time have been informed to give statements.

3.8 Uneconomic Transactions

----- Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) A sum of Rs. 6,567,713 had been paid for the installation of 41,635 square feet of mixed yarn carpets on the first and second floors of the 2 buildings that were not covered with cement and rented for a short period of 03 years from 20 January 2021 to run the offices of the Ministry. There, because of the carpets were laid in the pavements outside the internal office premises,	As a result of the need to run the Ministry in the Kalutota building, which was acquired on rental basis, there was not enough time to prepare the ground with cement and therefore the carpeting had to be done.	The expenditure management should be carried out with proper consideration on economy and frugality for productive activities.

water use points, sanitary points and dining points, identifying of the essential places for carpeting had not been done.

- (b) The Internal Audit Unit of the Ministry was established in the 'Davasa' building which was rented on 01 January 2021 until March 2021 by obtaining the approval of the Cabinet of Ministers mentioning in the Cabinet Memorandum that it was for running of the office of the Special Unit that was established under the Ministry. Subsequently, a sum of Rs. 2,385,000 had been paid as rent by keeping the building in idle for a period of 09 months from April 2021 to 31 December 2021 .
- It was decided to establish the Office of the Court Automation Project by obtaining approval of the Cabinet of Ministers for running the Office of the Special Unit established under the Ministry. The building was used for the various needs on occasion.
- The buildings should be rented identifying the requirement.
- (c) Although the Building No. 130, Halfdrof Mawatha, had been obtained for a Rs. 900,000 on a monthly rental basis from 12 July 2021 to 31 December 2021 stating that the repair works of the Supreme Court Complex building were to be carried out, the rent amount of Rs. 5,070,000 paid had been an uneconomic expenditure because of the renovation works of the High Court Complex Building had not been commenced even by 31 December 2021 . Further, since the drivers of the Ministry are residing in the Supreme Court Complex Building even by December 2021, this building had been rented without paying attention
- Providing of accommodation for Security and Engineering Division employees, establishment of library, establishment of Institute of Training of Non-judicial Officers was established in the rented building. Similarly, it is observed that the accommodation facilities have been provided for the employees of the security department and the engineering department belonging to the Supreme Court complex and all the spaces in the building have been fully utilized and the amount of Rs. 5,070,000 paid for that is not an uneconomic expenditure.
- The requirement should be accurately identified and incurred.

to its ability to provide residential facilities to the Security and Engineering Division employees of the High Court Complex Management Board.

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| <p>(d) Although public expenditure should be done very sparingly in the severe crisis that has occurred in the economy of Sri Lanka, there is a strong need to maintain the financial affairs of the state in the year under review and in the future years, it was observed that a total of Rs. 7,847,207 incurred by the Ministry for the expenses such as festive activities, purchase of foodstuffs and pharmacy medicines from petty cash, publication of advertisements for the opening of court complexes and purchase of food for the same, purchase of a mobile phone, carpeting of the road leading to the official residence of the Minister and decoration of the garden, purchase of Atapirikara and fruits for visiting the chief monks were uneconomic expenditures.</p> | <p>Comments have not been given.</p> | <p>It should act more prudently in the face of financial difficulties.</p> |
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3.9 Management Weaknesses

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) (i) The Assessment of the Government had not been given because of the two buildings taken from an external party on rent basis to establish the Ministry of Justice in a new premises,</p>	<p>The building owner has informed that it is in the process of obtaining the compliance certificate. Then the arrangements will be made to obtain Assessment Report will be obtained. The</p>	<p>In renting buildings, the buildings which were legally certified to be suitable for occupancy in all aspects should be obtained and actions</p>

were abandoned in the middle of the construction work about 15 years ago and the construction of the unused 11 storied building was not suitable for occupancy. Nevertheless, a total of Rs. 77,801,100 had been paid as 3 months rent advance, security deposit and monthly rent as at 31 December 2021, agreeing to pay Rs. 130 per square foot of the building in the first year with an increase of 5 per cent every year thereafter. Similarly, the approved building plans related to these buildings, the Certificate of Confirmation of Suitability for Occupancy and Use (COC Certificate) issued by the Colombo Municipal Council and the condition and the approval of the National Building Research Organization on the suitability of the building for running an office had not been obtained.

stability report of the building has been obtained.

should be taken to make payments in accordance with the Government Assessment Report.

- (ii) Similarly, despite the 4158 square feet of the ground floor of the second building and 8,477 square feet of the first floor had not been utilized as at the date of audit 08 December 2021, a sum of Rs. 21,816,210 had been paid as rent for the year 2021 and an expenditure of Rs. 11,067,732 was also made for the internal finishing works of 4158 square feet on the ground floor and 12530 square feet on the first floor.

Due to the delay in providing electricity, water, internal and external telephone networks, internet facilities, air conditioning facilities, etc. in the building, the establishment of Internal Audit Division, Record Room, Store Room, Driver's Rest Room, Ministerial and Secretarial Offices and Legal Division has delayed.

The buildings should be obtained on rent identifying the requirement accurately.

- (b) The number of disciplinary investigations filed during the period from 2017 to 2021 regarding the disciplinary investigations of the staff of the Ministry and the departments/institutions under it was 107 and 46 disciplinary investigation files had not been concluded by May 2022. Further, 17 disciplinary files which had been filed before 2017 were also available.
- Out of the 107 disciplinary investigations filed from 2017 to 2021, a number of 61 files have been completed by May 2022 and disciplinary proceedings are being carried out in respect of the rest of 46 disciplinary files. Out of the 21 disciplinary files which were filed before 2017, a number of 17 are still pending.
- Disciplinary investigations should be completed promptly and relevant disciplinary actions should be taken.
- (c) The physical progress of the project to construct and implement of 2889 rainwater tanks in Jaffna District could not be ascertained.
- Actions have been taken to bring the Progress Reports of the projects implemented under the Social Infrastructure Development Programme of Reconciliation based Economic Empowerment in the year 2020 to the Ministry.
- Physical progress of the projects implemented should be achieved in time.
- (d) An International Arbitration Center was established in 2013 as a regional center for the resolution of disputes arising from international commercial agreements and other international relations and had been run at a rented location until it was established in a permanent location and a total of Rs.231,288,405 had been paid as rent and administrative expenses from July 2013 to 31 December 2021. Subsequently, this Centre had been incorporated as a Company Limited by Guarantee in December 2016 and it was observed as per the files that the said Company is inactive
- It was suggested that it was more suitable to enter into an agreement with the Port City Economic Commission to maintain inter-connections with Colombo Port to run the arbitration center more effectively and in accordance with international standards. For that purpose, the Memorandum of Understanding which was approved by the Cabinet of Ministers from CP/16/21/1768/390/039-1 dated 12.10.2021 has been signed on 27.12.2021.
- This administrative problem should be resolved promptly and arrangements should be made to fulfill the purpose of the establishment.

as a result of the reasons such as failure to take a decision regarding the provision of the necessary capital for the Company and a failure to appoint a Board of Directors. Accordingly, even though 8 ½ years had elapsed since the center was established, the Ministry of Justice had failed to establish this Centre in a permanent location and the objective of establishment of the Centre had also not been achieved.

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| (e) | The loan balance of 3 interdicted officers/ employees totalled to Rs.323,197 remained unrecovered from the period ranging from 9 to 14 years. | Information about one debtor could not be found and legal proceedings are being carried out to recover the remaining 2 loan balances. | Loan balances should be recovered. |
| (f) | The debt balances of two officers who had left the service totalled to Rs.238,395 had remained unrecovered for the period ranging from 06 to 07 years. | The relevant information has been forwarded to the Attorney General's Department for taking legal actions. | Loan balances should be recovered promptly. |
| (g) | There was a difference of Rs.27,380 in between the actual balance as per Treasury Printout and the actual balance as per Departmental Books as at the end of the year under review in the Annual Reconciliation Statement of Public Officers' Advance "B" Account and also a difference of Rs.8,415 in between the total of the Departmental Books and Individual Debt Balances. | Comments have not been given. | Accurate figures should be shown in the account statements and balances should be reconciled and differences should be corrected. |

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| (h) | A sum of Rs.711,685 due from four retired officers and the special advance balance of Rs.7,600 due from the officers who are in service had not been counted to the total of the debt balances. | Comments have not been given. | Accurate figures should be shown. |
| (i) | As a result of Financial Regulation 66/69 transfers amounting to Rs. 21,624,344 was not indicated in the expenditure summary as per Programmes (ACA - 2) for the year ended 31 December 2021 included in the financial statements, the total net recurrent provisions had been overstated and the capital provisions had been understated by that amount. | By a mistake, it has been impossible to show the F.R. 66 transfers in the summary of expenditure by programmes. | Financial statements should be completed accurately. |

4. Human Resources Management

Audit Observation -----	Comments of the Chief Accounting Officer -----	Recommendation -----
(a) There were vacancies in 15 senior level officers, 05 tertiary level officials and 13 primary level employees in the staff of the Ministry.	Actions are being taken to fill the vacancies.	Vacancies in essential posts should be filled.
(b) An officer has been recruited on contract basis for the post of Administrative Officer of the Conciliation Board Commission for a period of one year and had been employed even by June 2022.	It is stipulated to be make arrangements in future as per the circular of the Public Service Commission Secretary No. PSC/APP/HB/01/2022 dated 25.05.2022 .	Vacancies should be filled on the permanent basis.

- (c) Even though two employees were appointed for 02 posts of still photographer from 03 December 2007 and 24 October 2014, the approval of the Department of Management Services for those 02 posts had not been obtained even by February 2022 .
- Arrangements are being made to obtain the approval of the Department of Management Services for the two still photographer posts.
- Approval of the Department of Management Services should be obtained for the respective positions.
- (d) Even though it had been advised from Cabinet Memorandum No. 12/1783/518/021 to appoint a female officer for the post of Legal Adviser on contract basis for a period of one year with effect from 01 January 2013 and to identify a suitable officer and assign him to the Cabinet Office after the completion of that service period, the Ministry had not taken actions accordingly and extended the contract period year by year up to 20 October 2022 .
- Since the services of such an experienced officer in the field of law were essential for the legal issues and other legal needs presented to the Ministry, the service was extended year after year.
- Actions should be taken in accordance with the Decision of the Cabinet of Ministers.
- (e) A sum of Rs. 1,166,797 had been paid as allowances by deploying in the post of Additional Secretary (Law) who had been recruited on the basis of approval for re-employment of retired officers on contract basis, even after the expiry of the approved contract period without obtaining the approval from 18 October 2021 to 30 April 2022 .
- Since the duties of the post of Additional Secretary (Law) were actually performed from 18.10.2021 to 30.04.2022 as well, an appeal has been forwarded to the Public Service Commission to extend the contract period for that period.
- Retired officers should be re-employed on contract basis only with the approval of the Public Service Commission.