

Head 004 - Judges of the Superior Courts - 2024

1. Financial Statements

1.1 Qualified Opinion

Head 004 - The audit of the financial statements of the Judges of the Superior Courts 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 Judges of the Superior Courts was issued to the Chief 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 Chief Accounting Officer on 31 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, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a fair view in all the material aspects of the financial position of the Judges of the Superior Courts as at 31 December 2024 and its financial performance and cash flow in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

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 Emphasis of Matter - Basis of Preparation of Financial Statements

I draw attention to Note 1 of the financial statements, which describes the basis of preparation of these financial statements. The financial statements had been prepared for the requirement of the Judges of the Superior Courts, the Treasury and the Parliament in accordance with Financial Regulations 150 and 151 of the Government and State Accounts Guideline No. 06/2024 dated 16 December 2024, as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Judges of the Superior Courts, the Treasury and the Parliament of Sri Lanka. My opinion in this regard is not modified.

1.4 Responsibilities of the Chief Accounting Officer and Accounting Officer on Financial Statements

The Chief Accounting Officer is responsible to prepare financial statements that give a true and fair view in all material aspects and to determine such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error in accordance with Government Finance Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025 .

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Judges of the Superior Courts 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 Judges of the Superior Courts 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 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 Chief Accounting Officer is made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) Lack of Audit Evidence

Audit Evidence on the following transaction had not been made available

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
A register consisting value of the vehicles valued at Rs. 580,450,000 and equipment valued at Rs. 43,382,190, as stated in the statement of financial position as at 31 December 2024, had not been submitted for audit.	Instructions had been given to the relevant officers to update the fixed assets register.	The registers relevant to the values stated in the Statement of Financial Position should be submitted for audit.

2. Report on other Legal Requirements

I express the following matters in terms of Section 6(1) (d) and section 38 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 on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Management of Expenditure

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although a provision of Rs. 1,000,000 had been allocated under the capital object No. 2001 (Buildings and Constructions) from the Annual Estimate, the entire net provision remained as savings.	Although a provision of Rs. 1,000,000 had been allocated under the capital object 2001 Buildings and Constructions from the Annual Estimate, the provision remained saved as the renovations were carried out under Chinese aid.	Expenditure estimates should be prepared based on a proper study.
(b) Due to the allocation of provisions in excess of the actual requirements in the annual estimate, a total provision of Rs. 211,846,439 remained as savings in respect of 13 recurrent objects and one capital object, those savings ranging from 17 percent to 98 percent.	Officers were instructed to prepare the estimates for the year 2026 in a manner that minimizes savings as far as possible.	Expenditure estimates should be prepared based on the identified requirements.

3.2 Incurring of liabilities and Commitments.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to paragraph 3.3 of the State Accounts guideline No. 06/2024 dated 16 December 2024, Commitments and Liabilities of the Reporting Entity as at 31 December 2024 should be disclosed by commitment number. But liabilities amounting of Rs. 392,178 relating to the year 2024, paid during the year 2025, were not included in the register of liabilities and Statement of commitments and liabilities in the Financial Statement.	In terms of Paragraph 4.8 of the State Accounts Guideline No. 5/2004 dated 20 November 2024, commitments and liabilities should have been included prior to 31 January 2025. However, as these bills were received only after 31 January 2025, they were not included in the statement of commitments and liabilities	Action should be taken as per the referred Circular guidelines

- | | | |
|---|---|--|
| <p>(b) Although the savings of provisions for object No. 2103 as at 31 December 2024 amounted to Rs. 107,255, a payment of Rs. 219,999 was made on 28 January 2025 against the receipt dated 28 December 2024 under Voucher No. 26. Accordingly, the value of liabilities that exceeded the provisions amounted to Rs. 112,744.</p> | <p>The electric oven procured for Chief Justice Official residence and at the time of ordering there was sufficient provisions under the Furniture and Office Equipment object .However, since the goods were received in year 2025, by mistakenly the payment was recorded within the machines and machinery equipment category at the time of settlement. Accordingly, it is stated that no commitments have been incurred by exceeding provisions.</p> | <p>Taking into account the existing provisions when incurring commitments.</p> |
|---|---|--|

3.3 Certifications of Chief Accounting Officer/ Accounting Officer

Chief Accounting Officer should certify the following matter in terms of provisions set out in section 38 of the National Audit Act, No 19 of 2018. However, it had not been so done.

Audit Observation

The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system for the financial control exists in the Judges of the Superior Courts, and carry out periodic reviews to monitor the effectiveness of such systems, and accordingly make any alterations as required for such systems to be effectively carried out. Such reviews should be carried out in writing, and a copy thereof Should be presented to the Auditor General, but no statements had been furnished to the audit that the reviews had been carried out.

Comments of the Chief Accounting Officer Recommendation

As at 31 December 2024, a written statement regarding this matter has been included in the Statement of Financial Position (ACA-P) and certified by the Chief Accounting Officer, and it has been submitted to the audit.

Action should be taken in accordance with provisions in Section 38 of the National Audit Act No. 19 of 2018.

3.4 Non-compliance with Laws, Rules and Regulations

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

Observation

Reference to Laws, Rules and Regulations	Value Rs.	Non - Compliance	Comments of the Chief Accounting Officer	Recommendation
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i) F.R. 156(5)	132,459	When it becomes necessary to correct an error, such correction should be made by drawing a single line through the words or figures to be altered or deleted, and writing the correct words or figures above them in red ink. Although the responsible officer for such corrections is required to certify the alterations and deletions by placing his short signature, in respect of 05 vouchers, the corrections had not been made in accordance with the provisions of the Financial Regulations.	The deficiencies have now been corrected, and instructions have been issued to the relevant officers to act in compliance with the Financial Regulations in the future.	Action should be taken as per the Financial Regulations.

(ii)F.R. 237(a)(1)	339,414	Although payments for work or supplies carried out under agreements should be made based on a certificate confirming that the work has been satisfactorily completed in accordance with the agreement, payments relating to 09 repairs had been made without obtaining such certification from a responsible officer related to that work.	Officers have been instructed to obtain a certificate from the responsible officer when making payments for work or supplies carried out under an agreement.	Payments should be made only after obtaining a certificate confirming the completion of the work.
(iii)F.R.104(3)		If submission of the full report is delayed by more than seven days, a preliminary report should be sent immediately, In terms of Financial Regulation 104(4), a full report on the loss should have been submitted within three months following the loss investigation. However, as at 31 December 2024, although 03 accidents had occurred and a period ranging from 03 to 06 months had elapsed, no preliminary investigation had been conducted in respect of those incidents.	At present, the relevant action is being carried out.	Preliminary investigations should be carried out in accordance with Financial Regulations.

(b) Public Financial Circular No. 01/2020 11.1, dated 28 August 2020, and Financial Regulation 756	If a ministry/department does not have provincial or regional offices, the board of survey report for the next financial year should have been submitted to the Auditor General before 31 March. However, the board of survey report for the year ended 31 December 2024 had not been submitted to the audit by the Judges of the Superior Courts.	Kindly note that the board of survey process was delayed as the restoration works of the new building took place during December 2024 and January 2025. The report has now been prepared and finalized, and necessary steps are being taken to submit it to the audit without delay.
---	---	---

4. Operating Review

4.1 Losses and Damages

The following observation is made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
According to the Losses and Damages Register, it was indicated that payments had been recovered 05 accidents that occurred; however, the financial statements reflected recoveries only for 02 of these accidents, as noted in the financial statements under the Annex ii. Off the statement of write off from books.	Out of the 05 accidents recorded in the Losses and Damages Register, payments for 02 accidents were received by our institution and payments have been made for that relevant repairs; therefore, these recoveries have been reflected in the recoveries column. However, until the date of finalizing the accounts, no written evidence could be obtained to confirm that payments for the remaining losses had been made by the insurance institution. At present, the insurance institute has directly made the payments to the institution that carried out the repairs.	Accurate records regarding losses and damages should be maintained.

5. Good Governance

5.1 Internal Audit

The following observation is made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
As per the Paragraph No. 40 (1) of the National Audit Act No. 19 of 2018, the department should have its own internal auditor appointed by the governing body to carry out internal audit work, but no internal auditor position was included in the approved staff of Supreme Court Judges. Further, as per paragraph 03 of Management Audit Circular No. DMA/01-2019 dated 12 January 2019, an Internal Audit Division headed by a Class I officer of the Sri Lanka Accountancy Service under the direct supervision of the Chief Accounting Officer/Accounting Officer shall be established for all Special Expenditure Units but in the Judges of the Superior Courts an internal audit unit had not been established.	The staff under this Expenditure head is 37 superior Court Judges. Therefore under this Expenditure head includes only general administrative expenses. For this purpose, it was discussed with the government audit division and in the management audit committee meeting that it is impractical to appoint a first class officer of the Sri Lanka Accountancy Service as an internal audit officer at a high cost. However, with respect to the financial statements for the year ended 31 December 2023, as per Section 11(2) of the National Audit Act No. 19 of 2018, in recommendation of the Annual Detailed Management Audit Report under head 4, in accordance with Paragraph No 40(1) of the National Audit Act No. 19 of 2018, that an internal auditor appointed by the governing board of the respective department should be assigned to conduct internal audit functions within that department. I wish to report that, as of now, this post has not existed within the Supreme Court Department as an approved service category. As a result, steps have been taken to amend the service minute of the Supreme Court Department in this regard, and I further wish	Action should be taken as per the National Audit Act No. 19 of 2018.

to inform that the said position
will be established in due
course.