

Head -205 - Department of Public Trustee

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Department of Public Trustee 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 Department of Public Trustee was issued to the Accounting Officer on 31 May 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 02 June 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Department of Public Trustee as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibility for the audit of the financial statements section. 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 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 Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is 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 the preparation of annual and periodic financial statements.

In terms of 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 exists in the Department 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 summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.

- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5.1 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 on the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Revenue Management

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the 2021 Action Plan, a revenue of Rs. 6,800,000 as capital, investment income fee and other fee charged under the Public Trustee Ordinance in relation to trusts and estates and it was	The revenue has increased more than the estimated revenue due to delayed receipt of interest due on investments due to the	Revenue estimates should be prepared accurately.

observed that an income of Rs. 12,851,939 had been collected according to the financial statements. It was 188 percent as a percentage of the estimate. Accordingly, it was observed a weakness in estimation.

corona epidemic situation, initiation of several new trusts and investments that could not be made during the year and it is not possible to predict an exact value.

2.2 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Although the department had provided the total allocation of Rs. 16,700,000 for 09 recurrent expenditure subjects and 6 capital expenditure subjects in the year under review, Rs. 7,245,549 or 17 percent to 97 percent of the total provision had been saved by the end of the year under review.</p>	<p>Provisions were saved due to expenditure limitation, non-conduct of training programmes and restrictions on purchases due to the corona epidemic situation.</p>	<p>The provided provisions should be used for the relevant activities.</p>

2.3 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Regarding the liabilities and obligations, the liabilities of the total worth Rs. 128,200 entered with the private sector was not mentioned in the register of liabilities.</p>	<p>It has not been recorded in the register of liabilities by an omission, but it has been entered as an accounted liability of the previous year in the expense ledger.</p>	<p>Relevant liabilities should be included in the register of liabilities.</p>

2.4 Non-compliance with Laws, Rules and Regulations

Observation	Amount	Non-compliance	Comments of the Accounting Officer	Recommendation
Reference to the Laws, Rules and Regulations	(Rs.)			
(a) Section 47(1) of the Public Trustee Ordinance No. 01 of 1922.		Although the trust estate accounts should be audited annually, the final accounts of the trust estate prepared for the year 2020 were submitted for audit on 29 March 2022. Furthermore, the final accounts of the trust estates prepared for the year 2021 had not been submitted for audit at the date of this report.	The trust estates final accounts for the year 2021 will be obtained through the new trust estates system and submitted in future.	The relevant accounts should be submitted for audit on the due date.
(b) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka.				

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| (i) | Financial Regulations 396 | 107,147 | Regarding expired cheques of the value of Rs. 107,147 which were issued but not presented to the bank were not acted according to the financial regulations. | 08 The contributions to the Public Employees' Provident Fund were collected from the salary, but cheques were delayed due to delay in the registration of the fund. | Should be act in accordance with the Financial Regulations. |
| (ii) | Financial Regulations 1646 | | Daily running charts written in the general format of 268(a) form and monthly summary reports had not been submitted to the audit. | Daily running charts written in the general format of 268 (a) form may be submitted. | Should be act in accordance with the Financial Regulations. |
| (iii) | Financial Regulations 1647 (e) | | The department had not maintained a list of vehicle register. | I am informed that a list of vehicle register will be prepared and submitted immediately. | Should be act in accordance with the Financial Regulations. |
| (c) | Assets Management Circular No. 03/2018 dated 10 October 2018 | | Although the right of the registration of the vehicles used should be settled, the ownership of 3 vehicles given to the department in the year 2019 by the Ministry of Justice was not settled and disclosed the values under non-financial assets from the | The relevant vehicle has been changed for the name of the department. It was stated by the Ministry of Justice that vehicles were issued to a large number of institutions and the documents for settlement of | The rights should be settled immediately. |

accounts.

rights will be issued simultaneously to all institutions.

(d) Paragraph 3.1.6 of Public Finance Circular No. 5/2016 dated 31 March 2016.

Although the annual board of survey should be done and the report should be submitted to the Auditor General by 31 March of the next year, the reports for the year 2021 have not been submitted to the audit until the date of this report. The board of survey reports related to the year 2020 was submitted to the audit on 09 February 2022 after a delay of 09 months.

The board of Board of survey reports should be submitted according to the circulars.

3. Operational Review

3.1 Losses and Damages

Audit Observation

Comments of the Accounting Officer

Recommendation

The case assigned to the court to recover the loss of Rs. 254,038 from the relevant driver was dismissed on the basis of suspension due to the lack of follow-up

I kindly inform that the relevant case will be re-investigated and acted. I was also noted to discuss this in

The loss should be immediately recovered from the relevant parties.

regarding the accident that occurred on 27 January 2007 bearing vehicle No. 65-0763 and even though 15 years have passed since the accident, the loss has not been recovered from those responsible parties.

the next Audit and Management committee meeting.

3.2 Annual Performance Report

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Actual output in 04 out of 09 performance indicators identified by the department was less than 50 percent of expected output.	In the Covid situation, the situation where it was not possible to maintain the normal routine of office work had caused to this low level of the expected output.	Action should be taken to achieve the identified targets.
(b) Although it is the role of the department to direct and supervise the affairs of the United Newspapers Company PLC holding the custody of the shares of the company on behalf of the government, that work was not recognized as a performance indicator of the department.	It will be included in the performance indicators in future.	Performance indicators should be identified according to the role.

3.3 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
The department had not implemented a formal programme to inform the people about the unique role assigned to the department by various roles and the web page that was prepared in the name of the department was also not updated to facilitate the use of Sinhala and Tamil	Arrangements are being made to include information in the Sinhala medium on the website that has been opened in the name of the department and action will be made to include information in Tamil	To be efficient in fulfilling the public needs.

media as well as to get the necessary information and to express the needs of the public, accusations or praises about the institution. It was observed that although the facts were mentioned in the audit report of the last year, no attention was given to it.

4. Human Resources Management

 The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the approved staff of the department was 87, the actual staff was 66. Accordingly, there were 21 vacancies and the post of Administrative Officer from 09 February 2021 and the post of translator from the year 2015 were vacant.	Work is in progress to fill the vacancies of translator and Administrative Officer. Vacancies of combined service officers are also updated through PACIS software.	Vacancies should be filled expeditiously.
(b) The officer who has served in the same work place for 5 years should be given transfers to service in other work places according to the Public Administration Circular No. 2001/18 dated 22 August 2001; transfers were not arranged for 12 officers who had been in the department for more than 5 years.	17 officers belonging to the post of Management Assistant (Non-technical – Category 2) are officers who have completed more than 05 years of service in this department and they are not eligible to apply for annual transfers as they are departmental officers. The other officers applied for annual transfers, but they did not get a chance.	Transfers should be given as per circulars.