

Head 205 - Department of Public Trustee - 2025

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 2025 comprising the statement of financial position as at 31 December 2025, statement of financial performance and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information 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 2026 in terms of Section 11(1) of the National Audit (Amendment) Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 28 July 2026 in terms of Section 11(2) of the Audit Act. This report will be tabled in Parliament in pursuance of Section 10 of the National Audit Act, No.19 of 2018 to be read in conjunction with the 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 give a true and fair view of the financial position of the Department of Public Trustee for the year ended 31 December 2025, 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 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 Emphasis of Matter – Basis for preparing Financial Statements

I draw attention to Note 1 to the financial statements which describes the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Department of Public Trustee, General Treasury and Parliament in accordance with the Financial Regulations 150 and 151 and the State Accounts Guideline No. 02/2025 dated 17 December 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Public Trustee, General Treasury and Parliament of Sri Lanka. My opinion on this matter is not modified.

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

The Accounting Officer is responsible for preparation of financial statements that give a true and fair view in all material respects in accordance with Financial Regulations 150 and 151 and the State Accounts Guidelines No. 02/2025 dated 17 December 2025, and for determining 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.

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.

1.5 Auditor's Responsibility for the 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 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 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 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 contents 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 were identified during my audit.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plants and Equipment

Audit Issue	Comments of the Accounting Officer	Recommendation
Two vehicles of which the ownership had been transferred to the Department by the Ministry of Buddhasasana, Religious and Cultural Affairs in the year 2022 had not been accounted under non-financial assets at cost or valuation amount.	The steps have been taken to record the valuation amount as opening balances in the summary of accounts for the month of March 2026.	The value of vehicles transferred to the Department should be included under non-financial assets.

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 following recommendations made by me on the financial statements of the preceding year had not been implemented.

Paragraph reference of the report related to the previous year	Recommendations not implemented	Paragraph Reference of this report
1.6.1 (a)	Two vehicles, of which the ownership had been transferred to the Department by the Ministry of Buddhasasana, Religious and Cultural Affairs in the year 2022, had not been accounted under non-financial assets at cost or valuation amount.	1.6.1 (a)

3. Financial Review
3.1 Expenditure Management

	Audit Issue	Comments of the Accounting Officer	Recommendation
(a)	The total provision of Rs. 7,500,000 made for one recurrent expenditure object and one capital expenditure object had remained totally unutilized.	Since no capital development took place during that year, the allocated provisions remained unutilized.	The expenditure estimates should be prepared accurately.
(b)	Out of Rs. 46,650,000 allocated for 11 recurrent expenditure objects and 2 capital expenditure objects, an amount of Rs. 13,432,598 had remained unspent, and the said balance was in a range between 23% and 90% of the net allocation.	Savings have occurred due to merging allowances including other allowances into basic salaries, anticipated foreign travels not taking place, capital expenditures not occurring, savings in maintenance provisions, machine and equipment upgrade expenses not arising as expected, vehicle repairs and fittings not occurring as expected, and nominating officers only for essential training programs according to the service requirements.	The expenditure estimates should be prepared accurately.
(c)	Due to crediting the recovery of loan balances for September in the Public Officers' Advance B Account to another head, there was a discrepancy of Rs. 25,124 between the departmental books and Treasury computer prints of the year-end balance.	The steps have currently been taken to rectify this error.	Discrepancies between departmental books and Treasury books should be settled.
(d)	Although the total purchases of other machinery and equipment in the Non-Financial Assets Account Report (SA 82) generated by the CIGAS web application for the year under review should be Rs. 8,556,677, it had been stated as Rs. 8,523,677, showing a difference of Rs. 33,000. The said value of Rs. 33,000 had been	The proceedings will be made to discuss with the Department of Public Accounts and rectify the issue.	The Non-Financial Assets Report should be prepared accurately.

recorded as a purchase of transport equipment within the same SA 82 statement.

3.2 Certifications to be made by the Chief Accounting Officer / Accounting Officer

Although the certifications were to be made by the Chief Accounting Officer / Accounting Officer regarding the following matters in accordance with the provisions of Section 38 of the National Audit (Amendment) Act, No. 19 of 2018, the proceedings had not been made accordingly.

Audit Issue	Comments of the Accounting Officer	Recommendation
(a) Although the Chief Accounting Officer and Accounting Officer were required to certify that an effective internal control system had been designed and maintained for financial control, periodically review its effectiveness, make necessary modifications, and submit a copy of such written reviews to the Auditor General, the statements to the effect that such reviews were conducted had not been submitted to the audit.	Action will be taken in the future to submit this certification in accordance with the provisions of the National Audit Act.	The steps should be taken in accordance with Section 38 of the National Audit Act, No. 19 of 2018.
(b) Although the Chief Accounting Officer and Accounting Officer were required to certify that the preparation of annual and other financial reports were done within the stipulated timeframe, and to ensure the presentation of annual reports to Parliament, these requirements had not been fulfilled due to the audit observations mentioned in Paragraph 4.2 of the report.	The proceedings are underway to submit the Performance Report for the year 2025 by the due date.	Action should be taken in accordance with Section 38 of the National Audit Act, No. 19 of 2018.

3.3 Non-compliance with Laws, Rules and Regulations

Reference to the Laws, Rules and Regulations	Observation		Comments of the Accounting Officer	Recommendation
	Values	Non-compliance		
	Rs.			
(a) Sub-sections 4.2.5, 4.5, 4.6, and 6.3 in the Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	137,500	The steps had not been taken to recover the loan balances exceeding 3 years to be collected from a retired officer.	The steps will be taken to settle the loan balance through the account summary of March 2026.	Action should be taken to recover the loan in accordance with Chapter XXIV of the Establishments Code.
(b) Public Administration Circular		Even if a fuel test should be done upon the completion of 12 months, driving 25,000 km, or after major engine repairs whichever occurs first following each fuel test, the proceedings had not been done accordingly, and the monthly running charts had not been completed as specified in the circular to identify variations in fuel consumption.	The steps will be taken to conduct fuel tests for vehicles. The proceedings will also be made to properly prepare and submit monthly running charts to identify fuel consumption variations according to the circular.	The proceedings should be made in accordance with the circular.
(c) Public Finance Circular.		An Annual Action Plan should be prepared for every year to execute the approved budget	The Action Plan was initially prepared for the first 04 months. After the budget estimates 2025 was	The proceedings should be made in accordance with the circular.
		• Paragraph 3.1 of the Circular No. 30/2016 dated 29 December 2016.		
		• Paragraph 3 of the Circular No. 02/2020 dated 28 August 2020		

estimates. However, adopted, it has been the Action Plan for prepared again the upcoming year including the had not been responsible officers prepared and the and key performance approval had not indicators. been obtained before 15 December of the current year.

- Paragraph 4 of the Circular No. 02/2020 dated 28 August 2020

Although the Annual Procurement Plan should be prepared and approved by the Chief Accounting Officer before 10 December of the current year and a copy thereof should be sent to the Auditor General, the plan for the year 2025 had not been prepared or approved as per the circular. It is accepted that the approval was not obtained for the Procurement Plan. However, a detailed Procurement Plan for 2026 has been prepared and approved by the Secretary of the Ministry. The proceedings should be made in accordance with the circular.

4. Operational Review

4.1 Annual Performance Report

In terms of subsection 47(4) of the Public Finance Management Act, No. 44 of 2024, the Annual Performance Report should be published 180 days or earlier upon the end of the financial year. As per the paragraph 10.2 of the Public Finance Circular, No. 2/2020 dated 28 August 2020, the Annual Performance Report should be prepared in accordance with the format specified in Guideline No. 14 issued by the Department of Public Finance. In terms of section 16(2) of the National Audit Act, No. 19 of 2018, this Performance Report is required to be presented for audit along with the Annual Financial Statements. The following observations are made in that regard.

Audit Issue	Comments of the Accounting Officer	Recommendation
As per the subsection 47(4) of the Public Finance Management Act, No. 44 of 2024, the Annual Performance Report should be published within 180 days after the end of the financial year. However, the Annual Performance Report 2024 had been submitted to Parliament on 15 October 2025.	The steps are being taken to present the Performance Report for the year 2025 by the due date.	The Performance Report should be tabled in Parliament within the timeframe specified in the Public Finance Management Act.

4.2 Losses and Damages

Audit Issue	Comments of the Accounting Officer	Recommendation
Regarding an accident of a department vehicle on 27 January 2007, the lawsuit filed to recover the loss of Rs. 254,038 from the driver had been dismissed due to prescription law due to lack of follow-up. Although a period of 18 years has passed since the accident, suitable steps have not been taken to recover the loss from the responsible parties.	The applications have been submitted under F.R. 109 to write off the loss from the books.	The investigations should be conducted in accordance with Financial Regulations, and the loss should be recovered from responsible officers.

4.3 Management Deficiencies

Audit Issue	Comments of the Accounting Officer	Recommendation
(a) Although it had been stated that the administration activities are being conducted under the Action Plan 2025 for 1,144 trusts and 176 estates, the Department had failed to maintain a comprehensive register containing details such as the date of assignment, related assets, and estate values for all trusts and estates administered.	A register containing trusts and estates has been prepared, and necessary steps have been taken to maintain it in updated manner.	The details regarding all trusts and estates administered by the Department should be included in the register.
(b) There are occasions where trusts and estates are terminated by the settlor. However, as at 31 December 2025, the Department had failed to maintain updated records regarding inactive trusts and estates or those closed and terminated by settlor.	Necessary steps have been taken to update and properly maintain the trust and estate registers.	Information regarding inactive and closed trusts and estates should be properly documented.

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| <p>(c) The Department is required to duly collect the 4% capital and revenue fees payable to the government in terms of the administration of the trusts and estates, and the 7% government fee payable on income derived from immovable property. However, due to the lack of accurate information regarding the volume of trusts and estates being administered, the audit could not verify whether these revenue fees had been properly paid.</p> | <p>The required arrangements have been made to properly collect the income fees to be received from trusts and estates.</p> | <p>The records regarding immovable assets belonging to trusts and estates should be maintained, and the government fees should be collected and paid within the stipulated period.</p> |
| <p>(d) According to the Action Plan, as at 31 December 2025, an expenditure of Rs. 311 million had been incurred in relation to 401 of the 1,317 trusts and estates administered by the Department of Public Trustee. Although the expenses pertaining to a specific trust or estate should be met from that trust's or estate's own funds, the Department had covered all expenses using funds from available trusts and estates. Consequently, it had not been possible to identify which specific trusts' or estates' funds were utilized to cover the Rs. 311 million expenditure.</p> | <p>The steps are being taken to identify trusts and estates with negative cash balances, increase their income, minimize expenses, and resolve this issue through alternative measures.</p> | <p>The expenses for a specific trust or estate should be borne only from its own respective funds.</p> |
| <p>(e) Although the Public Trustee had been granted the administrative powers in 2005 to sell property belonging to the C. E. Wanigasuriya Estate and establish a trust in the name of the Testator, the steps had not been taken to identify, secure ownership, protect land plots and buildings, or sell the property to fulfill the objectives of the testator.</p> | <p>A committee has been appointed to identify the land plots, and the said committee is currently working on identifying the lands.</p> | <p>The steps should be taken to protect the properties belonging to the Public Trustee and fulfill the objectives of the trust.</p> |
| <p>(f) A sum of Rs. 254,261,880 was payable to 272 dependents as foreign compensation as at 31 December 2025. This included Rs. 1,187,997 existing since before 1991 and Rs. 29,125,201 pending for over 5 years</p> | <p>The Department is coordinating with the Consular Division of the Ministry of Foreign Affairs regarding unclaimed payments, and</p> | <p>The payments should be done immediately upon the receipt of compensation monies.</p> |

related to 98 dependents. The steps had not been taken to identify beneficiaries and disburse funds, and an IT system had not been established to maintain compensation data.

A formal register containing details such as the names and addresses of dependents for the outstanding balances older than five years related to foreign compensation payments, and a register about compensation monies for dependents under the age of 18 years had not been maintained.

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| <p>(g) There was an amount of Rs. 39,641,651 existing since over 20 years to be paid as temple compensation related to 280 temples, and the steps had not been taken to release the said amount to the respective temples even as at 31 December 2025.</p> | <p>The letters have been sent to inform temples regarding the temple compensation available at the Department.</p> | <p>The proceedings should be made to release the compensation funds to the respective temples.</p> |
| <p>(h) The Public Trustee had been appointed as the holder of power of attorney to sell immovable and movable property in Sri Lanka belonging to Mrs. Florence Enid Witham; who passed away in Singapore on 11 August 1968, and distribute money to be received from the sale to the heirs/beneficiaries. However, details regarding the distribution of Rs. 64,645,776 obtained from the property sale to the heirs/beneficiaries had not been presented to the audit.</p> | <p>The payments have been made to 30 heirs. The remaining 16 have not appeared. Since most of these beneficiaries reside abroad, the delays are occurring due to difficulty in locating them.</p> | <p>Money received from property sales should be paid to the beneficiaries.</p> |
| <p>(i) According to Section 47(1) of the Public Trustee Ordinance, the accounts of the Public Trustee should be audited at least once annually, and at any time if the Minister so direct, by the prescribed person and in the prescribed manner. However, this had not been executed.</p> | <p>The proposals from the Department of Public Trustee regarding the audit under the Public Trustee Ordinance have been submitted to the Ministry.</p> | <p>Trust accounts should be audited in accordance with the Public Trustee Ordinance.</p> |

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| <p>(j) Land at Thope Estate, Horana, belonging to the H. A. De Silva Trust, had been given to M/s Maga Engineering (Pvt) Ltd on a lease agreement from 01 September 2021 to 31 August 2025. Although the agreement had expired on 31 August 2025 and rent had been collected based on the previous rate since September 2025, a formal lease agreement had not been made.</p> | <p>The steps will be taken to sign a new agreement immediately upon the receipt of the new valuation report and provide a copy of the lease agreement.</p> | <p>Leasing of lands should be carried out on a legal lease agreement.</p> |
| <p>(k) Richmond Castle, a historic mansion in Palathota, Kalutara, belonging to the N. D. S. Silva Estate, had not been repaired in a timely manner. Consequently, water leaks from the roof had damaged the walls, and consequently, the public viewing had been restricted only to the ground floor. Although the ticket sales had generated Rs. 9,754,725 from local and foreign tourists in 2025, no attention had been given to repair the mansion.</p> | <p>The consultancy and procurement works required for conservation and repair are currently being handled by the Central Cultural Fund.</p> | <p>Richmond Castle Mansion should be repaired immediately, and the objectives of the testator should be fulfilled.</p> |
- (l) Harry Hapugoda Estate**
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| <p>(i) When the land portions were determined to lease out the Suduwelipotha Watta of Harry Hapugoda Estate, 48 acres of non-revenue-generating paddy land had not been considered for the leasing. Out of 113 acres, only 61 acres and 33 perches had been selected, which included land with fertile cultivation.</p> | <p>There are obstacles in starting a new cultivation. The steps are being taken to lease the lands settled up to a certain level and to ensure a stable income source.</p> | <p>The steps should be taken to lease out the fallow lands.</p> |
| <p>(ii) Lawalugahaduwa and Yagalkanda land plots contain approximately 24 acres, and the steps had not been taken to mark the boundaries, display the name of the department and protect lands.</p> | <p>The instructions have been given to the Estate Superintendent to install name boards.</p> | <p>Land boundaries should be demarcated, departmental name boards should be installed, and the lands should be protected.</p> |

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| <p>(iii) Although the bungalow land plot contains 04 acres, 01 rood, and 08 perches, survey work had not been conducted making it impossible to verify whether the entire area is possessed by the Department. The bungalow where the late Harry Hapugoda resided is located here and used by the current Superintendent for residence and official activities. No repair had been undertaken even if the house was in a severely dilapidated condition.</p> | <p>The repair activities have been delayed due to the debit balance in the account.</p> | <p>The steps should be taken to repair the buildings in a timely manner.</p> |
| <p>(iv) Although the lessee had been informed in writing on 16 December 2025 that the lease of Mattaka Estate with an extent of 17 acres, 02 roods, 1.5 perches was approved to be given on lease basis, no lease agreement had been signed other than collecting an initial deposit of Rs. 5,560,000.</p> | <p>The proceedings are done to forward the agreement for registration.</p> | <p>An agreement should be entered into.</p> |
| <p>(m) The D. S. W. Samarakoon Charitable Trust has been created by the last will written by Mr. Don Simon Wijewickrama in 1950, and the Public Trustee had been entrusted with the task of constructing a ward at the proposed Piliyandala Hospital and name the said ward in his deceased mother. Audit observed that the ward has not been constructed to date. Also, only other items (non-medical equipment) not related to the primary objective had been donated.</p> | <p>It has been informed to prepare plans and estimates for renovating the dressing unit at Piliyandala Hospital. Also, necessary allocations are to be made from the department, and further inquiries have been made by the letters in 2024 and 2025.</p> | <p>The objectives of the testator should be fulfilled.</p> |

5. Human Resource Management

	Audit Issue	Comments of the Accounting Officer	Recommendation
(a)	As at 31 December of the year under review, the approved cadre of the Department of Public Trustee was 77. However, the actual cadre was 66. Consequently, there were 11 vacancies.	An acting appointment has been made for the post of Accountant, and the steps are underway to recruit a Legal Officer. Written requests have been made to the Ministry of Public Administration to fill the remaining vacancies.	The vacancies should be filled immediately.
(b)	In terms of Public Administration Circular No. 18/2001 dated 22 August 2001, a transfer policy should be implemented for officers completing 5 years at the same work place. However, the Department had failed to transfer officers who exceeded 5 years of service.	At the time of sending applications for annual transfers in July 2025 even for the transfers in the year 2026, the details of 14 officers who completed over 05 years as at 30 June 2025 have been recommended and forwarded.	Transfers should be granted in accordance with circulars.