

Head - 205 –Department of Public Trustee

1. Financial Statements

1.1 Unqualified Opinion

The audit of the financial statements of the Department of Public Trustee for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance and cash flow statements 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. In terms of Section 11(1) of the National Audit Act, No.19 of 2018, the summary report including my comments and observations on the financial statements of the Department of Public Trustee was issued to the Chief Accounting Officer on 15 October 2021. In terms of Section 11(2) of the Audit Act, the Annual Detailed Management Audit Report relating to the Department was issued to the Chief Accounting Officer on 06 October 2021. This report will be presented in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the financial statements of the Department of Public Trustee give a true and fair view of the financial position of the Department as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Unqualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and 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 Generally Accepted Accounting Principles, and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control of the Department exists 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.

1.4 Auditor's Responsibility for the Audit of 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 exercise professional judgment and maintain professional scepticism 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 Department's internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Report on Other Legal Requirements

As required by Sub-section 6 (1)(d) of the National Audit Act, No.19 of 2018, I state the followings.

- (a) That the financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements relating to the preceding year, had been implemented.

2. Financial Review

2.1 Management of Expenditure

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
----- Even though the total provision of Rs.371,000 required for 02 Capital Objects had been made in the year under review, savings out of the total provision amounted to Rs.188,253 and represented between 33 per cent and 55 per cent by the end of the year under review.	----- As necessary action is being taken to repair the whole building in which the Department is being operated, provision had been saved under Object 2001 due to limitation of minor repairs of the said building. Provision under Object 2401 had been saved due to reasons such as failure in conducting training programmes by relevant institutions due to Covid pandemic as well as inability to direct officers to such trainings under such risky situation prevailed in the country of the year 2020.	----- Provision made should be utilized.

3. Operating Review

3.1 Performance

3.1.1 Annual Performance Report

The Annual Performance Report should have been prepared in terms of paragraph 10.2 of Public Finance Circular No.2/2020 dated 28 August 2020 and the Format indicated in Guideline 14 issued by the Department of Public Finance. The following observations are made in that connection.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) According to the Action Plan, 07 performance indicators of the Department had been identified. Nevertheless, according to the Performance Report, the actual output had been indicated as a percentage of the expected output only for 05 performance indicators. Out of that, the actual output of 03 performance indicators as a percentage of the expected output was at a level less than the 50 per cent.	Difficulty in achieving expected objectives of the Trustee due to decrease in income of Trusts as a result of decrease in interest rate on fixed deposits received during the year 2020 and inability to carry out office work as usual due to Covid pandemic prevailed throughout the year 2020, had mainly attributed to the decrease in actual output of those performance indicators.	Actual output should be indicated as a percentage of expected output of performance indicators identified.
(b) In addition to powers and duties vested on the Public Trustee, intervention of the Public Trustee in other areas should be as follows.	Action will be taken to identify relevant duties and indicate in performance indicators in future.	Duties of the Department should be identified as performance indicators.

In terms of Section 10 (A) of the Public Trustee Ordinance as amended by Act No. 61 of 1988, if any Sri Lankan citizen proceeding for employment outside Sri Lanka, dies while being employed, any sum payable

as compensation in respect of such death, to be paid by the Public Trustee to their dependents and/or legal heirs and any Sri Lankan citizen proceeding for employment outside Sri Lanka may, register with the Public Trustee, the names of the persons to whom any compensation shall be payable in the event of his death while being so employed.

- Implementatin of Temple Lands (compensation) Ordinance No.28 of 1944.
- Performance of duties vested under the Buddhist Temporalities Ordinance No.19 of 1931 as amended by the Act No.42 of 1981.
- Under the Special Provisions Law, No. 28 of 1931, the shares of the Associated Newspapers of Ceylon, Limited shall vest with the Public Trustee for the benefit of the Government.

However, intervention of the Public Trustee in the aforesaid areas had not been identified as performance indicators of the Department of Public Trustee.

- (c) According to the Action Plan - 2020, an income of Rs. 6,800,000 comprising capital, investment income charges and other charges recovered
- Accordingly, there is an variance in th estimated value of the income estimate due to difficulties in forecasting on the establishment of new trusts/estates of the Department, receipt of temple
- The performance of collection of income should be indicated in the Annual Performance Statement.

under the Public Trustee Ordinance relating to trusts and estates, had been estimated and according to financial statements, an income of Rs. 10,726,026 had been collected. As such, a shortcoming was observed in estimating and further, action had not been taken to indicate the performance of collection of income in the Annual Performance Statement.

lands compensation and foreign compensation in advance and on changes in percentages of interests.

3.2 Assets Management

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>(a) In terms of paragraph 3.1.6 of Public Finance Circular No.5/2016 of 31 March 2016, annual board of survey should be conducted and the report thereon should be furnished to the Auditor General before 17 March of the relevant year. However, reports for the year 2020 had not been furnished to Audit even by 06 October 2021, the date of audit. Even though the report on board of survey relating to the year 2019 had been received to Audit on 06 July 2020, it was observed that a board of survey relating to 11 estates managed by the Department, had not been conducted.</p>	<p>Board of survey could not be conducted on due date due to failure in carrying out office works as usual due to Corona pandemic prevailing in the country.</p>	<p>Action should be taken in terms of circulars.</p>

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| <p>(b) Even though action had been taken to transfer the ownership of 03 motor vehicles to the Department, provided in the year 2019 by the Ministry of Justice, values of those vehicles had not been disclosed in the financial statements under non-financial assets.</p> | <p>The ownership of those vehicles had been cleared even by 31 December 2020 and the registration thereof has been made in the name of the Department of Public Trustee. Values of those vehicles could not be disclosed in accounts under the non-financial assets due to failure to issue certificates on release of those vehicles by the Ministry of Justice and necessary action will be taken to make disclosures accordingly.</p> | <p>Values of vehicles owned by the Department should be disclosed in accounts.</p> |
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3.3 Management Inefficiencies

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>(a) Information on operative, inoperative and liquidated estates managed by the Department had not been updated by the Department and Audit had been informed by the letter No.PT/10/Information/2019 dated 09 September 2019 of the Public Trustee that the number of operative estates stood at 110. However, according to the Action Plan, number of estates stood at 143 and 151 as at 31 December 2018 and 31 December 2019 respectively.</p>	<p>Information is being updated at present.</p>	<p>Relevant information should be maintained in an updated manner.</p>

<p>(b) In terms of Section 47(1) of Public Trustee Ordinance No. 1 of 1922, final accounts relating to trusts/estates prepared for the year 2020, had not been presented to Audit even by 06 October 2021, the date of audit.</p>	<p>Reporting to duties by officers under the situation arisen due to Corona pandemic prevailing in the country should be complied with Public Administration Circulars. As such, final accounts can be prepared and presented after a period of one month of normalization of office work after the Covid pandemic.</p>	<p>Final accounts relating to the year of accounts should be prepared and presented to Audit.</p>
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4 Good Governance

4.1 Sustainable Development

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
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<p>Every Government institution should act in terms of “Year 2030 Agenda of the United Nations on Sustainable Development” and the Department had not identified the sustainable development goals, targets and the focal points in achieving those targets and the indicators in evaluating the achievement of those targets relevant to functions that come under its scope relating to the year under review.</p>	<p>Sustainable Development Plan for the year 2020 had not been prepared and the Sustainable Development Plan for the year 2021 will be prepared and presented promptly during the ensuing period.</p>	<p>Sustainable development goals should be identified and action should be taken accordingly.</p>

5. **Human Resource Management**

Audit Observation

Even though the approved cadre of the Department stood at 87, the actual cadre stood at 69 as at 31 December 2020 while there were 18 vacancies comprising 01 in the senior level, 01 in the tertiary level, 15 in the secondary level, and 01 in the primary level.

Comments of the Chief Accounting Officer

Information on 18 vacancies existed in the Department will be reported online to the Secretary to the Ministry of Justice monthly and to the Director General of the Department of Management of Services quarterly. Even though it had been reported to the Director General of Combined Services, he stated that employees could not be provided until new recruitments are made. Moreover, requests have been made to obtain Graduate trainees and employees in primary level. An officer was recruited for the vacant post of Administrative Officer on contract basis and his service period had expired. However, his service extension was not approved.

Recommendation

Vacancies should be filled by considering the service requirement.