

Head - 323 – Department of Legal Affairs - 2024

1. Financial Statements

1.1 Opinion

Head 323 - The audit of the financial statements of the Department of Legal Affairs for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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 Department of Legal Affairs was issued to the Accounting Officer on 30 May 2025 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 22 July 2025 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 of the Department of Legal Affairs give a true and fair view of the financial position as at 31 December 2024, and its financial performance and cash flows and on all the materialities in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

1.2 Basis for 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 Emphasis of Matter – Basis for preparing Financial Statements

The attention is drawn to the Note 1 related to the Financial Statements which describes the basis of preparing these financial statements. The financial statements have been prepared as per the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 for the requirement of the Department of Legal Affairs, General Treasury and the Parliament. Consequently, these financial statements may not be suitable for other objectives. My report is only for the use of the Department of Legal Affairs, General Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibilities of the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 and

for such internal control as Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per paragraph 16(1) of the National Audit Act No. 19 of 2018, Department of Legal Affairs 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 Department 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.

1.5 Auditor's Responsibility for the 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 the Company's 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me regarding on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Imprest Management

Audit Issue	Comments of the Accounting Officer	Recommendation
Although the Department had planned to request an advance of Rs.25,011,000 from the Treasury for the year 2024, an amount of Rs.60,634,441 had been requested. Accordingly, a variance of 142 percent between the advance amount planned and requested by the Department was observed.	The audit observations are accepted. There is a variance between the planned and requested imprest as the expenditure was extremely limited as per National Budget Circular No. 01/2024 as a compensation of Rs. 39,686,412 had to be paid according to a court decision under a new object 323-01-01-1701.	The imprests should be planned realistically according to the needs.

3.2 Expenditure Management

Audit Issue	Comments of the Accounting Officer	Recommendation
(a) The reductions amounting to a total of Rs.3,220,000 from the estimated provision of six recurrent objects; that is by a range from 8 percent to 95 percent, and increases amounting to a total of Rs.16,300,000 from the estimated provision of three recurrent objects; that is by a range from 1 percent to 20 percent had been done through the transfers by F.R.66 during the year under review.	The audit observations are accepted.	The estimates should be prepared realistically according to the need

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| (b) | A total net provision of Rs.3,355,000 had been made for 08 recurrent and capital objects, and only a sum of Rs.900,396 out of the said amount had been utilized during the year under review, and the provision amounting to a total of Rs. 2,454,604 had been saved. The said balance was in a range from 24 percent to 100 percent of the net provision. | Agreed. Since the expenditure was extremely restricted due to the expenditure management circular issued by the government under the National Budget Circular No. 01/2024, the provision in the recurrent objects had been saved. Also, the provision in the capital objects had been saved due to the fulfillment of needs in other ways and providing only the essential training as per the 2024 Budget Circular No. 01/2024. | - do - |
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3.3 Non-compliance with Law, Rule and Regulation

The instances of non-compliance with laws, rule and regulation as observed in the sample audits examinations are shown below.

	Reference to the with Law, Rule and Regulation	Non-compliance	Comments of the Accounting Officer	Recommendation
(a)	Section 16 (2) of the National Audit Act No.19 of 2018	Although the annual performance report should be submitted to the Auditor General together with the annual financial statements, the performance report of the Department had not been submitted until 21 April 2025.	The officers were instructed to proceed in accordance with the National Audit Act.	The proceeding should be done in accordance with the Audit Act No. 19 of 2018.
(b)	The Circular No. C/A/1/1/1/6/1 dated 09 July 2018 issued by the Secretary	Although a public officer is required to submit a report; as per the format in Annex 06 of the said circular, to the officer approving foreign travel within a period of 7 days upon his return to the island after a foreign travel, three officers who participated in foreign travel during the year 2024 had	- do -	The proceedings should be done as per the instructions of the circular.

to the President. not submitted reports as per the said annexure.

(c) Financial Regulation of the Democratic Socialist Republic of Sri Lanka

315, 880(i) Although officers who are administratively responsible or authorized to accept or be in charge of money, revenue, stamps or goods, distribute government money or issue stamps or goods, and the officers who certify vouchers related to government accounts, and sign cheques are required to give a securities in accordance with the Public Officers' Security Ordinance saying that they will perform their duties honestly, the officers of the department had not provided the securities required for their duties.

Agreed. As an internal circular has not been issued by the Secretary to the Ministry of Finance on how the departmental officers should give security and the steps to be taken in accordance with the security ordinance, the arrangements are to be made to study and proceed about the way of applying the security ordinance to departments in the future.

Proceedings should be done as per the Financial Regulations.

4. Operational Review

4.1. Non-fulfillment of functions

Audit Issue	Comments of the Accounting Officer	Recommendation
Although the activities of 26 bills had been scheduled to be completed and presented to the Parliament according to the Action Plan of the year 2024 in the year under review, 13 bills had not been submitted to	The Parliament has passed 13 bills in the Action Plan 2024. With the formation of a new government at the end of 2024, the remaining 13 bills were presented to the new government for approval for future proceedings. The said bills can be presented to the Parliament according to the priority given by the government. Prior to the submission of the bills to the Parliament based on the policy decisions of the government, constant discussions are held with the institutions related to the relevant subjects and the standpoint of the	Taking steps to bring those bills forward according to the requirement of the country.

Parliament as at the end of the period, and 10 bills that had been included in the Annual Action Plans for 2021, 2022 and 2023 had not been completed as of 31 December 2024. As per the clarifications made by the Department, 06 bills had not been presented to the approval of the Parliament as the priority was not given thereto by the government.

government on the decisions taken by those institutions is sought and the Legal Draftsman's Department makes amendments in accordance with the legal advice of the Attorney General's Department. It is pointed out that the Department is not responsible for the delays occurred in submitting the bills to the Parliament. Passing relevant bills to bring the economic situation of the country to a higher level was a priority task of the Parliament in the years 2021 and 2022. As the proceedings on most of the bills not accomplished are being done in conjunction with the Central Bank, the Central Bank had also given priority to the programs related to bringing the country's economy to a higher level during the said period. Consequently, a special attention was not paid to other bills. It is pointed out that the Department cannot directly interfere in respect of not granting approval for presenting those bills to the Parliament.

4.2 Non-achievement of expected output level

Audit Issue	Comments of the Accounting Officer	Recommendation
The number of pending cases in the Department of Legal Affairs as of 01 January 2024 was 453, and 131 cases were received during the year 2024. Of these, 443 cases had not been completed as of 31 December 2024, and 416 cases had not been completed as of 09 September 2025.	The delay in resolving cases pending in the courts is a social problem existing since a considerable period. Consequently, it has become difficult to conclude cases quickly. New cases have been filed compared to the number of cases concluded within a year. Therefore, as the number of cases concluded within a year decreases due to the method of hearing cases by the courts, it had been difficult to intervene directly regarding this matter according to the subject and functions of our department.	The responsible parties should be informed and the plans should be made to complete the works promptly.

5. Human Resource Management

Audit Issue	Comments of the Accounting Officer	Recommendation
The number of approved posts in the Department was 32, and 06 posts out of those were vacant as on 31 December 2024. It was observed that out of the 11 approved posts representing senior levels including the post of Director General (2015), the post of Director (Legal), and the posts of Assistant Director/Deputy Director (2020 and 2021), 04 posts, that is 36 percent had been vacant. However, the Department had not taken steps to fill the vacancies or to amend the staff appropriately so that the Department can maintain its expected role.	The Secretary, Ministry of Finance has previously been informed in writing and verbally regarding the vacancies in senior level posts. At present, an officer has been attached to this department for the vacant post of Management Service Officer. As the post of Director General is vacant, the post of Driver related to that post also remains vacant.	The employee vacancies should be filled as per the requirement.