

ಲಾರ್ಡಿಕೆ ಕಾರ್ಯಸಾಧನ ಲಾರ್ಡಾಲ
ವರುಡಾಢ್ತ ಸೆಯಲಾಢ್ಢುಕೆ ಅಢ್ಢಿಕಕೆ
ANNUAL PERFORMANCE REPORT
2023

ಉಟ ಟಢಢಢಾಟಕ ಡಢ್ಢಲಲಟೆಟ ಡೆಟಾರ್ತಢಢೆಢ್ಢಲ
ಕಢಢ್ಢ ಀಢಢಕಕ ಸಢೆಢ್ಢ ಢಿಢಢಢಕಕಲಢ್ಢ
DEPARTMENT OF DEBT CONCILIATION BOARD

Annual Performance Report for the Year 2023

Department of Debt Conciliation Board

Expenditure Head No. 231

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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 they have obtained by providing immovable property such as lands, paddy fields, estates, houses, conditional transfer deeds and mortgage deeds as surety or on secured loans. In addition, the Debt Conciliation (Amendment) Act, No.29 of 1999 has enabled the Board to intervene in respect of conditional transfer deeds 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 Notice Charges, immense service has been rendered by this Board towards indebted people. As it is not compulsory for the applicants to be represented by a lawyer, service delivered by the Department is of a great relief to the general public.

Pursuant to 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 consisting 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; or
- 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 settlements 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 and in case of failure on the part of the creditors to accept the reasonable suggestions made by the Board to issue a certificate to the debtors under the Ordinance. 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

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, conditional transfer or deed of transfer executed solely in respect of a loan transaction by making payment in installment with a low rate of interest.

Vision

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

Objectives

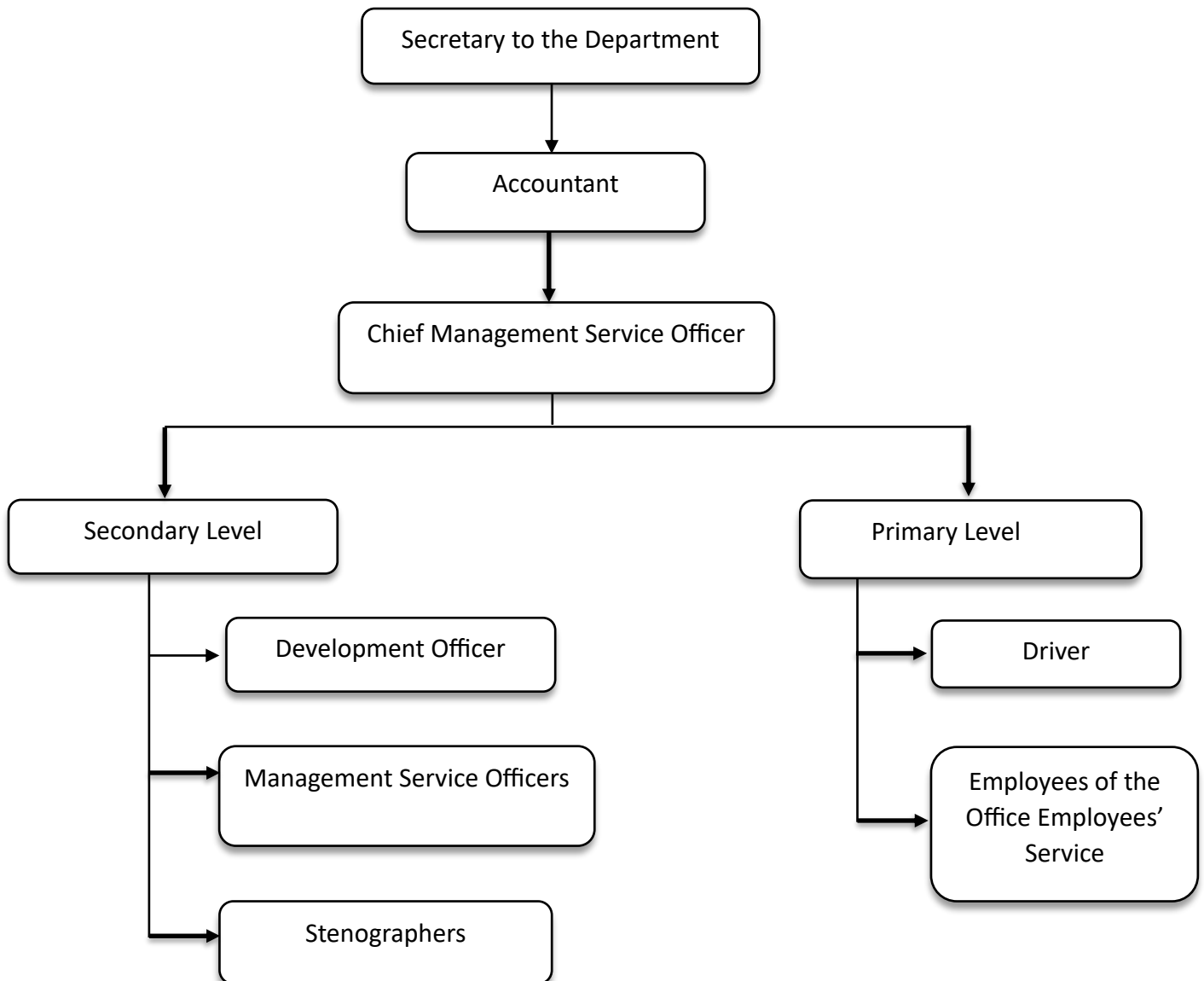
To assist parties to arrive at a settlement on the repayment of loans on Mortgage Bonds, Deeds of Conditional Transfer, Deeds of Transfer executed solely for a loan transaction in respect of immovable property.

1.3 Key Functions

This Department was established under the Debt Conciliation Ordinance No. 39 of 1941 with the objective of introducing relief measures to overcome indebtedness of the people resultant from the loans obtained on the security of deeds on conditional transfer, deed of mortgage of immovable property such as land, paddy fields, estates and houses. In addition to this, the Amendment Act No.29 of 1999 has enabled the Board to intervene in respect of transfer deeds executed solely for a loan transaction and as a result scope of the relief support of this institute has further been expanded. Functioning of this board prevents arbitrary exploitation of debtors by the creditors. Despite this is the major objective of the Board, it never paves the way to treat creditors in unfairly manner. 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 manner convenient for them and on the conditions accepted by the creditors as well.

No fee is charged for the applications submitted to the Board and the proceedings before the Board are free of any stamp duty. Since a very nominal amount is charged as gazette and notice fees, the service afforded to the public suffering from indebtedness is immense. It is a great relief to the public as it is not compulsory that the applicants be represented by lawyers

1.4 Organizational Chart



Members of the Debt Conciliation Board

Name	Post	The Service Category in terms of Sub Section 2 of Section 02 of the Debt Conciliation (Amendment) Act, No. 4 of 2019
Debt Conciliation Board		
1. Mrs.W.Iranganie Perera	Chairman	Retired Judge of the High Court
2. Mrs. Kusum Senarath Patirana	Member	Retired President of Labour Tribunal/ Additional Magistrate
3. Mrs.W.C.Pushpamali	Member	Retired Judge of the High Court
4. Mr.K.H.Premadasa	Member	Retired Bank Officer
5. Mr.K.P.Bandula Ranjith	Member	Attorney-at-law and Notary Pubic
Branch Board – Colombo		
1. Mr.Piyasena Ranasinghe	Chairman	Retired Judge of the High Court
2. Mrs. Padma Palihakkara	Member	Retired Judge of the High Court
3. Mr.M.A.Milton Marasinghe	Member	Attorney-at-law
4. Mr.Sarath Chandrasiri Vithana	Member	Retired Officer of the SLAS (Special Grade)
5. Mr.Somapala Karunathilaka	Member	Retired Principal
Branch Board – Gampaha		
1. Mr.Piyaseeli Wickramasinghe Mathurata	Chairman	Retired Judge of the High Court
2. Mrs.Nandanie Ranawaka	Member	Retired Parliamentary Deputy Director (Administration)
3. Mr.D.M.Karunarathne	Member	Retired Officer of the SLAS
Branch Board – Galle		
1. Mr.Mahinda Pinidiya	Chairman	Retired Judge of the High Court

2. Mr.K.P.D.Jayantha Gunarathne	Member	Attorney-at-law
3. Mr.G.P.Piyasena	Member	Retired Bank Officer
Branch Board - Kurunegala		
1. Mr.R.M.P.S.K.Rathnayake	Chairman	Retired Judge of the High Court
2. Mr.J.G.N.Thilakarathne	Member	Retired Provincial Educational Director
3. Mrs.Wimala Senanayake	Member	Attorney-at-law and Notary Pubic

Chapter 03 - Progress and the Future Outlook

Performance of the Department of Debt Conciliation Board from 01.01.2023 to 31.12.2023

Description	Quantity
Number of pending applications brought forward as at 01.01.2023	1,124
Number of new applications received during the year	580
Number of applications received relating to requests for review or to declare null	89
Number of applications that have been received Debt Conciliation Main Board and Branch Boards	18
Total number of applications	1,811
Number of applications that have been settled	335
Number of applications that have been declared null	190
Number of applications that have been reviewed	93
Number of applications to which certificates have been issued	41
Number of withdrawn applications	70
Number of applications removed from the roll	81
Number of applications that have been set aside	2
Number of applications that have been referred to Branch Boards	16
Number of applications on which action have been fully taken	273
Total number of applications on which action have been taken	1,101
Number of remaining applications	710
Number of applications which have been called again to make payments	202
Corrections made as at 31.12.2023	245
Number of pending applications as at 31.12.2023	1,157

- The number of applications settled during the year 2023 out of the total number of applications received accounted for 49%.

Number of Applications received on District wise

From 01.01.2023 to 31.12.2023

District	Number of Applications submitted as at 31.12.2023
Colombo	58
Kalutara	66
Kurunegala	82
Kegalle	28
Ratnapura	20
Badulla	02
Ampara	00
Galle	82
Matara	30
Hambantota	13
Gampaha	144
Kandy	28
Puttalam	15
Matale	10
Anuradhapura	01
Nuwaraeliya	01
Total	580

Branch Boards	Number of applications pending at the Branch Boards as at 01.01.2023	Number of applications received during the year	Number of applications to which already attended and completed as at 31.12.2023	Number of cases pending as at 31.12.2023
Main Board	170	229	237	162
Colombo Branch Board	183	166	190	159
Galle Branch Board	197	175	160	212
Gampaha Branch Board	278	360	255	383
Kurunegala Branch Board	296	204	259	241
Total	1,124	1,134	1,101	1,157

Financial Progress

Expenditure Head	Allocation for the year 2023 (Rs.Mn)	Expenditure as at 31.12.2023 (Rs.Mn)	Financial Progress as at 31.12.2023 (%)
Capital Expenditure	0.90	0.58	64.63%
Recurrent Expenditure	76.60	60.39	79.11%
Total	77.50	61.00	79%

Way Forward of the Department

The Debt Conciliation Board is currently located at No. 35 A, Dr.N.M.Perera Mawatha, Colombo 08. It has been expanded as Sri Lanka Debt Conciliation Board pursuant to 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 and to handle the increasing number of applications daily received by the Board enabling to provide efficient service to the public/ to extend its service island wide.

Hence, action has been taken to establish the Branch Boards giving priority to the districts from which a large number of applications are receiving daily. Accordingly, Branch Boards had been established in Galle, Colombo and. Gampaha districts. 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.

Further, pursuant the proposal made by the Committee of Public Accounts, plans are in the pipeline to establish Branch Boards to cover the Central and Sabaragamuwa provinces too.

Subashini Dayananda
Secretary
Department of Debt Conciliation Board

**Chapter 02 - Overall Financial Performance for the Year ended 31st
December 2023**

3.1 Statement of Financial Performance

	<u>76,600,000.00</u>		<u>60,390,622</u>	<u>36,911,892.00</u>
Total Recurrent Expenditure (F)				
Capital Expenditure				
Rehabilitation & Improvement of Capital Assets	300,000.00	10	-	-
Acquisition of Capital Assets	500,000.00	11	493,470	89,990.00
Capital Transfers	-	12	-	-
Acquisition of Financial Assets	-	13	-	-
Capacity Building	100,000.00	14	90,000	11,000.00
Other Capital Expenditure	-	15	-	-
Total Capital Expenditure (G)	<u>900,000.00</u>		<u>583,470</u>	<u>100,990.00</u>
Deposit Payments				
Advance Payments			111,179	86,486.00
Other Main Ledger Payments			1,067,800	1,885,583.00
Total Main Ledger Expenditure (H)			<u>1,178,979</u>	<u>1,972,069</u>
Total Expenditure I = (F+G+H)			62,153,070	38,984,951.00
Balance as at 31st December J = (E-I)	<u>-</u>		<u>(1,339,783)</u>	<u>8,345,491.00</u>
Balance as per the Imprest Adjustment Statement			(1,339,783)	8,345,491
Imprest Balance as at 31st December			-	-
			-	-

ACA-2(ii)

ACA-4
ACA-5

ACA-7
ACA-3

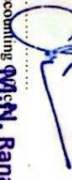
**Statement of Financial Position
As at 31st December 2023**


ACA-P


	Note	Actual	
		2023 Rs	2022 Rs
Non Financial Assets			
Property, Plant & Equipment	ACA-6	11,716,119.00	11,012,649.00
Financial Assets			
Advance Accounts	ACA-5/5(a)	2,488,903.00	2,497,620.00
Cash & Cash Equivalents	ACA-3	-	-
Total Assets		14,205,022.00	13,510,269.00
Net Assets/Equity			
Net Worth to Treasury			
Property, Plant & Equipment Reserve		2,488,903.00	2,497,620.00
Rent and Work Advance Reserve	ACA-5(b)	11,716,119.00	11,012,649.00
Current Liabilities			
Deposits Accounts	ACA-4	-	-
Unsettled Imprest Balance	ACA-3	-	-
Total Liabilities		14,205,022.00	13,510,269.00

Detail Accounting Statements in ACA format Nos. 1 to 7 presented in pages from 08 to 26 and Annexures to accounts presented in pages from 27 to 32 form an integral part of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these Financial 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.


 Chief Accounting Officer
 Name: N.M. Ranasinghe
 Designation: Secretary, Ministry of Justice, Prison Affairs
 Date: 2024-02-29
 No. 19, Sri Sangarela Mawatha, Colombo 10.


 Accounting Officer
 Name: D.S. Jayaranda
 Designation: Secretary, Ministry of Debt Conciliation Board
 Date: 2024-02-29
 No. 35A, Dr. N.M. Perera Mawatha, Colombo 08.


 Chief Financial Officer/Chief Accountant/ Director (Finance)/ Commissioner (Finance)
 Name: G.T.E. Dirukshi
 Date: 2024/02/26

G. T. E. Dirukshi
 Accountant (Acting)
 Department of Debt Conciliation Board
 No. 35 A, Dr. N. M. Perera Mawatha,
 Colombo 08.



Statement of Cash Flows
for the Period ended 31st December 2023

ACA-C

	Actual	
	2023 Rs.	2022 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	1,524,252	1,059,159
Imprest Received	59,854,000	45,612,000
Recoveries from Advance	909,397	1,724,537
Deposit Received	116,454	86,485
Total Cash generated from Operations (A)	62,404,103	48,482,181
Less - Cash disbursed for:		
Personal Emoluments & Operating Payments	60,129,986	36,874,912
Subsidies & Transfer Payments	30,484	32,179
Expenditure incurred on behalf of Other Heads	247,500	9,740,367
Imprest Settlement to Treasury	233,684	8,741
Advance Payments	1,067,800	1,638,507
Deposit Payments	111,179	86,485
Total Cash disbursed for Operations (B)	61,820,633	48,381,191
NET CASH FLOW FROM OPERATING ACTIVITIES(C)=(A)-(B)	583,470	100,990
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 Expenditure	583,470	100,900
Total Cash disbursed for Investing Activities (E)	583,470	100,900
NET CASH FLOW FROM INVESTING ACTIVITIES (F)=(D)-(E)	(583,470)	(100,990)
NET CASH FLOWS FROM OPERATING & INVESTMENT ACTIVITIES (G)=(C) + (F)	-	-
Cash Flows from Financing 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)	-	-
Opening Cash Balance as at 01st January	-	-
Closing Cash Balance as at 31st December	-	-

Expenditure Head No : 231
 Programme No. & Title : Operational Activities

Statement of Losses and Waivers
 (Losses under F.R. 106 and F.R. 113)
 Department : Department Of Debt Conciliation Board

Note-(1)

(i) **Statement of Losses Recovered/Written off/Waived off during the year.**

	Value	No. of Cases	Total Amount (Rs.)
Below	Rs. 25,000.00	Nil	Nil
Over	Rs. 25,000.01	Nil	Nil
Total		Nil	Nil

	No. of Cases	Value (Rs.)
Classification of the cases by nature of Losses.		
1	Nil	Nil
2	Nil	Nil
3	Nil	Nil
4	Nil	Nil
Total	Nil	Nil

(ii) **Statement of Losses being held to be Written off/Waived off or recoverable so far**

	Value	No. of Cases	Total Amount (Rs.)
Below	Rs. 25,000.00	Nil	Nil
Over	Rs. 25,000.01	Nil	Nil
Total		Nil	Nil

	No. of Cases	Value (Rs.)
Classification of the cases by Nature of Losses		
1	Nil	Nil
2	Nil	Nil
3	Nil	Nil
4	Nil	Nil
Total	Nil	Nil

	Age Analysis per (ii)	
	No. of Cases	Nil
Less than five years	Amount	Rs.
5-10 years	No. of Cases	Nil
	Amount	Rs.
Over 10 years	No. of Cases	Nil
	Amount	Rs.

Chief Financial Officer / Chief Accountant/Director (Finance)
 Commissioner (Finance) **Q. T. E. Dirukshi**
 Date : 2024/3/26 Accountant (Acting)
 Department of Debt Conciliation Board
 No. 35 A, Dr. N. M. Perera Mawatha,
 Colombo 08

Note-(ii)

Statement of Write off from books

Expenditure Head No : 231


Programme No. & Title : 01 Operational Activities

Department : Department Of Debt Conciliation Board

1	Statement of losses and waivers under F.R. 109 during the year		No. of Cases	Value (Rs.)
	Value			
(i)	Below Rs. 25,000.00	Nil	Nil	Nil
(ii)	Over Rs. 25,000.01	Nil	Nil	Nil
Total			Nil	Nil

2 **Statement of write off from the book and recoveries under F.R. 109 during the year**

Nature of Loss	Opening balance which was not written off	Value of loss	Recoveries	Value written off from the book	Balance carried forward which was not written off	Reference No. of Approval for write off from the book
	Rs.	Rs.	Rs.	Rs.	Rs.	
1 Nil	Nil	Nil	Nil	Nil	Nil	Nil
2 Nil	Nil	Nil	Nil	Nil	Nil	Nil
3 Nil	Nil	Nil	Nil	Nil	Nil	Nil
4 Nil	Nil	Nil	Nil	Nil	Nil	Nil
5 Nil	Nil	Nil	Nil	Nil	Nil	Nil
6 Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil	Nil


 Chief Financial Officer / Chief Accountant / Director (Finance)
 Commissioner (Finance)
 Date: 2024/10/26
G. T. E. Dirukshi
 Accountant (Acting)
 Department of Debt Conciliation Board
 No. 35 A, Dr. N. M. Perera Mawatha,
 Colombo 08.





Cumulative Commitment/ Liability Report for the Year - 2023

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Department of State Accounts, General Treasury, Colombol.



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Statement of Commitments in terms of FR 94 (2) and (3)

Name of Department : Department Of Debt Conciliation Board
 Expenditure Head No. : 231
 Programme No. & Title : 01 Operational Activities

Name of the Person/Institution	Description of Commitments	Project	Sub Project	Object Code	Financing Code	Maximum Commitment Ceiling In terms of FR 94(2) Provisions (Rs.)	Total Cost Estimate In terms of FR 94(3) (Rs.)	Commitment & Liability Amount (Rs.)
1 Ministries/Government Department								
.....								
Total								
2 State Corporations/Statutory Boards								
Ceylon Electricity Board	Electricity bill payments	231	1	1403	11	998,780.00		1,695.38
National Water Supply and Drainage Board	Water bill	231	1	1403	11	998,780.00		10,780.17
Sri Lanka Telecom P L C	Telephone bill	231	1	1402	11	645,000.00		26,500.10
Rakma Arakshaha Lanka Limited	Security Services	231	1	1409	11	2,108,186.00		239,461.53
Total								
						2,884,377.18		288,437.18
3 Others (Private Parties)								
Overtime Allowances - W.H.T.T.Siva and Others								
		231	1	1002	11	197,500.00		25,217.00
Traveling Expenses - G.A.Thilaka								
		231	1	1101	11	126,667.00		3,150.00
						28,367.00		28,367.00
Grand Total								316,804.18

Chief Financial Officer/Chief Accountant/Director(Finance)(Commissioner(Finance))
 Date: 2023/07/24
G. T. E. Dirukshi
 Accountant (Acting)
 Department of Debt Conciliation Board
 No. 35 A, 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	90,000	90,000	109,395.29	121.55 %
20.03.99.00	Sales and Fess and other proceeds	250,000	250,000	724,109.10	289.64 %
20.06.02.02	Other	780,000	780,000	690,748.07	88.55 %

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	76,600,000	76,600,000	60,390,622	79%
Capital	900,000	900,000	583,470	65%

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.

Asset Code	Code Description	Balance as per the Board of Survey Report as at 31.12.2023	Balance as per Financial Position Report as at 31.12.2023	Yet to be accounted	Reporting Progress as a %
9152	Machinery	11,716,118.97	11,716,118.97	-	100%

3.6. Report of the Auditor General

English Translation

Letter No. JLO/A/DDCB/FA/2023/41 dated 28 May 2023 from the National Audit Office addressed to the Secretary, Department of Debt Conciliation Board forwarding the Summary Report of the Auditor General on the Financial Statements of the Department of Debt Conciliation Board for the year ended 31 December 2023 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018.

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 2023 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018.

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 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and the 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. 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 tabled in due course.

In my opinion, except for the effects of the matters described in the paragraph 1.6 of this report, the financial statements of the Department of Debt Conciliation Board gives true and fair view of the financial position as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Generally Accepted Accounting Policies.

1.2 Basis for the Qualified Opinion

My opinion is qualified based on the matters described in the paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities on the financial statements 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 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

It is the responsibility of the Chief Accounting Officer for the preparation of financial statements that give a true and fair view in accordance with the Generally Accepted Accounting Policies and Section 38 of the National Audit Act, No.19 of 2018 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 Chief 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 accordingly make any alterations as required for such systems to be effectively carried out.

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 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 Chief Accounting Officer regarding the significant audit findings, major internal control deficiencies and other matters that have been identified during my audit.

1.5 Report on Other Legal and Regulatory 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.

1.6 Comments on the Financial Statements

1.6.1 Payment of Deposits

Even though balance of the Deposit Account stood at Rs. 5,275 as per the Treasury Printout SA 30, the current liabilities had been understated by Rs. 5,275 due to the fact that deposit account balance had not been stated under the current liabilities as at 31 December 2023 in the Statement of Financial Position.

1.6.2 Non-Financial Assets

A printer had been obtained from the Prison Division of the Ministry of Justice on 19 January 2023. Despite stating as Rs.75,000 under transfers in the statement of non-financial assets, it was depicted under additions in the opening balance of the year.

1.6.3 Net Assets/Equity

In terms of the Paragraph 7.8 of the State Accounts Guideline, 'Net Worth to Treasury' under the Net Assets/Equity in the Statement of Financial Position should be calculated by deducting the value of Deposit Accounts from the value of Advance Accounts of the Reporting Entity. However, Net Worth to Treasury had been stated as Rs. 2,488,903, which had been understated by Rs.5,275/- due to not stating the balance of the Deposit Accounts.

2. Financial Review

2.1 Expenditure Management

- (a) Due to provisioning of over allocations, of the total net allocation of Rs. 67,400,000 pertaining to 11 recurrent expenditure heads, a sum equivalent to Rs.15,183,681 was remained unspent and it ranged between 06 to 100 percent.
- (b) An allocation of Rs. 300,000 in respect of one capital expenditure head was remained fully unspent.

2.2 Liabilities and Commitments entered into

Even though the worth of liabilities pertaining to expenditure head of 1403 amounted to Rs. 84,270, it had been stated as Rs. 12,475 under note (iv) in the liability statement in the financial statements thereby understating Rs.71,795.

3. Operational Review

3.1 Performance

3.1.1 Not reaching the expected output level

- (a) The number of pending applications to be settled as at 31 December 2023 was 1,157 and of which there were 162 applications in the head office, 159 applications in the Branch Board of Colombo, 383 applications in the Branch Board of Gampaha, 212 and 241 applications in the Branch Boards of Galle and Kurunegala respectively as at 31 December 2023.
- (b) The cases received up to 2009 and yet be settled even by 31 December 2023 was amounted to 12. Of which 07 cases were granted time to investigation. Accordingly, it had been observed that there are cases pending for more than 14 years to reach settlement.

3.1.2 Annual Performance Report

Pursuant to the paragraph 12.1 of the Public Finance Circular No. 02/2020 dated 28 August 2020, the annual performance report should be tabled in Parliament within 150 days after the end of the financial year. However, the annual performance report of 2022 had been tabled in Parliament on 21 September 2023.

3.2 Assets Management

When making the payment to a sum of Rs. 188,000 in respect of tyres purchased for two motor vehicles and a bill payment to a sum of Rs. 224,000 relating a repair work of a vehicle, such payments were made without obtaining recommendation from a mechanical engineer to the effect that the said tasks had been completed properly.

3.3 Officers required to give Surety

Even though as stipulated in F.R. 880, Officers who are administratively responsible for or who under delegation entrusted with, receipt or custody of public money, revenue stamps or stores, or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account are required to give security in accordance with the Public Officers (Security) Ordinance (Cap. 612) for the faithful discharge of their duties and also in terms of the Circular No. 01/2011 dated 18 January 2011, 12 such officers who should give security had not acted accordingly.

3.4 Shortfalls in Management

The case files had been counted manually at the Head Office in August 2022 and at all Branch Boards including the Head Office in November 2023. During this manual counting process, there had been an increase of 248 case files in 2022 and 221 case files

in 2023 over the documented information. Therefore, there had been an increase in case files at the head office by 221, at the Colombo Branch Board by 48, at the Gampaha Branch Board by 84 as a result of the manual counting process. Thus, it is observed that a proper internal control system has not been introduced for file maintenance as it is evident by the discrepancies in respect of documented and physically available information from time to time.

4. Good Governance

4.1 Internal Audit

Action has not been taken by the Department of Debt Conciliation Board to establish an Internal Audit Unit in terms of Section 40(1) of the National Audit Act, No.19 of 2018.

5. Human Resources Management

5.1 Attached Cadre, Actual Cadre

Level	Approved Cadre	Actual Cadre	Vacancies/ (Excess)
Senior Level	02	01	01
Secondary Level	39	28	11
Primary Level	<u>09</u>	<u>09</u>	=
	<u>50</u>	<u>38</u>	<u>12</u>

- (a) Even though an acting appointment should be made as a temporary measure only and until a substantive appointment is made in terms of paragraph 13.3 of Chapter II the Establishments Code of the Democratic Socialist Republic of Sri Lanka, the post of Accountant, being included under senior level has been vacant since 17 March 2021 and Accountant of the Ministry is attending to the duties of this post.
- (b) Even though 18 posts have been approved under the secondary level with respect to the Development Officer post, the actual cadre remained at 19 and thus excess of 01 cadre remained. Further, even though 15 posts have been approved for the post of Management Service Officer, the actual cadre remained at 06 and thus 09 vacancies were remained. Similarly, even though 06 posts have been approved for the post of Stenographer, actual cadre remained at 03 and thus 03 posts remained vacant.

Sgd./ R.S.Katugampola
Senior Assistant 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	-	75%	-
Service Delivery of the Department and Publicity received	-	85	-
Productivity of the service delivered by the Department	-	80%	-

Chapter 05

Performance of the Achieving the Sustainable Development Goals

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 reach settlements relating to the outstanding loans between parties which have been obtained on the security of conditional transfer deeds and mortgage deeds of immovable property.	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 Kegalle Districts and also new Branch Board in the Colombo District.			85%

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

The Branch Boards of the Debt Conciliation Board have already been established and maintained in the Districts of Gampaha, Galle and Colombo.

Chapter 06

Human Resource Profile

6.1 Cadre Management

	Approved Cadre	Existing Cadre	Vacancies/ (Excess)
Senior	02	01 (Acting)	01
Tertiary	-	-	-
Secondary	39	01 (Attached)	17
Primary	09	09	00

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 impacted on the efficient and effective service delivery to the public.

Since a Primary Court is functioning in the Department of Debt Conciliation Board, the most sought human resource asset would be the stenographers. 06 posts of stenographer have been approved for this Department and all 06 posts remained vacant for few years. Only the employees who have been attached to this Department and the Branch Boards by the Ministry of Justice, Prison Affairs and Constitutional Reforms are serving in the posts. Nearly 50 cases are being heard by the Department on daily basis. Therefore, shortage of stenographers has been highly affected on the delays encountered in issuance of copies of the cases to the parties concerned. The service minute has already sent to approval to overcome this issue.

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.

6.3 Development of Human Resource

Further, employees of the Department have not been referred to training programmes due to the fact that minimum allocations were made in respect of the training programmes intended to enhance knowledge and skills in the respective subject areas. In the meantime, the employees, who required to obtain proficiency in the Second Language, had been referred to such courses.

Chapter 07

Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/ Non-Complied)	Brief Explanation for Non- Compliance	Corrective Actions proposed to avoid Non- Compliance future
1	The following Financial Statements / Accounts had 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 Account (Commercial Advance Accounts)	Not Complied		
1.4	Stores Advance Account	Not Complied		
1.5	Special Advance Accounts	Not Complied		
1.6	Others	Not Complied		
2	Maintenance of Books and Registers (F.R. 445)			
2.1	Fixed Assets Register has been maintained and updated in terms of Public Administration Circular 267/2018.	Complied		
2.2	Personal Emoluments Register/Personal Emoluments Cards has been maintained and updated	Complied		
2.3	Register of Audit Queries has been maintained and updated.	Complied		
2.4	Register of Internal Audit Reports has been maintained and updated.	Not Complied	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	Register for Cheques and Money Orders has been maintained and updated.	Complied		
2.7	Inventory Register has been maintained and updated.	Complied		
2.8	Stocks Register has been maintained and updated.	Complied		
2.9	Register of Losses has been maintained and updated.	Complied		
2.10	Commitment Register has been maintained and updated.	Complied		
2.11	Register of Counterfoil Books (GAN 20) has been maintained and updated.	Complied		
3	Delegations of Functions for Financial Control (FR 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 has been adhered to by the Accountants in terms of the State Accounts Circular No. 171/2004 dated 11.05.2014 pertaining to use the Government Payroll Software Package.	Complied	.	
4	Preparation of Annual Plans			
4.1	The Annual Action Plan had been prepared.	Complied		

4.2	The Annual Procurement Plan had been prepared.	Complied		
4.3	The Annual Internal Audit Plan had been prepared.	Complied	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.	
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.	Not Complied	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.	
6.2	All the internal audit reports had been replied within one month.	Complied		
6.3	Copies of the all internal audit reports had been submitted to the Management Audit Department in terms of Sub Section 40(4) of the National Audit Act, No.19 of 2018.	Not Complied	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.	
6.4	All the copies of internal audit reports had been submitted to the Auditor General in terms of Financial Regulation 134(3).	Not Complied	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 2019-1.	Complied		
8	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 Circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid Circular.	Complied		
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	The excess and deficits that were disclosed through the Boards of Survey and other relating	Complied		

	recommendations, actions were carried out during the period specified in the Circular.			
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 Complied		
9.3	The Vehicle Log Books had been maintained and updated.	Complied		
9.4	The action has been taken in terms of FR 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 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	Complied		

	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.			
11	Utilization of Provisions			
11.1	The provisions allocated had been spent without exceeding the limits.	Complied		
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Not 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 forward to the Auditor General in terms of FR 176.	Complied.		
16	Human Resource Management			
16.1	The staff had been paid within the 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.	Since there is no separate website for this Department and information pertaining to this Department is published in the website of the Ministry of Justice.	
17.2	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	Complied		

	Institution in terms of the Circulars No. 05/2008 and 05/2008 (1) of the Ministry of Public Administration and Management.			
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 Audit Paras			
20.1	The shortcomings pointed out in the Audit paragraphs issued by the	Complied		

	Auditor General for the previous years have been rectified.			
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