

## **Head 205 - Report of the Auditor General on the Department of Public Trustee– Year 2017**

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The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Department of Public Trustee. The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Management and Accountability**

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The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

### **1.3 Scope of Audit**

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The audit of Department of Public Trustee – Head 205 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports presented to Audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

## 1.4 Audit Observation

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The material and significant audit observations out of the audit observations of the Department of Public Trustee for the year ended 31 December 2017 revealed in audit appear in paragraph 2.1 to 2.10 of this report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

<b>Accountability of the Accounting Officer in terms of Financial Regulation 128(1)</b>	<b>Non-compliance with that Provision by the Accounting Officer</b>	<b>Reference to the Paragraph of the report which included the Observation</b>
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Financial Regulations -----		
128(1)(a) That the work of his department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavour is made to complete the programme of work laid down for the year and/or to attain the targets specified,	<ol style="list-style-type: none"> <li>1. Action Plan had not been accurately.</li> <li>2. Non-maintenance of registers and books.</li> </ol>	<p>2.2.1</p> <p>2.7</p>
128(1)(e) That adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment, and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions.	<ol style="list-style-type: none"> <li>1. Deficiencies in conducting the Annual Boards of Survey.</li> <li>2. Deficiencies in Assets Management</li> </ol>	<p>2.2(b)</p> <p>2.2</p>

128(1)(i)	That the activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business (In this context, economy means not merely keeping within the Estimates; but also ensuring that the Government receives best value for money expended)	1. Irregular transactions	2.3
		2. Management deficiencies	2.5

## **2. Material and Significant Audit Observations**

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### **2.1 Performance**

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#### **2.1.1 Planning**

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The Action Plan for the year 2017 had been prepared in terms of the Public Finance Circular No.01/2014 of 17 February 2014. Accordingly, 11 key functions were to be performed by the Department during the year under review whereas the following deficiencies were observed in connection with the Action Plan prepared for the achievement of expected results.

- (i) A sum of Rs.11,209,507 collected as capital income, investment income, income charges and other charges under the Public Trustee Ordinance No. 09 of 1917 amended by Acts No. 01 and No.4 of 1918 and No. 01 of 1922 amended by Act No. 11 of 1931, No. 59 of 1938 and No. 41 of 1983 pertaining to the Estates entrusted to the Department of Public Trustee and the Trusts established, had been remitted to the General Treasury in the year 2017. Nevertheless, these collections of revenue had not been included in the Action Plan.
  
- (ii) Twelve agrarian lands with considerable extents were vested to the Public Trustee under various Estates and it is expected to implement from the revenue generated on the proper management thereof. The expected income and expenditure pertaining to the Wanasingalla Waththa and Labuhena Waththa belonging to the N.D.S.Silva Estate so vested, had not been estimated and included in the Action Plan of the year 2017. According to the Annual Performance Report, a profit of Rs.23,294 had been generated by the Wanasingalla Waththa while a loss of Rs.232,915 had sustained by the Labuhena Waththa during the year under review.

## **2.2. Assets Management**

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The following deficiencies were revealed in the audit test check carried out on the assets of the Department.

### **(a) Recording of Assets**

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The information on plant, machinery, office equipment and furniture called for by the Comptroller General's Office which functions under the Ministry of Finance and Mass Media had not been made available in terms of the Assets Management Circular No.01/2017 of 28 June 2017.

### **(b) Conduct of Annual Board of Survey**

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The Annual Board of Survey for the year 2017 should be conducted in terms of Public Finance Circular No.05/2016 of 31 March 2016 and the reports thereof should be presented to the Auditor General before 15 June 2018 in terms of Paragraph 3.2.6 of that circular. Nevertheless, the Department had not presented those reports to the Auditor General even by 30 August 2018. The reason thereof had been the failure to conduct Boards of Survey pertaining to the 12 estates administered by the Department.

## **2.3 Irregular Transactions**

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Certain transactions had been entered into by the Department in an irregular manner. Several such instances observed are given below.

### **2.3.1 Sandahiru Seya Trust**

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An application for the commencement of "Sandahiru Seya" had been forwarded to the Department of Public Trustee on 14 January 2011 appointing the Army Coordinating Officer at No.5/15, Baladaksha Mawatha, Colombo 03 as the Initiator and the Public Trustee as the Custodian Trustee. The objective of establishing this Trust is to obtain donations and aid for the construction of "Sandahiru Seya" as the first Stupa of the programme to erect 9 monumental Stupas in each Province with the contribution of war heroes of the three armed forces as a symbol of victory after defeating terrorism. A Trust Board of Control comprising 4 members had been appointed in respect of the Trust. The following observations are made in the audit examination carried out in this connection.

- (a) The Associated Newspapers of Ceylon Limited had provided donations of Rs.3 million and Rs.1 million totalling Rs.4 million in two instances. Out of that, a sum of Rs. 3 million had received in favour of this Trust on 29 November 2010, that is 01 month and 13 days before the establishment of the Trust legally after having signed the Deed of Trust.
- (b) A sum of Rs.3 million from the official Account of the Department and a sum of Rs.2.72 million from the Religious and Social Services General Trust Fund which is not relevant thereto, had been released to a private company, a reverend and to personal names of two Army Officers on the pretext of constructions of the “Sandahiru Seya” on 16 December 2010 that is, before entering into the Agreement after having signed the Deed of Trust.
- (c) According to the Paragraph (a) of Section 9 of the Deed of Trust, the said money shall be released by a cheque written in favour of a person or an institution nominated subject to a written request made with signatures of at least two members of the Trust Board of Control including the Initiator. A sum of Rs. 7.18 million including the money mentioned in Paragraph (b) above had been released by the Department of Public Trustee in 8 instances to the parties mentioned in Paragraph (a) and another Major of Army without written requests contrary to the Paragraph (a) of Section 9 of the Deed of Trust. Accordingly, follow up action had not been taken on the performance relating to the payments made to various parties by utilizing donations and money of other Trust Estates while the Progress Reports pertaining to expenditure had not been obtained.
- (d) A land owned by the Land Reforms Commission had been taken over by the Public Trustee of Sri Lanka on 01 February 2011 for the construction of “Sandahiru Seya”. Nevertheless, no construction or development work whatsoever had been carried out on this land ,thus it had been transferred again by the Land Reforms Commission on 17 March 2015.Accordingly, it was observed that the construction of “Sandahiru Seya”had been planned in a land without a legal ownership.
- (e) As the Department had made payments despite the lack of money in the Trust, a debit (negative) balance of Rs.514,432 existed in the “Sandahiru Seya” Trust as at 31 December 2017.

### 2.3.2

#### **Estate of Nihal Peiris**

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 The Probate on the Estate of Nihal Peiris had been granted to the Public Trustee by the judgement No.2117/05/T dated 02 October 2007 delivered at the District Court, Mount Lavinia regarding the Estate without a Last Will of deceased Nihal Peiris who was resided at No.57, Second Lane, Ratmalana.

The following observations are made in connection with this property.

**(a) House at No.57, 2<sup>nd</sup> Lane, Ratmalana**

The Public Trustee had informed the District Court, Mount Lavinia on 06 December 2007 that, an income could be earned by renting or leasing out this house after minor repairs and that income could be utilized for wellbeing of the two children of unsound mind of Nihal Peiris. Even though the Department had obtained the Administrative Powers regarding the relevant property, necessary action had not been taken to properly maintain the said property. As such, the income of 10 years which could have been earned by renting or leasing out this house after repairs had been deprived of by **August 2017, the date of audit.**

**(b) Kandawala Waththa Land of 20 Perches (Block No.37)**

The Department had prepared the Plan No.4245 allotting the Kandawala Waththa land of 20 perches in extent of the Estate for 5 perches and 15 perches as Block 37 B and 37 A. The Department of Valuation had assessed the land of 15 perches for Rs.9,000,000 and this land had been sold at Rs. 8,775,000 through a newspaper advertisement. It was Rs.225,000 less than the minimum valuation of the Government. Further, information on the remaining land of 5 perches was also not included in the relevant file.

**(c) Property of 1.99 perches bearing the Assessment No.65/18, Wasala Road, Kotahena**

This land had been assessed at Rs.1,800,000 as at 25 May 2010. The Department had decided to sell this property for Rs.3,000,000 to the person who was already residing at the house. The authority to sell this property for Rs. three million had been granted to the Department of Public Trustee by the District Court, Mount Lavinia on 19 November 2010. Nevertheless, the Department had obtained a sum of Rs.one million from the resident in respect of this property as at 19 August 2010 before the authority was granted by the Court and it was observed as a matter of contentious nature.

**2.4**

**Unresolved Audit Paragraphs**

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The reference to the paragraphs not rectified by the Department pertaining to the deficiencies pointed out by the audit paragraphs included in the Reports of the Auditor General relating to the Department, is given below.

**Reference to Auditor  
General's Report**

**Item of Reference**

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**Year            No.of Para**

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**2016            3.6.1(a)**

**D. V. P. Wijesinghe Daham Sevana Trust**

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A Trust was established by Mr. D.G.W. Wijesinghe lived in Mount Lavinia with the name of "D.V.P. Wijesinghe Daham Sevana Trust" on 31 January 2013, by entrusting an initial amount of Rs. 25,000 and a land of 37.5 perches located in Panadura area as well as by nominating Public Trustee as the Guardian. The objective thereof had been mentioned as establishment and maintain of Dhamma Institute for the stableness of Bhikkhuni Buddhist Order.

The consent of Court had been obtained to construct a hermitage for woman hermits in this land before it was legally vested to the Department of Public Trustee. Attention had not been paid by the Department regarding the sufficiency of interest receive from the capital in respect of this construction.

**3.6.1(b)**

**Management of Properties of Miss. Chandani Hemantha Perera**

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The Public Trustee had been nominated as the Curator and Private Security for the Estate of Miss. Chandani Hemantha Perera until the recovery from her illness, on the Judgment of Case No. 06/2005/ LG in District Court, Colombo dated 04 October 2006, and the authority had been given to spend the amount adjudicated by the Court for her maintenance. Even though the Public Trustee should act as Property Manager of a person of unsound mind in case of appointment by the Court, no provision had been made in the said Ordinance for the Public Trustee to act as Private Security of such person.

**2016            3.6.2(a)**

**Estate of U. D. B. De Silva**

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The Public Trustee had been nominated as the Guardian of the Estate of U. D. B. De Silva who passed away on 01 April 2010, by his Last Will No. 10821 of 29 June 2001.

Even though it was mentioned in the Last Will to construct a house for beneficiaries of the Estate, the house had not been purchased. Expenditure aggregating Rs. 247,274 had been incurred from the capital of the Estate in 7 instances by the Department as travelling charges and legal fees in this connection.

The value of cash at banks and fixed deposits were stated as Rs.41,079,003 and Rs.110,513,662 respectively. Nevertheless, the value of cash at banks and fixed deposits as per the files amounted to Rs.50,179,827 and Rs.58,000,000 respectively.

Even though the legal proceedings of the Estate were not concluded, a sum of Rs. 2,038,430 had been paid as legal fees from the Estate.

Charity donations amounting to Rs. 484,946 had been paid contrary to the objectives of the owner of the Estate.

**2016      3.7(a)      Funds Received from the Government of China for Gampola City  
Development and Waste Disposal Activity**

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An agreement had been signed between Mayor of Lingsang Urban Council of China and Former Mayor of Gampola Urban Council for Gampola City Development and Waste Management on 07 July 2011. Accordingly, a sum of USD 159,604.18 or Rs. 20,426,675 had been sent to the official bank account of the Public Trustee on 19 October 2012. Out of that amount, a sum of Rs. 20,814,322 had been spent by the Public Trustee for various purposes in an irregular manner.

**3.7(b)      Audit of the Estate of Mr. Sisil Ernest Wanigasuriya**

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The Estate of Mr. Sisil Ernest Wanigasuriya who died on 28 November 1999 had been entrusted to the Public Trustee by mentioning as to establish and maintain a Trust by the name of “Sisil Wanigasuriya Trust” through the proceeds of selling all properties of his Estate as per the Last Will No. 1503. The information on accounting for the cash received from the sale of two lands at Rs.79 million and Rs.9,043,935 to the Sisil Wanigasuriya Estate Account, had not been made available to audit.

Even though 11 years had elapsed since the receipt of Probate for the land of 01 acre,4 roods and 38 perches in extent which remained unsold of the land named Uranlinkanaththa, Kadawatha, lands of 03 acres,03 roods and 8 perches in 04 places, property of which the extent not determined in 02 places and the land at Sedawaththa within the Kolonnawa Urban Council area , the Department had not taken action to sell those properties and credit the money to the Sisil Wanigasuriya Trust.

Even though the total assets had been shown as Rs.98,182,155 as at 31 December 2007, the value of total assets as per the list of properties had been shown as Rs.111,246,658. As such, an unreconciled difference of Rs.13,064,503 was observed.



**3.7(d) Estate of Mrs. Florence Enid Widam**

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Public Trustee of Sri Lanka had been nominated in the year 1975 as the Power of Attorney by Mrs. Florence Enid Widam who died in Singapore on 11 August 1968, for giving the cash which would be received from selling the lands at 3 places in Sri Lanka in extent of 3 roods and 35.8 perches and 3 house buildings in those lands and the cash of Rs. 54,476 remained in a private bank, for heirs / beneficiaries.

Out of Rs.69,066,000 received from the sale of these properties, a sum of Rs.25,615,209 had been given to 20 heirs and beneficiaries. The balance sum of Rs.43,450,791 had not been paid to other heirs despite a lapse of 5 years as at 31 January 2016.

The selling process of property with an extent of 01 rood and 05.94 perches at Clasan Place, Colombo 05, had not been commenced even by 31 December 2016. A long period over 40 years had elapsed as at that date for the sale of these properties.

**2016 3.8(b) Payment of Compensation to Sri Abhayarama Temple in Narahenpita**

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A compensation of Rs. 33.36 million had been paid to the Public Trustee in the years 2007 and 2008 for acquisition of lands of the said Temple to the Road Development Authority. As per the request made by a Monk in the Temple who is not the Chief Incumbent, a sum of Rs. 15 million had been paid out of the said compensation on 06 December 2007. Documents such as expenditure estimates, engineering estimates and engineering plans pertaining to the development activities of the Temple had not been presented to the Commissioner of Buddhist Affairs in respect of the release of that amount of compensation.

A sum of Rs. 24.88 million had been received as interest from the investment of compensation in fixed deposit as at 09 February 2015. Nevertheless, a sum of Rs.34.11 million had been released to the Incumbent and thereby an illegal payment of Rs.9 .23 million had been made.

**2.5 Management Weaknesses**

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The following weaknesses were observed in audit test checks.

**(a) Estate of D.J.D.J.Abeysekara**

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The Public Trustee of Sri Lanka had been nominated as the Executor by Mrs. Johana Dias Jayaweera Abeysekara who lived at No.93,Barns Place, Colombo 07 and died on 10 August 1965, by her Last Will No.92 dated 06 August 1965.

The Public Trustee had received the Probate on 31 March 1968 by the Case No.22469 of the District Court, Colombo.

According to the audit examination carried out on this Estate, the following observations are made.

(i) Two stalls bearing the Assessment Nos.23 and 25 at Batapola and the plot of land bearing No.33/1 at Batapola Road, Kurundugaha Hethapma, Elpitiya.

(ii) Even though the lessees had been informed to purchase those stalls, no response had been received as yet. The outstanding rental for the stall No.23 as at 31 December 2015 totalled Rs.154,880. Even though the occupant of the plot of land of 23.125 perches bearing No.33/1 at Batapola Road, Kurundugaha Hethapma, Elpitiya, had been informed to purchase it at an assessment value of Rs.2.30 million, that land had not been purchased even by 25 April 2018. The outstanding rental as at 30 June 2015 amounted to Rs.143,400. From that date, even though two more years had elapsed up to the date of audit, the Department had failed to recover an outstanding rental of Rs.298, 280. Further, there were no formal rent agreements in this connection.

**(iii) Lot No.“G” of Plan No.314**  
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The said land of 11.86 perches in extent which was assessed at Rs.710,000 had been sold at Rs.595,372 on 29 March 2012 to an officer who served in the Department for 05 years from January 2004 to May 2010, as the highest quotation in response to a newspaper advertisement. As the property had been sold at a lower price than the Government valuation, it was observed that a loss of Rs.114,628 had sustained by the Estate.

**(iv) Kanda Addara Kattiya alias Ihala Kanda Idama in Nugegoda**  
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According to the judgement of the Partition Case pertaining to the said land, an extent of 01 rood 26.6 perches had been entrusted to the Public Trustee on 26 August 2013. The department had not taken any action up to the date of audit to develop this land or to sale or lease out after obtaining Assessment Reports with a view to achieving the objectives of the owner of Estate.

**(b) Estate of R.L.H. Chandrasekara**

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The Estate of R.L.H. Chandrasekara who was resided at Kurunegala Road in Anuradhapura, pertaining to the Case No.T 01/99 had been assessed at Rs.1,058,867 and the Last will and the Estimate had been produced to the Court on 14 January 1999. Owing to petitions, the District Judge of Anuradhapura had granted a Limited Probate to the Public Trustee on 04 June 2003. The following observations are made regarding this Estate.

- (i) Plans and survey plans so as to accurately verify the total extent of lands belonging to this Estate had not been filed. Even though 19 years had elapsed since the death of R.L.H. Chandrasekara and 14 had elapsed since the receipt of Limited Probate to the Department of Public Trustee, the said Estate had not been settled after having surveyed the extent of land by demarking boundaries and erecting a security fence, even by the date of audit.
- (ii) The person worked as a tenant farmer for the lands when the Estate owner was alive had been temporarily appointed as a lessee in respect of the property from 04 July 2000 by the Public Trustee with the agreement of crediting money equivalent to guaranteed price of 12 bushals per an acre of paddy field for one Season and a sum of Rs.2,500 per annum for the coconut land, to the income of Estate. Nevertheless, a proper lease agreement had not been entered into in this connection.
- (iii) The said tenant farmer had taken action to minimize the payment of inheritance by understating the extent of paddy fields cultivated and on the pretext of frequent damages caused to cultivations. The Department of Public Trustee had not carried out supervision or taken follow up action on the accuracy of payments of inheritance at any instance.
- (iv) Out of the inheritance amounting to Rs.289,308 payable for the Maha Season 2016/17 as per the computation of the tenant farmer, only a sum of Rs.200,000 had been paid while the balance of Rs.89,308 had not been paid even by the end of the year 2017.
- (v) Even though the extent of coconut land had not been duly verified by the Department, it was confirmed that a sum of Rs.3,000 is being paid by the tenant farmer for lands at present as per the files. According to the report of the Investigation Officer of the Department, the extent of coconut land of the said Estate had been about 10 acres. As such, the Department had

not paid the attention to the fairness of paying an inheritance of Rs.3,000 per annum for 10 acres of coconut.

- (vi) The building and land for business purposes at No.48/388, Harischandra Mawatha, New Town Anuradhapura which belong to this Estate, had been leased out by the owner of Estate while the judgement of case filed by himself in respect of the removal of lessee had been delivered in favour of the owner of Estate after his death. However, action had not been taken to settle those properties and earn the due income by leasing out them properly as per the said judgement, thus it was observed that no income whatsoever was being received from that Estate to the Department.
- (vii) A proper lease agreement had not been entered into with the lessee in respect of the building and that land for business purposes at Nos.238 and 239, Kurunegala Road, Old Town Anuradhapura which belong to the said Estate. No income whatsoever had been received to the Estate from this property with a market value since April 2000 and the Department of Public Trustee had not looked into this property.
- (viii) Even though the legal proceedings of Estate were not concluded, an expenditure of Rs.1,944,852 had been incurred from the income of this Estate as legal fees for 07 Lawyers since the year 1999 up to the date of audit. In paying the legal fees, payments had been made without the confirmation of appearing in Courts. Further, unidentified various payments amounting to Rs.136,079 and payment of unidentified charity donations totalling Rs.20,000 made in 05 instances were observed.
- (ix) Even though 19 years had elapsed since the death of owner of the Estate and 14 years had elapsed since the receipt of Limited Probate to the Department, the Public Trustee had failed to take action as per the Last Will of the deceased in terms of the Limited Probate by paying the loans and testamentary expenses of the owner of the Last Will pertaining to the said Estate and to produce a true and completed final account and a list of properties of the said money and properties, to the Court. As such, the objectives expected by the owner of the Estate after having entrusted his Estate to the Department of Public Trustee, had not been achieved.

**(c) Management of Properties of Manohari Sunil Kanthi Madugalla**  
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The Public Trustee had been appointed as the custodian trustee and manager of a person of unsound mind named Manohari Sunil Kanthi Madugalla. In terms of the Deed of Gift No.25718 dated 26 January 1972 and the Schedule, paddy fields and other lands of 25 acres and 03 roods in extent were belonging to the said Estate. The share payable for those paddy fields by the tenant farmers was being deposited at the Agrarian Service Centre, Malsiripura at the time of entrusting the management of properties to the Public Trustee.

The following observations are made in this connection.

- (i) According to files, it was confirmed that the money paid by the tenant farmers for paddy fields to the Agrarian Service Centre, Malsiripura before the properties were entrusted to the Public Trustee, had been deposited to credit of the relevant Case in Court by that Agrarian Service Centre. Nevertheless, the Department of Public Trustee had failed to obtain that money to the Public Trustee in favour of the aforesaid management of properties even by the date of audit. Payments amounting to Rs.20,500 had been made to the relevant Lawyer in three instances regarding the legal proceedings thereof.
- (ii) The Agrarian Service Centre, Malsiripura had confirmed to the Public Trustee that a total sum of Rs.223,348 comprising Rs.80,648 and Rs.142,700 for the years 2014 and 2015 respectively, had been received as inheritance. Out of that, a sum of Rs.134,419 only had been paid to the Public Trustee on 09 October 2015 while the Department of Public Trustee had failed to obtain the balance sum of Rs.82,228 to the Management of Properties of Manohari Sunil Kanthi Account even by the date of audit. Further, no money whatsoever had been received by the Department for Yala and Maha seasons of the years 2016 and 2016/17 respectively, even by the date of audit. The Department had not taken action to earn due income of property from tenant farmers by assessing the actual income of the entire land of 25 acres and 03 roods in extent and the actual income of paddy lands belonging to the Estate.
- (iii) Even though one year and 08 months had elapsed since the death of relevant lady as at the date of audit, action had not been taken to confirm her death in the Court and to obtain a Court Order in respect of the manner in which the property of management to be released.

**2.6 Utilization of Provisions authorized by Parliament to Perform Functions**  
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Information on the utilization and savings of provision made for the Department during the 05 years ended as at 31 December 2017 is given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
		Rs. Million	Rs. Million	Rs. Million	
2013	Recurrent	34.831	34.269	0.562	2
	Capital	3.640	1.746	1.894	52
	<b>Total</b>	<b>38.471</b>	<b>36.015</b>	<b>2.456</b>	<b>6</b>
2014	Recurrent	36.488	36.405	0.083	0.2
	Capital	1.917	1.723	0.194	10.1
	<b>Total</b>	<b>38.405</b>	<b>38.127</b>	<b>0.278</b>	<b>0.7</b>
2015	Recurrent	45.450	42.117	3.333	7.2
	Capital	2.905	2.727	0.178	6.8
	<b>Total</b>	<b>48.355</b>	<b>44.844</b>	<b>3.511</b>	<b>7.2</b>
2016	Recurrent	45.015	44.469	0.546	1.2
	Capital	2.345	2.312	0.033	1.4
	<b>Total</b>	<b>47.360</b>	<b>46.781</b>	<b>0.579</b>	<b>1.2</b>
2017	Recurrent	49.475	49.031	0.444	0.8
	Capital	3.177	3.171	0.006	0.2
	<b>Total</b>	<b>52.652</b>	<b>52.202</b>	<b>0.450</b>	<b>0.8</b>

## 2.7 Non-maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observations
(a) <b>Register of Fixed Assets</b>	Treasury Circular No. 842 of 19 December 1978	The Register of Fixed Assets had not been updated in a manner to include the 12 estates, housing property , motor vehicles etc. which come under the Estate of Department.

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|-----|---|--|--|
| (b) | <b>Register of Investments</b>          | Paragrapgh 4.2(f) of the Public Finance Circular No.PF/423 of 22 December 2006 | Failure to maintain a Register of General Investments by the Accounts Division.  |
| (c) | <b>Register of Trust Estates</b>        | Paragrapgh 4.2(f) of the Public Finance Circular No.PF/423 of 22 December 2006 | A Register of Trust Estates had not been maintained in a manner to identify the inactive, active and closed down Trusts. |
| (f) | <b>Inventory of Electrical Fittings</b> | Financial Regulation 454(2)  | An Inventory of Electrical Fittings had not been maintained.   |

## 2.8 Internal Audit

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An Internal Audit Unit had been established under the Department. Even though an Internal Audit Plan had been prepared under 18 audit areas identified, functions pertaining to 03 areas out of the above, had not been performed.

## 2.9 Audit and Management Committee

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Even though 04 meetings of Audit and Management Committee should be conducted as one meeting for each quarter in terms of Management Audit Circular No.DMA/2009/(1)(i) dated 28 January 2016 , only 02 meetings had been conducted in the year under review.

## 2.10 Human Resources Management

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### Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

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The particulars relating to the approved cadre, actual cadre and vacancies as at 31 December 2017 to perform the function mentioned in 2.1 above are given below. The Department had spent a sum of Rs.31.977 million on the category of Personal Emoluments in the year under review.

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
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(i)	Senior Level	06	06	-
(ii)	Tertiary Level	02	00	02
(iii)	Secondary Level	59	47	12

(iv)	Primary Level	17	12	05
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	<b>Total</b>	<b>84</b>	<b>65</b>	<b>19</b>
		=====	=====	=====

- (a) Even though 19 vacancies existed by the end of the year under review, no action had been taken to fill those vacancies or to revise the approved cadre as required.
- (b) It was observed that 51 officers in the staff of the Department had not received any kind of training during the year 2017.