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வருடாந்த செயலாற்றுகை அறிக்கை

ANNUAL PERFORMANCE REPORT

2025

ණය සහනදායක මණ්ඩලයීය දෙපාර්තමේන්තුව

கடன் இணக்க சபைத் திணைக்களம்

DEPARTMENT OF DEBT CONCILIATION BOARD

වාර්ෂික කාර්යසාධන වාර්තාව

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DEPARTMENT OF DEBT CONCILIATION BOARD

Annual Performance Report for the Year 2025

Department of Debt Conciliation Board

Expenditure Head No. 231

Contents

Chapter 01 - Institutional Profile/ Executive Summary

1.1 Introduction

This Department was established under the Debt Conciliation Ordinance No. 39 of 1941 with the objective of introducing relief measures for the indebted general public to get rid of their indebtedness caused due to the loans raised on deeds of conditional transfer or mortgage deeds of immovable property such as lands, paddy fields, estates, houses as surety or on such secured loans. In addition, the Debt Conciliation (Amendment) Act, No.29 of 1999 has enabled the Board to intervene even in case of deed of transfer of freehold executed solely for a loan transaction and thus paving the way to further expansion of its relief process. Functioning of this Board prevents arbitrary exploitation of the debtors by the creditors. Despite this is the prime objective of the Board, it will also avert the creditors being treated unfairly. The objective of this Board is to assist the debtors to get released their immovable property bound on the mortgage deeds and deeds of conditional transfer in a way favourable for them and on the conditions accepted by the creditors. Any fee is not charged in respect of the applications submitted to the Board and the proceedings of the Board are carried out free of stamp duty. Since a very nominal amount is levied as Gazette and Notary Charges, the service rendered by this Board towards indebted people is considered immense. As it is not compulsory for the applicants to be represented by lawyers, service delivered by the Department is of a great relief to the general public.

In terms of the Debt Conciliation (Amendment) Act, No. 04 of 2019, the "Debt Conciliation Board" shall consist of 11 members appointed by the Minister and the Chairman of the Board shall be a person who holds or has held a post as a Judge of the High Court or as a District Judge, or a person who has not less than fifteen years' professional experience as an attorney-at-law.

Other ten members of the Board shall consist of persons -

- who have not less than fifteen years' professional experience as an attorney-at-law; or
- who hold or have held a post in Class I of Sri Lanka Administrative Service or any other All Island Service;
- who have experience in the field of commerce.
- Every Branch Board shall consist of a Chairman and such number of other members appointed by the Minister, not exceeding four and not less than two, as the Minister may determine.

- The Chairman of each Branch Board shall be a member of the Board and a person who holds or has held a post as a Judge of the High Court or as a District Judge; or

- a person who has not less than fifteen years' professional experience as an attorney-at-law.

Other members of each Branch Board shall consists of persons

- who have not less than ten years' professional experience as an attorney-at-law; or
- who hold or have held a post in Class I of the Sri Lanka Administrative Service or in an All Island Service.

The proceedings of this Board are different to that of an ordinary Court of Law. The agreements reached between the parties concerned are arrived at their discretion and not to be considered as implementing the orders of the Board. However, the Board has the powers to reduce the unreasonable rates of interest charged, to extend the loan repayment period with the concurrence of the both parties concerned, and to issue a certificate to the debtors under provisions of the Ordinance in case of the failure on the part of the creditors to accept the reasonable suggestions made by the Board. Further, if the creditor's party fail to appear before the Board at the final hearing in response to the notice issued in this respect, an ex-parte hearing would be held and after which a certificate will be issued to the debtor. However, this is followed only if the Board is satisfied that the creditor has intentionally failed to attend the hearing despite the creditor has been informed regarding the same through the registered post or Grama Niladhari, as appropriately. On such instances, the benefit of issuing such certificate will go to the debtor. If this certificate is produced to a Court before which a trial is being held on the same matter, the Court has the powers under the Debt Conciliation Ordinance to allow a period to a maximum of 10 years for settlement of the loan and to reduce the interest rate to a minimum rate and not to recover any costs of the trial from the debtor.

1.2 Vision, Mission and Objectives of the Institution

Vision

To provide relief arrangement for the aggrieved public for the repayment of loans involving immovable property.

Mission

Provision of legal protection and relief for the debtors to enable them to get back their immovable property such as agricultural land, housing property placed as security for a loan obtained on a Mortgage, Deed of Conditional Transfer, or Deed of Transfer executed solely in respect of a loan transaction by making payment in installments at a low rate of interest.

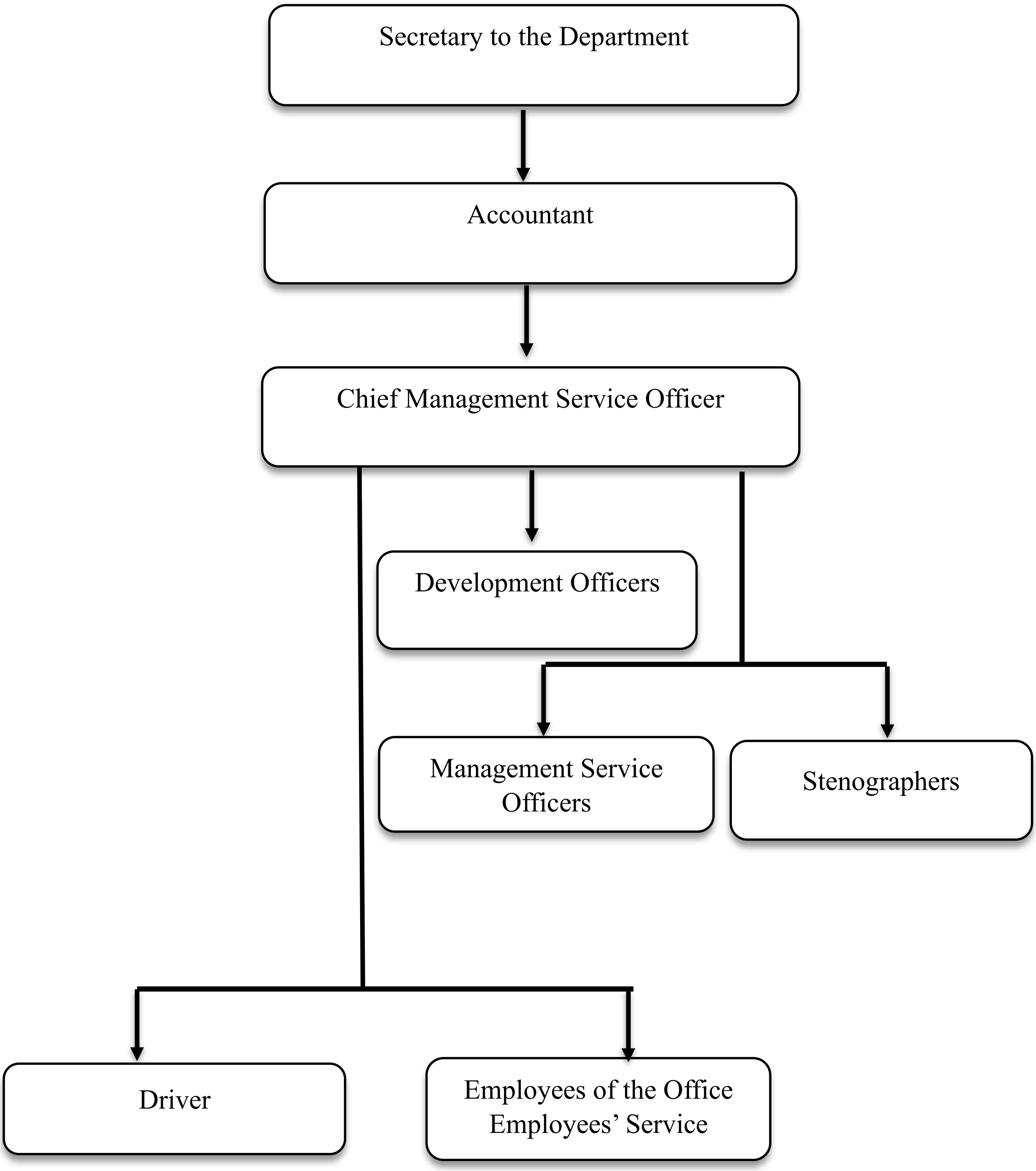
Objectives

To assist parties to arrive at a settlement on the repayment of loans on Mortgage Bonds, Deeds of Conditional Transfer in respect of immovable property or Deeds of Transfer and other obligations effected solely for a loan transaction.

1.3 Key Functions

01. Acting as the prime institution engaged in receiving plaints from debtors and creditors as well in respect of indebtedness of general public caused due to the loans raised on a conditional transfer of deed or mortgage deed of immovable property such as lands, paddy fields, estates, houses as surety or on such secured loans in terms of the Debt Conciliation Ordinance No. 39 of 1941 and to receive plaints from the general public in respect of indebtedness caused due to transfer deeds of freehold executed solely for loan transactions in terms of the Act, No. 29 of 1999 (Amendment).
02. Taking action in terms of the Debt Conciliation Ordinance No. 39 of 1941.
03. Functions of this Department is to providing legal assistance, reaching the settlement process enabling to recover the immovable properties encumbered by mortgage bonds, deeds of conditional transfer subject to conditions convenient to debtor and acceptable to the creditor.
04. Any fee is not charged in respect of the applications submitted to the Board and the proceedings of the Board are carried out free of stamp duty. A very nominal amount is levied as Gazette and Notary Charges. It is not compulsory for the applicants to be represented by lawyers before the Board.
05. Undertaking the amendments to the Debt Conciliation Ordinance No. 39 of 1941.
06. Maintaining the Main Board, and the Branch Boards of Colombo, Gampaha, Galle, and Kurunegala, which have been established in terms of the Debt Conciliation Ordinance No. 39 of 1941, to receive the complaints.
07. Leading the Department towards achievement of Sustainable Development Goals.
08. Carrying out all administrative activities related to the Department.
09. Carrying out accounting work related to the Department.
10. Carrying out the public awareness activities pertaining to the Department.
11. Development of knowledge and skills of the officers of the Department.
12. Submitting the annual performance in respect of the Department.

1.4 Organizational Chart



Members of the Debt Conciliation Boards

Name	Designation	The Service Category in terms of Sub Section 2 of the Debt Conciliation (Amendment) Act, No. 4 of 2019
Debt Conciliation Main Board		
1. Mr.T.G.Sumith Aruna Perera	Chairman	Retired Judge of the High Court
2. Mr.Kelum Kumaratunga	Member	Attorney-at-law
3. Mr.H.U.Kariyawasam	Member	Retired Accountant
4. Mr.W.P.Siththampalam	Member	Attorney-at-law
5. Mrs.K.S.Pathirana	Member	Attorney-at-law/ Retired President of Labour Tribunal
6. Mr.Somasiri Pallaththarage	Member	Retired Administrative Service Officer
7. Mrs.W.N.Priyadharshanee Herath	Member	Attorney-at-law/ Retired President of Labour Tribunal
Branch Board – Colombo		
1. Mr.G.M.W.Pradeep Jayathilaka	Chairman	Retired Judge of the High Court
2. Mrs.N.P.K.Lokuge	Member	Attorney-at-law
3. Mrs.Indra Baduge	Member	Attorney-at-law
Branch Board – Gampaha		
1. Mr.N.S.Hapuarachchi	Chairman	Retired Judge of Civil Appellate High Court
2. Mrs.C.W.Senevirathne	Member	Retired Magistrate/ District Court Judge
3. Mr.D.A.Ruwan Pathirana	Member	Retired Magistrate
Branch Board – Galle		
1. Mrs.S.M.D.S.Dayarathne	Chairman	Attorney-at-law
2. Mr.K.P.D.Gunarathne	Member	Attorney-at-law
3. Mrs.Jani Nanayakkara	Member	Attorney-at-law
Branch Board - Kurunegala		
1. Mr.R.M.P.S.K.Rathnayake	Chairman	Retired Magistrate
2. Mr.J.G.N.Thilakarathne	Member	Retired Provincial Educational Director
3. Mr.S.D.Senevirathne	Member	Attorney-at-law

Chapter 02 - Progress and the Future Outlook

Performance of the Department of Debt Conciliation Board form 01.01.2025 to 31.12.2025

Description	Quantity
Number of pending applications brought forward as at 01.01.2025	959
Number of new applications received during the year	677
Number of applications received relating to requests for review or to declare null	295
Number of applications that have been received to the Debt Conciliation Main Board and Branch Boards	04
Total number of applications	1,935
Number of applications that have been settled	334
Number of applications that have been declared null	163
Number of applications that have been reviewed	63
Number of applications to which certificates have been issued	48
Number of withdrawn applications	56
Number of applications removed from the roll	80
Number of applications that have been set aside	06
Number of applications that have been referred to the Branch Boards	07
Number of applications on which necessary actions have been fully taken	366
Total number of applications on which action have been taken	1,123
Number of remaining applications	812
Number of applications which have been called again to make payments	272
Number of pending applications as at 31.12.2025	**1,084**

- The number of applications on which taking action has been taken completed during the year 2025 out of the total number of applications received during the year accounted at 59%.

Number of Applications received on District wise

From 01.01.2025 to 31.12.2025

Branch Boards	**District**	**Number of Applications submitted as at 31.12.2025**
Main Board/ Colombo	Colombo	**107**
	Kalutara	**66**
	Ratnapura	**28**
	Badulla	**04**
	Monaragala	**03**
Gampaha	Gampaha	**144**
Galle	Galle	**79**
	Matara	**42**
	Hambantota	**15**
Kurunegala	Kurunegala	**107**
	Kegalle	**37**
	Kandy	**23**
	Trincomalee	**01**
	Puttalam	**10**
	Matale	**09**
	Anuradhapura	**02**
	Total	**677**

Progress of the Branch Boards from 01.01.2025 to 31.12.2025

Branch Board	No. of pending cases at the Branch Boards as at 31.12.2025 1	Applications received from the Branch Boards/ requesting declared null and review 2	No. of applications received during the year 3	1 + 2 + 3	No. of cases completed as at 31.12.2025	No. of remaining cases as at 31.12.2025 A	Number of applications which have been already settled, but called again to make payments as at 31.12.2025 B	No. of remaining cases as at 31.12.2025 A+B	No. of cases completed as at 31.12.2025 %
Main Board	146	16	116	278	180	98	86	184	64%
Branch Board - Colombo	140	16	94	250	145	105	36	141	58%
Branch Board - Gampaha	377	36	144	557	278	279	111	390	49%
Branch Board - Kurunegala	186	93	187	466	277	189	12	201	59%
Branch Board - Galle	110	138	136	384	243	141	27	168	63%
Total	**959**	**299**	**677**	**1935**	**1123**	**812**	**272**	**1,084**	**59%**

Financial Progress

Expenditure Head	Allocation for the year 2025 (Rs. Mn)	Expenditure as at 31.12.2025 (Rs. Mn)	Financial Progress as at 31.12.2025 (%)
Capital Expenditure	5.15	4.1	79.66 %
Recurrent Expenditure	100.05	73.82	73.78 %
Total	105.2	77.92	74.07 %

Way Forward of the Department

The Debt Conciliation Board is currently located at No. 35 A, Dr.N.M.Perera Mawatha, Colombo 08. Due to the increasing number of applications daily received by the Board, it has been expanded as Sri Lanka Debt Conciliation Board in terms of the Debt Conciliation (Amendment) Act No. 4 of 2019 for the convenience of the general public, who come to Colombo from every district of the country seeking relief from the Debt Conciliation Board, enabling to provide efficient service to the public/ to extend its service island wide.

Accordingly, action has been taken to establish the Branch Boards at Galle, Colombo and Gampaha considering the districts from which a large number of applications are receiving daily. Further another Branch Board had been established in Kurunegala district in order to cater to the needs of Northern, North Central, North Western and Central Provinces. In this context, we anticipate to provide the service of Sri Lanka Debt Conciliation Board to the public in more efficient and effective manner. It is expected to establish a new Branch Board in Kandy District of the Central Province in the year 2027 in accordance with the allocations received for the said purpose and action is being taken to make aware on the role of the Debt Conciliation Board among Public Officers and general public. To this effect media publicity as well as awareness programmes have been implemented in both Sinhala and Tamil medium. Further, action will be taken in 2026 to undertake cases of applicants being resided in faraway places and abroad with the use of digital media.

Further, pursuant the proposal made by the Committee of Public Accounts, plans are in the pipeline to establish Branch Boards to cover the other provinces too. Further, action is being taken to carry out capacity building programmes and purchasing of office requisites in order to maintain a more efficient service.

Subashini Dayanada
Secretary
Department of Debt Conciliation Board

Chapter 03

Overall Financial Performance for the Year ended 31st December 2023

3.1 Statement of Financial Performance

ACA -F

Statement of Financial Performance
for the period ended 31st December 2025

Revised Budget Allocations 2025		Note	Actual		
Rs.			2025 Rs.	2024 Rs.	
-	**Revenue Receipts**		-	-	
-	Income Tax	1	-	-	ACA-1
-	Taxes on Domestic Goods & Services	2	-	-	ACA-1
-	Taxes on International Trade	3	-	-	ACA-1
-	Non Tax Revenue & Others	4	-	-	ACA-1
-	**Total Revenue Receipts (A)**		-	-	
-	**Non Revenue Receipts**		-	-	
-	Treasury Imprests		78,657,000	67,757,000	ACA-3
-	Deposits		144,386	300,873	ACA-4
-	Advance Accounts		1,742,963	1,203,210	ACA-5
-	Other Main Ledger Receipts		-	-	
-	**Total Non Revenue Receipts (B)**		**80,544,349**	**69,261,083**	
	Total Revenue Receipts & Non Revenue Receipts C = (A)+(B)		**80,544,349**	**69,261,083**	
	Remittance to the Treasury (D)		**517**	**644,075**	
-	**Net Revenue Receipts & Non Revenue Receipts E = (C)-(D)**		**80,543,832**	**68,617,008**	
	Less: Expenditure				
-	**Recurrent Expenditure**				
67,000,000	Wages, Salaries & Other Employment Benefits	5	46,393,813	39,874,644	ACA-2(ii)
32,950,000	Other Goods & Services	6	27,398,374	26,565,899	ACA-2(ii)
100,000	Subsidies, Grants and Transfers	7	27,134	28,640	ACA-2(ii)
-	Interest Payments	8	-	-	ACA-2(ii)
-	Other Recurrent Expenditure	9	-	-	ACA-2(ii)
100,050,000	**Total Recurrent Expenditure (F)**		**73,819,321**	**66,469,183**	
	Capital Expenditure				
1,000,000	Rehabilitation & Improvement of Capital Assets	10	224,010	867,000	ACA-2(ii)
3,500,000	Acquisition of Capital Assets	11	3,231,755	1,486,116	ACA-2(ii)
-	Capital Transfers	12	-	-	ACA-2(ii)
-	Acquisition of Financial Assets	13	-	-	ACA-2(ii)
650,000	Capacity Building	14	646,500	264,500	ACA-2(ii)
-	Other Capital Expenditure	15	-	-	ACA-2(ii)
5,150,000	**Total Capital Expenditure (G)**		**4,102,265**	**2,617,616**	

1

Deposit Payments	227,347	223,187	ACA-4
Advance Payments	5,682,635	1,471,536	ACA-5
Other Main Ledger Payments	-	-	
Total Main Ledger Expenditure (H)	**5,909,982**	**1,694,723**	
Total Expenditure I = (F+G+H)	**83,831,568**	**70,781,522**	
Balance as at 31st December J = (E-I)	**(3,287,736)**	**(2,164,514)**	
Balance as per the Imprest Adjustment Statement	**(3,287,736)**	**(2,213,661)**	**ACA-7**
Imprest Balance as at 31st December		**49,147**	**ACA-3**
	(0)	**-**	

D.A.A. Sandamali
Accountant (Acting)
Department of Debt Conciliation Board
No. 35A, Dr. N.M. Perera Mawatha,
Colombo 08.

Statement of Financial Position
As at 31st December 2025

	Note	Actual 2025 Rs	2024 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	17,336,656	13,202,235
Financial Assets			
Advance Accounts	ACA-5/5(a)	6,696,901	2,757,229
Cash & Cash Equivalents	ACA-3	-	49,147
Total Assets		**24,033,557**	**16,008,611**
Net Assets / Equity			
Net Worth to Treasury		6,696,901	2,674,268
Property, Plant & Equipment Reserve		17,336,656	13,202,235
Rent and Work Advance Reserve	ACA-5(b)		
Current Liabilities			
Deposits Accounts	ACA-4	-	82,961
Unsettled Imprest Balance	ACA-3	-	49,147
Total Liabilities		**24,033,557**	**16,008,611**

Detail Accounting Statements in ACA format Nos. 2 to 7 presented in pages from 09 to 29 and Annexures to accounts presented in pages from 30 to 35 form an integral part of these Financial Statements. **The Financial Statements have been prepared in accordance with the Government Financial Regulations 150 & 151 and State Accounts Guideline No. 02/2025, dated 17.12.2025** and hereby certify that figures in these Finacial Statements, Notes to accounts and other relevant accounts were reconciled with the Treasury Books of Accounts and found in agreement.

We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out as per the Section 38(1) (C) of the National Audit Act No.19 of 2018

Chief Accounting Officer
Name : Ayesha Jinasena, PC
Designation : Secretary, Ministry of Justice and National Integration
Date : 25.02.2026

Ayesha Jinasena, P.C.
Secretary
Ministry of Justice and National Integration
No: 19, Sri Sangaraja Mawatha,
Colombo 10.

D.S. Dayananda
Accounting Officer
Name : Subashini Dayananda
Designation : Secretary, Department of Debt Conciliation Board
Date : 24.02.2026

Subhashinie Dayananda
Secretary
Department of Debt Conciliation Board
No 35 A, Dr.N.M.Perera Mawatha,
Colombo 08.

Chief Financial Officer/ Chief Accountant/ Director (Finance)/ Commissioner (Finance)

Name :D.A.A.Sandamali
Date : 24.02.2026

D.A.A. Sandamali
Accountant (Acting)
Department of Debt Conciliation Board
No. 35A, Dr. N.M. Perera Mawatha,
Colombo 08.

Statement of Cash Flows
for the Period ended 31st December 2025

	Actual	
	2025 Rs.	2024 Rs.
Cash Flows from Operating Activities		
Total Tax Receipts	-	-
Fees, Fines, Penalties and Licenses	-	-
Profit	-	-
Non Revenue Receipts	-	-
Revenue Collected on behalf of Other Revenue Heads	2,900,907	1,913,975
Imprest Received	78,657,000	67,757,000
Recoveries from Advance	2,020,248	1,459,746
Deposit Received	144,386	300,873
Total Cash generated from Operations (A)	**83,722,541**	**71,431,594**
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	73,626,300	66,397,393
Subsidies & Transfer Payments	27,134	28,640
Rehabilitation & Improvement of Capital Assets,Capital Transfers, Capacity Building and Other Capital Expenditure	870,510	-
Expenditure incurred on behalf of Other Heads	105,489	-
Imprest Settlement to Treasury	517	644,075
Advance Payments	5,682,635	1,471,536
Deposit Payments	227,347	223,187
Total Cash disbursed for Operations (B)	**80,539,932**	**68,764,831**
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(A)-(B)	**3,182,608**	**2,666,763**
Cash Flows from Investing Activities		
Interest	-	-
Dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	-	-
Recoveries from On Lending	-	-
Total Cash generated from Investing Activities (D)	-	-
Less - Cash disbursed for:		
Capital Asset Construction, Purchases and Other Investment Acquisitions	3,231,755	2,617,616
Total Cash disbursed for Investing Activities (E)	**3,231,755**	**2,617,616**

NET CASH FLOW FROM INVESTING ACTIVITIES(F)=(D)-(E)	(3,231,755)	(2,617,616)
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (G)=(C) + (F)	(49,147)	49,147
Cash Flows from Fianacing Activities		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants Received	-	-
Total Cash generated from Financing Activities (H)	-	-
Less - Cash disbursed for:		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Total Cash disbursed for Financing Activities (I)	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (J)=(H)-(I)	-	-
Net Movement in Cash (K) = (G) + (J)	(49,147)	49,147
Opening Cash Balance as at 01st January	49,147	-
Closing Cash Balance as at 31st December	0	49,147

D.A.A. Sandamali
Accountant (Acting)
Department of Debt Conciliation Board
No. 35A, Dr. N.M. Perera Mawatha,
Colombo 08.

3.2 Performance of the Revenue Collection

Rs.

Revenue Code	Description of the Revenue Code	Revenue Estimate		Collected Revenue	
		Original Estimate (Rs.)	Final Estimate (Rs.)	Amount (Rs.)	As a % of the Final Revenue Estimate
20.02.02.99	Interest - Other	125,000	125,000	189,440.23	151.55%
20.03.99.00	Sales and Fess and other proceeds	950,000	950,000	1,120,375	117.93%
20.04.01.00	Other	1,440,000	1,440,000	1,591,091.53	110.49%

3.3 Performance of the Utilization of Allocation

Rs.

Type of Allocation	Allocation Reserved		Actual Expenditure (Rs.Mn)	Allocation Utilization as a % of Final Allocation
	Original (Rs.Mn)	Final (Rs.Mn)		
Recurrent	100,200,000	100,050,000	73,819,320.52	73.78%
Capital	5,000,000	5,150,000	4,102,265.29	79.66%

3.4 In terms of F.R. 208, grant of allocations for expenditure to this Department/ District Secretariat/ Provincial Council as an Agent of the Other Ministries/ Departments

S.No.	Allocation received from which Ministry/ Department	Purpose of the Allocation	Allocation	Actual Expenditure	Allocation Utilization as a % of Final Allocation
Not Relevant					

3.5 Performance of the Reporting of Non-Financial Assets

Rs.

Assets	Code Description	Balance as per the Board of Survey Report as at 31.12.2024	Balance as per Financial Position Report as at 31.12.2024	Yet to be accounted	Reporting Progress as a %
9152	Machinery and Office Equipment	17,336,656.04	17,336,656.04	-	100%

3.6 Auditor General's Report

English Translation - Letter No. JLO/A/DDCB/FA/2025/05 dated 29 May 2026 from the National Audit Office addressed to the Secretary, Department of Debt Conciliation Board forwarding the Summary Report of the Auditor General.

Secretary
Department of Debt Conciliation Board

Head 231 – Summary Report of the Auditor General on the Financial Statements of the Department of Debt Conciliation Board for the year ended 31 December 2025 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Qualified Opinion

Head 231 - The audit of the financial statements of the Department of Debt Reconciliation Board for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025, the statement of financial performance and the cash flow statement for the year then ended and notes to the financial statements including the information of significant accounting policies 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. My comments and observations on the financial statements that are to be submitted to the Department of Debt Conciliation Board in terms of Section 11(1) of the National Audit Act, No.19 of 2018 is included in this report. My Report to Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 will be presented in Parliament in due course.

In my opinion, except for the effects of the matter described in the paragraph 1.6 of this report, the financial statements of the Department of Debt Conciliation Board for the year ended 31 December 2025 presents fairly, in all material respects, the financial position, its financial performance and its cash flows in accordance with the basis for the preparation of the financial statements as stated in Note 1 relating to the financial statements.

1.2 Basis for the Qualified Opinion

My opnion is qualified based on the matters described in the paragraph 1.6 of this report. I conducted my audit in accordance with the Sri Lanka Auditing Standards (SLAuS). My responsibilities in terms of these Auditing Standards are further described in the section on Auditor's Responsibilities on the Audit of the Financial Statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of a Matter – Basis for the Preparation of the Finnacial Statements

I draw attention to the Note 1 relating to the financial statements which describes the basis for the preparation of the financial statements. The financial statements had been prepared for the requirement of the Department of the Debt Reconciliation Board, General Treasury and Parliament in accordance with the Government Financial Regulations 150 and 151 and the State Accounts Guideline No. 02/2025. Therefore, these financial statements may not be appropriate for other purposes. My report is targeted for the use of only the Department of the Debt Reconciliation Board, General Treasury and Parliament. My opinion is not modified in respect of this matter.

1.4 Responsibilities of the Chief Accounting Officer for the Financial Statements

It is the responsibility of the Accounting Officer for the preparation of financial statements which presents fairly, in all material respects, in accordance with the Government Financial Regulations 150 and 151 and State Accounts Guideline No. 02/2025 and determination of such internal control that is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In terms of Sub Section 16(1) of the National Audit Act, No. 19 of 2018, the Department shall require to maintain proper books and records of all its income, expenditure, assets and liabilities to enable preparation of annual and periodic financial statements.

As per the requirement of 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 and carry out periodic reviews to monitor the effectiveness of such systems and accrodingly make any alterations as required for such systems to be effectivley carried out.

1.5 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes my opinion. Although reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatements 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 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 whether the underlying transactions and events relevant to the structure and content of the financial statements are included appropriately and reasonably in the financial statements with disclosures.

- evaluate whether the underlying transactions and events relevant to the structure and content of the financial statements are included appropriately and reasonably and the overall presentation of the financial statements with disclosures.

I communicate the Accounting Officer regarding the significant audit findings, major internal control deficiencies and other matters that have been identified during my audit.

1.6 Comments on the Finnacial Statements

1.6.1 Non-Financial Assets

Even though 02 motor vehicles to a sum of Rs. 7,000,000, which was under the possession of the Ministry of Justice and National Integration, have been transferred to the Department of Debt Conciliation Board as specified in the vehicle registration certificate, the said two motor vehicles had not been assessed and not included under the non-financial assets.

2. Report on Other Legal Requirements

I state the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

(a) The financial statements are consistent with the preceding year,

(b) The recommendations made by me on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Expenditure Management

(a) A sum equivalent to Rs.26,353,770 was remained unspent of the total allocated amount of Rs.65,950,000 pertaining to 13 recurrent expenditure heads and 01 capital expenditure head, and it was ranged between 13 to 100 percent.

(b) Even though the unspent amount of Rs. 504,289, being 50 percent of the estimated allocation with respect to the expenditure head relating to overtime and holiday payment had been attributed to control of government expenditure in terms of the National Budget Circulars No. 01/2025 and No. 01/2024, the estimates had not been prepared after identifying the requirement in terms of the National Budget Circular No. 01/2024.

(c) Even though the unspent amount of Rs. 19,648,703 being 43 percent of the estimated allocation with respect to the expenditure head relating to other allowances had been attributed to the additional allocations for the establishment of Branch Boards and inclusion of the monthly allowance in new salary scales pursuant to the Public Administration Circulars, establishment of Branch Boards had not been included in the Action Plan of the year under review.

(d) The allocated amount of Rs.200,000 in respect of the expenditure head of transport expenditure had totally been remained unspent and the reasoning for the unspent was stated as there were no officers to obtain transport allowance. However, there was only one post in the approved cadre to which travelling allowance is entitled and a vehicle had been reserved for the said post. Further, the total allocation was remained unspent even during the 2024 and it had been attributed to the same reason.

(e) Even though the unspent amount of Rs. 851,884 and Rs.983,924, being 71 percent and 49 percent of the estimated allocations with respect to the expenditure heads relating to machinery, office equipment services and sundry services respectively had been attributed to savings of allocations due to control of expenditure, the estimates had been prepared without precise identifying of the requirement.

(f) Even though reasoning for unspent amount of Rs. 72,866 in respect of the expenditure head relating to property loan interest to public officers which stood at 73 percent of the estimated amount was stated as amount remained unspent due to minimum amount of officers in the department who have obtained property loans, the same fact was mentioned as the reason for the unspent amount of this particular expenditure head during the years 2023 and 2024. Accordingly, estimates had been prepared without identifying the requirements accurately.

3.2 Non-compliance to the Laws, Rules and Regulations

	Reference to the laws, rules and regulations	Non-Compliance
(a)	Financial Regulations 880 of the Democratic Socialist Republic of Sri Lanka, the Public Officers (Security) Ordinance (Cap. 612) and Circular No. 01/2011 dated 18 January 2011 of the Ministry of Justice	11 officers, who are required to furnish security, had not acted accordingly.
(b)	Section 7.10 of the State Accounts Guideline No. 02/2025 dated 17 December 2025	Even though comparative figures should be presented to align with requirements outlined in the Sections 7.8 and 7.9 of the said Guideline in the preparation of the financial statements, it had not been presented in that manner.
(c)	Government Procurement Guidelines	

(i) Section 1.5	Even though Public Officers involved in any Public Procurement shall submit a declaration that they have no conflict of interest in connection with such Public Procurement, it had not been submitted
(ii) Section 2.5	An Acceptance Committee had not been appointed to accept the procurement of 05 Desktop Computer amounting to Rs. 1,345, 200 from Office Network (pvt) Ltd and 05 UPS amounting to Rs.40,060 to the Department.
(iii) Section 8.7	Even though a formal contract agreement is required to be entered into with respect to any contract of work/ services exceeding the value of Rs.1,000,000, an agreement had not been entered into with the private institution.
(d) Extraordinary Gazette Notification No. 1689/18 of 21 Januray, 2011	It is stipulated that the Chairman and every member of the Board or Branch Board shall be paid a combined allowance of Rs.500, in terms of Section 12 of the Public Administration Circular, when he is engaged in official duty away from his residence. When paying such combined allowance as per the said Circular, the arrival and departure times had not been marked by the members of the Board in accordance with Section 4.4 of the chapter XIV of the Establishment Code, a payment of Rs. 1,807,000 was paid as combined allowance without verifying that how long they had been engaged in the work.

4. Operational Review

4.1 Performance

4.1.1 Not reaching the expected output level

(a) The actual number of pending cases to be settled as at 31 December 2025 stood at 1,084, and it was 56 percent of the total number of cases amounting to 1,935 which should have been settled during the year. Of the total number of cases to be settled, there remained 184 cases in the head office, 141 cases in the Branch Board of Colombo, 390 in the Branch Board of Gampaha, 201 and 168 cases in the Branch Boards of Kurunegala and Galle respectively. Accordingly, when comparing the total number of cases to be settled during the year, the highest percentage of remaining cases as at 31 December 2025 was reported from the Branch Board of Gampaha and the percentage relating to settling of the cases at the said Branch Board stood at 49 percent.

(b) In terms of the time analysis presented by the Department on the pending cases as at the end of the year under review, 76 cases were pending for 03 to 05 years, 89 cases were pending for 05 to 10 years and 17 cases were pending for more than 10 years. Accordingly, there were 182 cases pending for more than 03 years without being settled, and as a percentage it stood at 17 percent of the total number of 1,084 cases to be settled as at 31 December of the year under review.

(c) Of the 06 Judicial Zones covered by the Branch Board of Colombo, 04 Judicial Zones, namely Ratnapura, Embilipitiya, Nuwaraeliya and Monaragala are located far away from Colombo. Due to this fact, the progress on the requests received for settling the loans had been remained at a low level and only 07 applications were received during the year under review from the Judicial Zones of Badulla and Monaragala.

4.2 Shortfalls in Management

(a) The Department of Debt Conciliation Board has conducted 12 public awareness programmes in relation to its services rendered to the general public. Even though a sum of Rs. 527,392 had been incurred for 08 programmes out of the total number of programmes, implementation of these programmes had not been included in the Action Plan of the year under review.

(b) Any application had not been received from 09 districts during the year, and 05 districts were included from the Northern Province. Further, only 02 public awareness programmes in Tamil medium had been conducted incurring Rs. 175,200.

Sgd./ K.K.S.Jayakodi
Deputy Auditor General
for Auditor General

Chapter 04

4.1 Performance Indicators of the Institute (Based on the Action Plan)

Specific Indicators	Actual output as a percentage (%) of the expected output		
	90% - 100%	75% - 89%	50% - 74%
Motivation of the Staff	90 %	-	-
Service Delivery of the Department and Publicity received	90 %	-	-
Productivity of the service delivered by the Department	-	-	70%

Chapter 05

Performance of the Achieving the Sustainable Development Goals (SDGs)

5.1 Indicate the Identified Sustainable Development Goals

Goals/ Objectives	Targets	Indicators of the achievement	Progress of the achievement to date		
			0% - 49%	50% -74%	75% - 100%
To assist parties to arrive at a settlement of loans on Mortgage Bonds, Deeds of Conditional Transfer in respect of immovable property or Deeds of Transfer and other obligations effected solely for a loan transaction	Expansion and extending the services delivered to the public by the Debt Conciliation Board	To establish Branch Boards of the Debt Conciliation Board in Gampaha, Kurunegala and Galle Districts and also a new Branch Board in the Colombo District and thereby allowing more public towards alternative methods of dispute resolution			85%

5.2 Briefly explain the achievements and challenges of the Sustainable Development Goals (SDGs)

The districts of Gampaha, Galle, Kurunegala and Colombo have been centered in the establishment of the Branch Boards of the Debt Conciliation Board and currently the Branch Boards have been established and maintained in the said Districts. It enables the general public to resolve their issues using dispute resolution methods without instituting the Court procedures (SDG -16) and the number of applications received per year has risen up by 50% subsequent to establishment of the Branch Board in addition to the the Main Board. Further, no. of appeals resolved by the Debt Conciliation Board has also risen up by 25%.

Chapter 06
Human Resource Profile

6.1 Cadre Management

	Approved Cadre	Existing Cadre	Vacancies/ (Excess)
Senior	02	01 01 (acting)	01
Tertiary	-	-	-
Secondary	39	24 (02 attached)	-
Primary	09	08	01

6.2 Briefly state how the shortage or excess in human resource has been affected on the performance of the Institute.

The vacancies existing in the department have significantly affected on the efficient and effective service delivery to the public by the department.

The long-standing vacancies existed in the post of stenographer had been filled during the year 2024 and 6 stenographers were recruited.

Due to the fact that there was not sufficient number of employees to cover the subjects relevant to the Department, one employee has to attend several subject matters. Therefore, there were hindrances to provide the services of the Department efficiently. Currently, there are vacancies existing in one post in the Accountants' Service, 09 Management Service Officers and 02 Development Officers. Even though approved cadre is 50, it is essential to have 02 posts of stenographers and 02 posts of office assistants for the Branch Boards in order to maintain an efficient service. Delays encountered in the receipt of “case records” from the Branch Boards lead to postponing the cases. In order to ensure timely delivery of case records, it is required to place 02 stenographers for a Branch Board. In this context, a request has been made to create 3 posts for stenographers by suppressing 3 posts in the Management Officer Service.

6.3 Development of Human Resource

Name of the Programme	No. of Staff trained	Duration of the Programme	Total Spending (Local) Rs.	Nature of the Programme (Local/ Foreign)	Output/ Knowledge gained
Post Graduate Course on Management	01	01 year	**225,000/-**	Local	Understanding on the Institutional Management
Training Programme on Salary Conversion	**02**	02 days	**26,000/-**	Local	Understanding on the Salary Conversion
New Procurement Guidelines	**01**	02 days	**13,000/-**	Local	Understanding on the Procurement Activities
Management of Personal Files	**01**	02 days	**18,000/-**	Local	Understanding on the Personal Files
Management of Office Files	**01**	02 days	**15,000/-**	Local	Understanding on the Office Files
Book Binding and Finishing	**01**	07 months	**40,500/-**	Local	Understanding on the Book Binding and Finishing
Government Payroll System	**01**	01 day	**18,000/-**	Local	Understanding on the computing the salaries
Functions and Responsibilities of Leave Clerks	**01**	02 days	**13,000/-**	Local	Understanding on the Leave Subject
02 Day Workshop on Establishments Code	**01**	02 days	**13,000/-**	Local	Understanding on the Office Procedures
Advance MS Excel	**06**	02 days	**78,000/-**	Local	Understanding on MS Excel
Stores Management, Inventory Handling, Annual	**01**	02 days	**13,000/-**	Local	Understanding on Stores Activities

Stock Verification & Disposal Procedures					
Preparation of Regulations on Retaining and Disposal and Maintaining the Record Room	**02**	01 day	නොමිලේ	Local	Understanding on the maintaining the Record Room in a proper manner
Tamil Language Course in terms of PA Circular 18/2020	**03**	03 months	නොමිලේ	Local	Language Proficiency
Management of Personal Files	**02**	02 days	**26,000/-**	Local	Understanding on the Personal Files
Procurement Planning Programme	**01**	01 day	**14,000/-**	Local	Understanding on the Procurement Activities
Programme on the Board of Survey	**04**	01 day	**50,000/-**	Local	Understanding on the Board of Survey
Advance Certificate in Public Procurement	**01**	05 months	**30,000/-**	Local	Understanding on the Procurement Activities
Use of Books and Documents relating to Accounting Procedures	**02**	02 days	**26,000/-**	Local	Understanding on the Accounting Procedures
Bid Evaluation	**02**	01 day	**28,000/-**	Local	Understanding on the Invitation of Bids
			646,500/-		

Directing officers to training programmes, which support to improve knowledge and skills relating to scope of each subject area, will enable the officers to discharge their subject related duties with accuracy and efficiency and thereby improving the performance of the Institution. Allocations for training programmes have been spent 100%.

Chapter 07

Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/ Non-Complied)	Brief explanation for Non-Compliance	Corrective Actions proposed to avoid Non-Compliance in the future
1	**The following Financial Statements/ Accounts have been submitted on due dates**			
1.1	Annual Financial Statements	Complied		
1.2	Advance to Public Officers Account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)		Not Applicable	
1.4	Stores Advance Account		Not Applicable	
1.5	Special Advance Accounts	Complied		
1.6	Others		Not Applicable	
2	**Maintenance of Books and Registers (F.R. 445)**			
2.1	The Fixed Assets Register has been maintained and updated in terms of the Public Administration Circular 267/2018.	Complied		
2.2	The Personal Emoluments Register/Personal Emoluments Cards have been maintained and updated	Complied		
2.3	The Register of Audit Queries has been maintained and updated.	Complied		
2.4	The Register of Internal Audit Reports has been maintained and updated.		There's no Internal Audit Division in this Department. Internal audit activities of this	

			Department are carried out by the Internal Audit Division of the Ministry of Justice.	
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date.	Complied		
2.6	The Register for Cheques and Money Orders has been maintained and updated.	Complied		
2.7	The Inventory Register has been maintained and updated.	Complied		
2.8	The Stocks Register has been maintained and updated.	Complied		
2.9	The Register of Losses has been maintained and updated.	Complied		
2.10	The Commitment Register has been maintained and updated.	Complied		
2.11	The Register of Counterfoil Books (GA-N20) has been maintained and updated.	Complied		
3	**Delegations of Functions for Financial Control (F.R.135)**			
3.1	The financial authority has been delegated within the Institute.	Complied		
3.2	The delegation of financial authority has been communicated within the institute.	Complied		
3.3	The Authority has been delegated in such a manner so as to pass each transaction through two or more officers.	Complied		
3.4	The controls have been adhered to by the Accountants in terms of the State Accounts Circular No. 171/2004 dated 11.05.2014 pertaining to use of the Government Payroll Software Package.	Complied		
4	**Preparation of Annual Plans**			
4.1	The Annual Action Plan has been prepared.	Complied		
4.2	The Annual Procurement Plan has been prepared.	Complied		

4.3	The Annual Internal Audit Plan has been prepared.		There's no Internal Audit Division in this Department. Internal audit activities of this Department are carried out by the Internal Audit Division of the Ministry of Justice.	
4.4	The annual estimate has been prepared and submitted to the Department of National Budget on due date.	Complied		
4.5	The annual cash flow has been submitted to the Department of Treasury Operations on time.	Complied		
5	**Audit Queries**			
5.1	All the audit queries have been replied within the time specified by the Auditor General.	Complied		
6	**Internal Audit**			
6.1	The Internal Audit Plan had been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2) and DMA/1-2019.		Since there's no Internal Audit Division in this Department. Internal audit activities of this Department are carried out by the Internal Audit Division of the Ministry of Justice.	
6.2	Responses to all the internal audit reports had been provided within one month.	Complied		
6.3	The copies of all the internal audit reports had been submitted to the Management Audit Department in		Since there's no Internal Audit Division in this	

	terms of Sub Section 40(4) of the National Audit Act, No.19 of 2018.		Department. Internal audit activities of this Department are carried out by the Internal Audit Division of the Ministry of Justice.	
6.4	The copies of all the internal audit reports had been submitted to the Auditor General in terms of Financial Regulation 134(3).		Since there is no Internal Audit Division in this Department, internal audit activities of this Department are carried out by the Internal Audit Division of the Ministry of Justice.	
7	**Audit and Management Committee**			
7.1	Minimum 04 meetings of the Audit and Management Committee were held during the year as per the DMA Circular 1-2019.	Complied		
	Asset Management			
8.1	The information about purchase of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017.	Complied		
8.2	A suitable Liaison Officer has been appointed to coordinate the implementation of the provisions of the said Circular and the details of the nominated officer was sent to the Comptroller General's Office in	Complied		

	terms of Paragraph 13 of the aforesaid Circular.			
8.3	The Boards of Survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of the Public Finance Circular No. 05/2016.	Complied		
8.4	Actions was taken during the period specified in the Circular on the excess and deficits that were disclosed in the Boards of Survey and other relating recommendations.	Complied		
8.5	The disposal of condemned articles had been carried out in terms of F.R. 772.	Complied		
9	**Vehicle Management**			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date.	Complied		
9.2	The condemned vehicles had been disposed within a period of less than 6 months after condemning.		Not Applicable	
9.3	The Vehicle Log Books has been maintained and updated.	Complied		
9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Complied		
9.5	The fuel consumption of vehicles has been re-tested in terms of the provisions of the paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016.	Complied		
9.6	The absolute ownership of the Vehicle Log books has been transferred after the lease term.	Complied		
10	**Management of Bank Accounts**			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date	Complied		

10.2	The dormant accounts that had been existed in the year under review or carried forward from previous years had been settled.	Complied		
10.3	The action had been taken regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made in terms of Financial Regulations and those balances had been settled within one month.	Complied		
11	**Utilization of Provisions**			
11.1	The provisions allocated had been spent without exceeding the limits.	Complied		
11.2	The liabilities had been entered not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Complied		
12	**Advances to Public Officers' Account**			
12.1	The limits had been complied with.	Complied		
12.2	A time analysis had been carried out on the loans in arrears.	Complied		
12.3	The loan balances in arrears for over one year had been settled.	Complied		
13	**General Deposit Account**			
13.1	The action had been taken as per F.R 571 in relation to disposal of lapsed deposits.	Complied		
13.2	The Control Register for general deposits had been updated and maintained.	Complied		
14	**Imprest Account**			
14.1	The balance in the cash book has been remitted to TOD at the end of the year under review.	Complied		
14.2	The ad – hoc imprests issued as per F.R 371 had been settled within one month from the completion of the task.	Complied		

14.3	The ad-hoc sub imprests had not been issued exceeding the limit approved as per F.R.371.	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly.	Complied		
15	**Revenue Account**			
15.1	The refunds from the revenue had been made in terms of the regulations.	Complied		
15.2	The revenue collection had been directly credited to the revenue account without crediting to the deposit account.	Complied		
15.3	Returns of arrears of revenue had been forwarded to the Auditor General in terms of F.R. 176.	Complied		
16	**Human Resource Management**			
16.1	The staff had been paid within th approved cadre	Complied		
16.2	All members of the staff have been issued a duty list in writing.	Complied		
16.3	All reports have been submitted to MSD in terms of their Circular No.04/2017 dated 20.09.2017.	Complied		
17	**Provision of information to the Public**			
17.1	An Information Officer has been appointed and a proper register of information is maintained and updated in terms of Right to Information Act and Regulations.	Complied		
17.3	Bi – annual and Annual reports have been submitted as per Section 08 and 10 of the RTI Act.	Complied		
18	**Implementing the Citizens Charter**			
18.1	A Citizens Charter / Citizens Client's Charter has been formulated and implemented by the Institution in terms of the Circulars No. 05/2008 and 05/2008 (1) of the Ministry of Public Administration and Management.	Complied		

18.2	A methodology has been devised by the institution in order to monitor and assess the formulation and the implementation of Citizens Charter/ Citizens Client's charter as per paragraph 2.3 of the Circular.	Complied		
19	**Preparation of the Human Resource Plan**			
19.1	A Human Resource Plan has been prepared in terms of the format in Annexure 02 of Public Administration circular No. 02/2018 dated 24.01.2018.	Complied		
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan.	Complied		
19.3	Annual Performance agreements have been signed for the entire staff based on the format given in Annexure 01 of the aforesaid Circular.	Complied		
19.4	A senior officer has been appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular.	Complied		
20	**Responses to Audit Paras**			
20.1	The shortcomings pointed out in the Audit paragraphs issued by the Auditor General for the previous years have been rectified.		Complied	

Department of Government Printing