

## **Head -205 - Department of Public Trustee**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

Head 205 - The audit of the financial statements of the Department of Public Trustee for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 03 May 2023 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 10 May 2023 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, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Public Trustee as at 31 December 2022, and its financial performance and cash flows 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 described in paragraph 1.6 of this report. 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 Responsibilities 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 Responsibilities 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 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 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**

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 following recommendation made by me on the financial statements related to the previous year was not implemented.

| <b>Paragraph reference of the report related to the previous year</b> | <b>Audit Observation</b> | <b>Recommendation</b> |
|---|--------------------------|-----------------------|
|---|--------------------------|-----------------------|

|         |   |  |
|---------|---|--|
| 2.3 (c) | The value of 03 vehicles given to the department by the Ministry of Justice in the year 2019 was not assessed and included them in non-financial assets |  |
|---------|---|--|

## **1.6 Comments on the Financial Statements**

### **1.6.1 Accounting Deficiencies**

#### **(a) Property, Plant and Equipment**

When accounting the property, plant and equipment, the following deficiencies were revealed.

| <b>Audit Observation</b>  | <b>Comments of the Accounting Officer</b>   | <b>Recommendation</b>   |
|---|---|---|
| The value of 03 vehicles given to the department by the Ministry of Justice in the year 2019 was not assessed and included them in non- financial assets. | Necessary actions are being taken to get these values from the Valuation Department and include them in the financial statements. | The value of vehicles belonging to the department should be included in non-financial assets. |

#### **(b) Non- maintenance of Records and Books**

| <b>Audit Observation</b>  | <b>Comments of the Accounting Officer</b>  | <b>Recommendation</b>  |
|---|--|--|
| No arrangements were made to maintain a register of bails containing the particulars of the officers and employees required to be bails as per the terms of Financial Regulation 891 (1) and there was no action taken to recover the bail according to Financial Regulation 880. | Now, the officers who have to deposit the bail have been identified and the amount of bail to be deposited has been decided and the relevant officers have been informed. A letter has been sent to the Public Service Mutual Provident Fund to get the bail deposit applications. | A bail register should be maintained about the officers who have to be bailed including the information mentioned in Financial Regulation 891(1) and bail should be taken in accordance with Financial Regulation 880. |

## 2. Financial Review

### 2.1 Revenue Management

| <b>Audit Observation</b>  | <b>Comments of the Accounting Officer</b>  | <b>Recommendation</b>                          |
|---|--|--|
| According to the 2022 Action Plan, an income of Rs. 8,500,000 was estimated as capital investment income fee and other fee charged under Public Trustee Ordinance in relation to trusts and estates and it was observed that Rs. 19,214,500 was collected as per letter No. PT/2/CA/3/3/5/2/(II) dated 10 March 2023. It was 226 percent as a percentage of the estimate. Accordingly, a weakness in estimation was observed. | Variability between income and estimated value has arisen due to difficulty in forecasting of making accurate establishment of new trusts/estates in the department, temple compensation, advance of foreign compensation and changes in interest rates. | Should be prepared income estimates correctly. |

### 2.2 Certification to be done by the Chief Accounting Officer/ Accounting Officer

Chief Accounting Officer/ Accounting Officer should certify the following matters 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.

| <b>Audit Observation</b>   | <b>Comments of the Accounting Officer</b>  | <b>Recommendation</b>   |
|--|--|---|
| (i) The Chief Accounting Officer and the Accounting Officer should ensure that an effective system of internal control 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. Such reviews should be carried out in writing and a copy thereof should be submitted to the Auditor General, but no statements had been furnished to the audit that the reviews had been carried out. | The preparation of trusts estate final accounts, which is a major part of the internal control system, has been initiated by the new accounting software and the audit has also been informed about it.<br><br>Fixed assets documentation was also started in this year. | Should be act in accordance with the provisions of section 38 of the National Audit Act No. 19 of 2018. |

- (ii) The Chief Accounting Officer and the Accounting Officer should ensure that annual and other financial statements are prepared within the required time and in addition, the Chief Accounting Officer should ensure that the annual reports related to the audited entity are submitted to the Parliament, but due to the audit observations mentioned in paragraph 3.1 (a) of the report, those requirements were not fulfilled.
- Although the annual reconciliation statement regarding financial statements, action plan, imprest accounts of government officers was given as per Financial Regulation (506) “B”, there has been a delay in submission of the final accounts of the trust estate. Arrangements have now been made to provide the final accounts for the year 2023 within the stipulated time period. The submission of the annual performance report to the Parliament was delayed due to the delay in receiving the tamil translation of the audit report. The annual performance report of this year has been planned to be tabled in Parliament on the due date and the draft has also been submitted for audit.
- Should be act in accordance with the provisions of section 38 of the National Audit Act No. 19 of 2018.

### 2.3 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions of laws, rules and regulations observed during sample audits are analyzed below.

| Reference to the Laws, Rules and Regulations                      | Non-compliance   | Comments of the Accounting Officer  | Recommendation  |
|---|--|---|---|
| (i) Section 47(1) of the Public Trustee Ordinance No. 01 of 1922. | Although trust/ estate accounts should be audited annually, part of the accounts for the year 2021 and the final accounts of the trust/ estate for the year 2022 had not been submitted for audit until the date of this report. | The final accounts of the personal trust, investigation and medical aids sections of the year 2021 have been obtained by the new trust estate system and submitted for audit and final accounts of other sectors are scheduled to be submitted immediately. | That the relevant accounts should be submitted for audit on the due date. |

- (ii) Section 3.3 of Public Administration Circular No. 30/2016 dated 29 December 2016 of If there is an adverse change in fuel consumption, the transport service schedule should be completed monthly as mentioned in annexure 01 of the circular to identify it, but it was not done accordingly during the year under review. Instructions for preparing summary reports have now been given. Should be act as per circulars.
- (iii) Section 02 of Public Finance Circular No. 4/2015 dated 14 July 2015 of While obtaining insurance facilities for government institutions, insurance coverage should be provided by calling for quotes from government-owned institutions registered with the Sri Lanka Insurance Board in the market, but arrangements had been made to obtain insurance services directly from the Sri Lanka Insurance Corporation for the vehicles owned by the department without calling for quotes. The vehicle insurance has been done by Sri Lanka insurance Corporation, which is a government –owned institution, and I will call the prices from the registered institutions of the Sri Lanka Insurance Board in future to carry out the insurance. Should be act as per circulars.
- (iv) Section 3.1.6 of Public Finance Circular No. 5/2016 dated 31 March 2016 of Although the annual board of survey should be done and the report should be submitted to the Auditor General on before 31<sup>st</sup> of March in next year, the board of survey reports related to the year 2021 were submitted for audit on 21 July 2022 after a delay of 03 months and no board of survey was conducted in relation to the 11 estates controlled by the department. The board of survey has been appointed for survey of estate goods in relation to the years 2021 and 2022 and the survey work is being carried out. Should be submitted survey reports as per circular.
- (v) Section 11.1 of Public Finance Circular No. 01/2020 dated 28 of Although the appointment of board of survey should be done before 15<sup>th</sup> December of the relevant financial Instructions have been given to appoint Board of survey in due time frame. Appointment of board of survey should be done within the relevant time frame.

August 2020 year, the appointment of board of survey related to the years 2021 and 2022 was not done within the relevant time frame.

## 2.4 Operation of Bank Accounts

| <b>Audit Observation</b>   | <b>Comments of the Accounting Officer</b>                                  | <b>Recommendation</b>   |
|--|--|---|
| It was observed that there are unrecognized direct receivings in the general current account maintained by the department from several years and the total of unrecognized direct receivings were Rs. 2,719,188 as per the bank reconciliation statement as at 28 February 2023. | Action is being made to recognize and account these direct receivings now. | Unrecognized direct receivings should be recognized immediately and properly accounted. |

## 3. Operational Review

### 3.1 Annual Performance Report

The annual performance report should have been prepared as per the format mentioned in guideline No. 14 issued by the Public Finance Department as per paragraph 10.2 of the Public Finance Circular No. 2/2020 dated 28 August 2020. The following observations are made in this regard.

| <b>Audit Observation</b>  | <b>Comments of the Accounting Officer</b>   | <b>Recommendation</b>  |
|---|---|--|
| (a) Although the annual performance report should be prepared and tabled in Parliament within 150 days of the end of the financial year in accordance with section 12.1 of the Public Finance Circular No. 02/2020 dated 28 August 2020, the annual performance report for the year 2021 was submitted for tabling in the Parliament on 16 November 2022. | The delay was due to delay in receiving the tamil translation of the audit report. Annual performance report has been planned to be tabled in Parliament on due date and the draft has also been submitted for audit. | That the performance report should be tabled in the Parliament within the relevant period. |
| (b) Actual output in 03 out of 10 performance indicators identified by the department was less than 50 percent of expected output and the expected output of the estate management sector was negative at 54 percent.   | Due to crisis situation and shortage of fuel, non-receiving of fixed deposit interest cash cheques within the stipulated period and delay in sending and receiving vouchers/ letters etc.                             | Work towards achieving identified goals.   |

and the inactivity of postal service, there were delays in achieving the objectives related to the year. Scholarship payments were hampered due to inability to call reports due to closure of schools for a long period of last year.

### 3.2 Assets Management

The following observations are made.

| Audit Observation   | Comments of the Accounting Officer   | Recommendation  |
|---|--|---|
| (a) 11 Estate properties handed over under various estates were being managed by the Public Trustee and it is expected that these properties will be properly managed and their income will fulfill the objectives of the settlor. However, it was observed that necessary measures have not been taken to fulfill the objectives of the estate owners by increasing the income of these estates and the total net loss of the estates in the year under review had become Rs. 2,526,485. | Measures have been taken yet to increase the income of the estates.  | Action should be taken to streamline the monitoring activities related to estates.  |
| (b) The land of 01 acres,1 roods and 02 perches of the total land area of 17 acres in the land called Maththaka Waththa in Niyagama area of Galle, belonging to Harry Hapugoda estate, had not been determined and the safety boundaries were solved and the safety fence was constructed and used for agricultural purpose.  | Cultivation in this area was delayed due to bad financial situation. But since the financial situation has improved, there is a plan to tea cultivation.   | The land should be identified, surveyed, made safety fence and used for suitable agricultural cultivation.  |
| (c) It was observed that about 13.5 acres of rubber cultivated land in the land called Ankuduwa in Suduwelipotha estate belonging to Harry Hapugoda estate needs to be replanted. The department had not taken proper action regarding the unauthorized construction in this estate. Further, it was observed that the estate bungalow located in the above mentioned estate needs immediate repair.  | The old rubber plantation of the 13.5 acre land called Ankuduwa belonging to Harry Hapugoda estate has been sold by calling the prices of the year. Due to the bad monetary situation, there has been a problem in providing funds for replanting activities. This land will be developed or given on lease basis in future. | Considering the possibility of obtaining government subsidies for replanting and surveying the estates where unauthorized constructions exist and taking legal action regarding unauthorized constructions. |



- (d) It was observed that the Richmond Castle located in the Kaluthara district belonging to the N.D.S. Silva Wijesinghe estate is a castle of ancient importance with a history of over 100 years and due to that there is an urgent need for conservation. Further, a list of artifacts of ancient value was mentioned in the last will statement of the above said owner and it was mentioned that the said artifacts should be kept and preserved in the said castle. Nevertheless, it was observed that only a few of the artifacts were kept in a safe of the department and the department had not taken steps to find out the place of other artifacts are placed.
- The rain gutters on the roof of the rear part of the building have been repaired and painted in the year 2022 and an amount of Rs. 150,000 has been paid to the Building Research Institute to obtain a quality report. Also, the Secretary of the Ministry has sent a letter to the Secretary of the Ministry of Defence in order to get the labour contribution of the security forces as a lot of money is spent on the repairs.
- Immediate action should be taken to preserve the castle and its artifacts and to ascertain the places of other artifacts are placed.
- (e) The house and land at Norton Bridge belonging to the I.W.C. Wijerathna Estate was handed over to the Ginigathhena Regional Secretariat on 07 December 1993 to maintain a elders' home. But, an agreement should have been reached in order to reach a formal agreement on matters such as handover and maintenance of the house when giving the immovable property belonging to the estate to another party, even though 29 years had passed, no formal agreement was reached.
- Necessary arrangements have been made to establish a board of trustees headed by the Ginigathhena District Secretary and to establish a trust with the Public Trustee as the security trustee for maintaining the elders' home.
- Formal lease agreements should be entered when leasing real estate to outside parties.
- (f) The Public Trustee had received administrative powers to sell the properties belonging to the C.E. Wanigasuriya Estate and establish a trust in the name of the estate owner. Even though, although that properties belonging to the estate had been sold, the ownership of the rest of the properties had not been recognized and action had not been taken to protect as confirm the right of the Public Trustee and to fulfill the objectives of the estate by selling the property.
- According to the last will statement, several properties belonging to the C.E. Wanigasuriya estate were identified and sold and it has been deposited under the name of C.E. Wanigasuriya trust and it is still fulfilling the relevant objectives. In addition, Mr. C.E. Wanigasuriya has an undivided share ownership for other properties. Accordingly, the relevant ownership should be identified. As there are
- Should be identified the relevant lands and buildings and confirmed the right of the Public trustee and work to fulfill the objectives of the estate owner.

unauthorized occupants in the said undivided property, proper judicial action has to be taken and solved.

### 3.3 Losses and Damages

| Audit Observation  | Comments of the Accounting Officer   | Recommendation  |
|--|--|---|
| <p>The loss of Rs. 254,038 regarding the accident on 27 January 2007 related to Vehicle No. 65-0763 was canceled on the basis of the time bar due to non-follow-up regarding the case assigned to the court to recover the loss from the relevant driver and although 15 years have passed since the accident, appropriate steps have not been taken to recover the loss from the responsible persons and cut off it from the books.</p> | <p>A three-member committee has been appointed to investigate this matter.</p> | <p>Action should be taken to recover the loss from the relevant parties promptly.</p> |

### 3.4 Management Inefficiencies

The following observations are made.

| Audit Observation  | Comments of the Accounting Officer  | Recommendation   |
|--|---|--|
| <p>(a) Although it was informed by the Kesbewa Divisional Secretary that the compensation amount decided for 16 acres, 01 rood and 35 perches of land owned by the C.S.W. Samarakoon estate, Simondalewaththa, which was handed over to the government was Rs. 2.63 million and Rs. 1.79 million respectively in two occasions, but the necessary action to settle the difference have not been taken as at the date of this report.</p> | <p>The part B.P. 8043 in the land taken over to the government is the section of land allocated to be handed over to low income earners under village expansion. Compensation and interest received for other plots of land. The Divisional Secretary of Kesbewa has been informed to pay the due amount of compensation and interest for the plot of Plot No. 8043. Inquiries have been made to the Kesbewa Divisional Secretary regarding the difference in the compensation amount. It has been informed that the Divisional Secretary is conducting further legal proceedings to settle this matter. Inquiries have been made again on 17.03.2023 regarding that and the compensation to be charged to this department.</p> | <p>Action should be taken to arrange for the estate to receive compensation and interest related to the state lands handed over to the government.</p> |

- (b) The Public Trustee had been appointed as the power of attorney to distribute the proceeds from the sale of the immovable and movable property in Sri Lanka to the heirs/ beneficiaries of Mrs. Florence Enid Widham, who died in Singapore on 11 August 1968 and the amount of Rs. 64,645,776 received from the sales of properties has been given to 30 heirs/ beneficiaries, but the amount of Rs. 28,765,712 to be given to 16 persons had not been paid even though 23 years had passed since the property was sold.
- A public notice to find heirs was published on 12.11.2020 in both Sinhala and English newspapers. Accordingly, payments have been made to the 36 heirs who came forward. As the remaining 16 have not come forward, the money has been invested in the year 2019. Most of these beneficiaries are abroad and actions have been made to contact them, but it has not been successful.
- That the money should be paid to the beneficiaries and that the funds should be invested effectively until the money is paid.
- (c) Although a temporary guardian was appointed for 30 perches of land and 05 acres of paddy land of Mr. R.L.H. Chandrasekara owned by the Public Trustee in the case filed regarding the land located Pothanegama in Anuradhapura district, the necessary steps have not been taken to reach a formal lease agreement. It is observed that there was no supervision of follow-up regarding the number of paddy cultivated by the tenant farmer, the amount of land and the yield obtained from it and the tenant farmer had only accepted and accounted the inheritance paid according to his willing.
- An appeal was filed in the Civil Appellate Court of Anuradhapura due to the adverse decision of the Public Trustee in the case 1/99 T related to this estate. According to settlement in the relevant case, the Public Trustee received 30 acres of land and 05 acres of paddy land. The paddy land was temporarily given to a lessee during the pendency of the case and it is observed that he has paid the inheritance as per the standard amount of the government. After the settlement of the case, it has been assigned to a new lessee and accordingly a formal lease agreement is to be entered.
- Those formal lease agreements should be entered to ensure the protection of the property and the receiving of a reasonable income from it when giving real estate to outside parties on a lease basis and legal action should be taken to take over tax defaulted property again.
- (d) The large land and building of 32 perches in Matara warehouse street belonging to Weerasinghe Abenayake estate which had not been effectively managed until the year 2013 was leased on 05 February 2013 for the monthly rent of Rs. 8000 and the lease agreement had expired on 31 December 2013. Although permission was obtained from the district judge of the Colombo District Court on 29 September 2016 under case No. 97/16 for the sale of this property, it was leased to the above
- According to the files, it is observed that the property is on temporary lease until it is sold as per court order. Later, due to an unauthorized occupant, legal proceedings are being carried out to evict him as the sale of the property has not been carried out yet. The case is scheduled to be called on 04 July 2023.
- Action should be taken to fulfill the purposes of the state by selling the lands and buildings authorized by the court for sale.

lessee for an amount of Rs. 10,000 per month without entering into a formal lease agreement instead of selling the property and crediting it to the fund.

- (e) A shop stall and land in the Galle, Elpitiya area belonging to the D.J.D.J. Abesekara estate had been leased without contracts for more than 20 years and the rental of Rs. 227,380 up to May 2018 for the assessed shop stall value of Rs. 1,100,000 and Rs. 143,400 from the year 2005 to 2015 for the land should be charged, but no necessary steps have been taken to recover the rent as at the date of this report.
- The land belonging to this estate with an appraised value of Rs. 2,300,000 has been sold yet. The affidavit was sent for non-payment of rent and stayed in the shop stall valued at Rs. 1,100,000. As response to that, purchase requests made with 1 ½ years, Legal advice has been initiated in this regard.
- That formal lease agreement should be entered to ensure the security of the property and the receiving of a reasonable income from it when giving real estate to outside parties on a lease basis and should be taken necessary legal action to recover the tax defaulted property.
- (f) The administrative powers regarding G.S. Jayasooriya's estate, who resided in Nugegoda area, had been given to the Public Trustee in the year 1982 and a land belonging to the late first wife of the land owner was taken over by the government in the year 1999. Also, the testator had no title to the land as per the terms of her last will statement. Nevertheless, a lawsuit was filed for that land and a compensation claim was applied and an expense of Rs. 2,962,430 was incurred as legal fee from the year 2000 to the year 2019. According to the order of the case bearing No. 522/00/special dated 23 October 2019, it was ruled that there is no right to compensation in relation to the said property. Therefore, it was observed that time and funds had been spent unnecessarily on an untitled property and further legal fee were to be paid.
- G.S. Jayasooriya estate has started to fulfill the objectives in the year 2022. The department has applied for compensation in accordance with the owner's right to the wife's property and it has referred to the compensation inquiry and as another party has claimed for it, the Divisional Secretary has filed a case with naming Public Trustee as a party. According to the decision of the case, the Public Trustee has been deprived of its right to compensation, but the lawyers who represented the Public Trustee for that case have been paid part of their professional fee and there are still unpaid professional fee.
- That the department should be involved in proceedings only in respect of property to which it has legal title.
- (g) According to Mr. Harry Hapugoda's last will statement, 1/5 of the income of the estate should be saved every year and when the remaining was Rs. 100,000, it was also stated that it should be
- As there is a debit balance in the estates belonging to Harry Hapugoda estate, it has not been possible to fulfill the objectives by saving 1/5 of the income.
- Should be act according to the last will statement.

collected for providing scholarships and providing relief in disaster situations. However, the department had not saved any income to fulfill those objectives. An income of Rs. 24,865,439 was earned during the period of 05 years from the year 2015 to 2019 and out of that, Rs. 4,973,088 should have been saved, but that was not saved. Due to the lack of proper management regarding the estates, it was observed that there is currently a debit balance in the respective estates and as a result of that, the estate has not been able to fulfill its objectives.

Plans have been prepared to maintain the estates on a profitable basis in future.

- |     |   |  |  |
|-----|---|--|--|
| (h) | Rs. 2,629,250 had been spent on the legal proceedings related to the opening of the last 254 unopened will statements and the expenditure was paid using the funds of D.S.W. Samarakoon estate. It is observed that incurring these expenses is contrary to the objectives of the testator as the tasks to be performed related to the estate had been specifically mentioned by the testator in his last will statement. | At the end of the court proceedings, payments are made from the relevant estate at the discretion of the Public Trustee in the basis of reimbursement from the properties in the last will statement. The case is not over yet.                            | Should be used the estate properties only for the purpose specified by testators in the statement of last will |
| (i) | Expenses were incurred in related to 10 trusts/estates resulting to total bank balance as a debit balance of Rs. 14,950,471 and there were no investments in those estates to settle the debit balances of sum of Rs. 1,325,505 related to 6 trusts estates from that.  | These debit balances occurred due to nonpayment of interest in investments made in the leading bank, payment to beneficiaries and cost of estate management. It is planned to settle that balance by increasing investment income and house rental income. | Action should be taken to ensure that expenses are incurred within the income limit for each trust/ estate.    |
| (j) | Fixed assets registers were not maintained separately for trusts and estates.   | Officers have been instructed to prepare separate fixed assets registers for each sector.  | Fixed assets registers should be maintained separately for trusts and estates.                                 |

- |     |  |   |  |
|-----|--|---|--|
| (k) | Fixed assets belonging to trusts and estates had not been depreciated as at the date of this report. | A committee has been appointed to make recommendations regarding the depreciation of fixed assets belonging to trusts and estates and these fixed assets will be depreciated in future on the recommendation of that committee. | Action should be taken to depreciate the fixed assets belonging to trusts and estates. |
|-----|--|---|--|

#### 4. Achieving Sustainable Development Goals

| <b>Audit Observation</b>  | <b>Comments of the Accounting Officer</b>   | <b>Recommendation</b>                                     |
|---|---|---|
| The department had identified 05 sustainable development objectives and out of that, the performance of achieving the objectives of health promotion and protecting the terrestrial ecosystem was at a low level of 24 percent and 47 percent respectively. | Vouchers sent to schools have not been completed due to the closure of universities and schools due to the economic crisis. Even though the applications received to the department are estimated to be paid, the payment cannot be made because the applications are not received properly. Although estimated for the whole year, the performance level decreased due to termination of trusts before the end of the year. Necessary instructions have been given to achieve the respective estimated targets during this year. | Action should be taken to achieve the identified targets. |

#### 5. Human Resource Management

The following observations are made.

| <b>Audit Observation</b>   | <b>Comments of the Accounting Officer</b>   | <b>Recommendation</b>                   |
|--|---|---|
| (a) The approved cadre of the department was 87 as at 31 December of the year under review, but the actual cadre was 67. Accordingly, there were 19 vacancies and it was observed that the position of translator has been vacant since the year 2015. | The posts of Translator and Administrative Officer are vacant and the service of an Administrative Officer has been obtained for a period of one year. Other vacancies in Translator service and Combined service are updated through PACIS software. | Should be filled vacancies immediately. |

- (b) According to Public Administration Circular No. 18/2001 dated 22 August 2021, every officer who has served in the same service place for 5 years should be given transfers to allow him to serve in other service places, but it was observed that 18 officers who had been in the department more than 05 years had not been transferred.
- Out of the officers who have completed more than 02 years of service, 17 are departmental officers in Management Assistant (Non- Technical Category -2) service. Therefore, they are not able to be transferred and currently three of those officers have passed the Management Service Examination (Limited) and got appointments in other offices. Officers with more than 05 years of service period belonging to other services have applied for transfers but only a few have been approved for transfers. The officers, whose transfers have been approved, have been released to those offices
- Transfers should be given as per circulars.