

## Head 253 - Department of Pensions

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statements of the Department of Pensions for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report including my comments and observations on these financial statements presented to the Department in terms of Section 11(1) of the National Audit Act, No.19 of 2018 was issued to the Accounting Officer on 22 June 2022. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 26 July 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report is presented to Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Pensions as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for qualified opinion

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My opinion is qualified based on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

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The Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out

#### **1.4 Auditor's responsibility for the audit of the financial statements**

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

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 1.5 Report on other legal requirements

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

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Accounting Deficiencies

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#### (a) Receipts of Revenue

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The following observations are made

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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<b>(i)</b> Due to the crediting of an income of Rs. 2,904,049 received on 25 June 2021 for the month of April from the Zonal Education Office Colombo, to the account of 20.04.02.00 (Provincial Council), the income of the Provincial Council had been accounted for in excess of that amount.	Accepted. The amount of Rs.2,904,049 received from the Zonal Education Office Colombo on 25 June 2021 for the month of April 2021 has been mistakenly credited to income as PIV No. 11/710 relating to the object No. 20.04.02.00 (Provincial Council) under the Western Province. The error has been noted to be corrected in the preparation of the final accounts for the year 2022.	Income should be accounted to the correct income head.
<b>(ii)</b> According to the treasury computer notes, there is a balance of Rs.46,313,321 as a debit note of Rs.32,000 and a credit note of Rs.46,345,321 in the income head 2002-0-1-0-1-0 (rental income) but in the accounts summary there was only a debit balance of Rs.32,000, therefore an income of Rs.46,345,321 was mentioned in the PIV but was not posted to the ledger.	According to the monthly accounts, a debit value of Rs.32,000 and a credit value of Rs.46,345,320 have been indicated in income head 2002-0-1-0-1-0 as rental income and accordingly these values are correctly included in the consolidated balance sheet prepared at the end of the year and based on those values, the final account is prepared	Income should be taken to the ledger by PIV.

**(b) Recurrent Expenditure**

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The following observations are made

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(i) The computer consultant fees of Rs.40,000 paid for the month of October 2021 had been debited to expense item 253-1-1-1002 (Overtime and holiday wages).	While entering the data in the CIGAS program, the amount of Rs. 40,000 which should be included in the 1003 expenditure object has been mistakenly accounted under the 1002 expenditure object. As the provision of Rs.187,946 has remained under Head 1003, there has been no overspending.	Should be debited to the correct expenditure head.
(ii) The provision of local travel expenses was Rs. 4,000,000 and according to the treasury computer records the expenditure was Rs. 176,178 and according to the ledger the expenditure was Rs. 238,938 and a difference of Rs.62,760 was observed.	In the consolidated balance sheet prepared at the end of the year according to the monthly accounts, a debit balance of Rs.238,938 and a credit balance of Rs.62,760 are mentioned for local travel expenses for Project 1, thus the final net balance is Rs.176,178. This value is used in preparing the final accounts.	Ledger accounts and treasury computer records should be reconciled.

**(c) Capital Expenditure**

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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Although an estimate has not been made for the purchase of computers under Plant and Machinery Acquisition (253-1-1-2103), the purchase of computers amounting to Rs.370,000 had been accounted for under that expenditure object.	Provisions under 2509 are made for the IT sector and as per the budget estimates, the purchase of computers is planned under this expenditure object. No provision has been made for purchase of computers under 2103.	Should be accounted for under the correct expenditure head

#### (d) Property, Plant and Equipment

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
According to the Treasury Computer printouts (SA 80) the machins and machinery balance as at 31.12.2021 is Rs.228,365,377, but in the financial statements it was stated as Rs. 234,163,467 (in computer module). Accordingly, a difference of Rs.5,798,090 was observed in non-financial assets.	Although the Journal Notes were submitted to the Treasury after the first summary of accounts issued at the end of 2021 to correct this difference, the difference remains as it has not been corrected by the Treasury. This will be corrected through a journal entry in the year 2022.	Treasury computer report and accounts should be compaired.

## 2. Financial review

### 2.1 Revenue Management

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) At present, there was arrears of rent income of Rs.3,371,323.23 from 07 institutions running on rent basis in the departmental premises, of which an amount of Rs.632,777 was more than 12 months old balances.	The income to be collected as at 31 December 2021 is Rs.1,121,485. The balance has been collected in the first quarter of 2022.	Arrears of revenue should be collected quickly.
(b) Rent income was not collected from the space where the Bank of Ceylon teller machine is located since 2010 and the part II of the Western Provincial Health Services Directorate which was rented from 17 May 2021.	Further action is to be taken regarding the signing of the contract for the Bank of Ceylon teller machine and the collection of building rent. The assessment report for the Western Provincial Health Services Directorate - Section 11 has been obtained and action is being taken to collect the rent of the building along with the rent arrears.	Arrears of revenue should be collected quickly.

- (c) According to the report of the government chief valuer, although the assessed value of the premises where the teller machine of the People's Bank is located is Rs.65,000, only Rs.30,000 was charged as monthly rent.
- As per the agreement signed by the both parties, the rental amount of Rs.30,000 was continuously collected. However, the receiving party, the People's Bank, is aware that for the rental agreement, at most, an "Additional Understanding Agreement" should be signed and included in the rental agreement and that the rent agreement should be amended to take effect of the value of the new valuation report and future valuation reports and the rent should be paid accordingly. Waiting for answers and to be forwarded for the approval of the Secretary of the Ministry of Public Administration, Home Affairs and Provincial Councils and Local Government.
- The assessed value should be charged.
- (d) Although according to the Section 1(a) of the Pension Circular No. 1/2001 dated 15 January 2001, that a report of contributions debited and credited every month should be sent to the Director General of Pensions before the 15 of the following month, action had not been taken to obtain a report for contributions amounting to Rs.22,595,155,044 credited during the year under review as per the said provisions. Also, out of the debits of Rs.20,339,620 made during the year, no debit notices were received from the relevant institutions to confirm the debits of Rs.19,569,428 and reminders for that also had been sent with a delay.
- Debit notices have been requested from the relevant institutions and informed through reminders, and it is the responsibility of the institution to which the debit entry is made, to send the reports before the 15 of the following month.
- Action should be taken in accordance with the circulars.

- (e) According to paragraph 07 of the Fiscal Policy Circular No. 01/2015 dated 20 July 2015, the monthly reports for the revenue codes belonging to the Revenue Accounting Officers must be submitted to the Director General of Fiscal Policy before the 10 of the next month, but monthly performance reports were submitted with a delay of between 10 days to 221 days.
- It has been stated that the monthly reports are submitted after comparing with the Treasury Account Statements and due to the delay in releasing the Treasury Account Statements to the websites and disruption of work due to the COVID19 pandemic, the submission of the monthly performance reports is delayed.
- Action should be taken in accordance with the circulars.
- (f) The Department of Pensions had not taken action to maintain a data system related to social security contributions (widows/widowers and orphans' contributions) of central government and provincial council officers. Therefore, in the absence of information about the number of members who are to receive benefits from the social security system, it was not possible to confirm through the department whether the contributions were continuously received in the entitlement of benefits such as widow/widower and orphan pensions and contribution refunds.
- Although, a program to create a data system containing the information of all government officials has been introduced since October 2017, it has been delayed due to lack of support from other institutes. At present, all the Heads of Institutions have been informed regarding the inclusion of the details of widow/widower and orphan contributions in the personal file.
- A data system of contributors and contribution payments should be maintained and action should be taken to verify whether contributions have been received accurately.
- (g) According to Section 2.2 of the Circular No. 01/2001 of the Director General of Pensions dated 15 January 2021, if the provincial councils issue one cheque for the contributions of all offices, the collections of each
- As contributions are allocated when salaries are paid, time has been given until the 20<sup>th</sup> and in case of delay, arrangements have been made to collect the money by phone and letters. In this regard, letters have been sent to Treasury Operations Department, Finance
- Action should be taken in accordance with the circulars.

month must be brought before the 15 of the following month. But 05 provincial councils which did not give cheques before at least the 20 of the next month, had given checks with a delay of 06 days to 33 days

Commission with a copy to your office. It is the responsibility of all other government agencies to send the money properly. In addition, due to the COVID 19 epidemic, it has been informed that the reason for this was the breakdown of continuous work in the year 2021..

- (h) Although the Uva Provincial Council estimated the contributions for each month and paid them by cheque, it took a delay of 05 days to 133 days to adjust the outstanding or excess amount for the respective month.
- It has been informed that as the cheques should be remitted promptly, the estimated value will be remitted until the errors in the monthly account summaries are rectified, and then there will be a time delay as the remaining amount due will be remitted after the errors are rectified.
- Arrears should be collected promptly.

## 2.2 Management of Expenditure

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The following observations are made

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(a) No expenses were incurred during the year from the provision of Rs.5,900,000 made to the expenditure Objects No. 253-1-1-1102 (Foreign Travel Expenses), 253-1-1-2507 (Research and Development Expenses) and 253-1-1-1508 (Other Transfers.	As foreign travel did not take place in view of the Covid epidemic situation and the programs planned for the pension day under the Object 1508 were not held due to the cancellation of events due to government policies, all the estimated provisions for it remained at the end of the year under review.  As the development and research programs could not be carried out as planned due to the restriction of capital expenditure and the bad situation in the country, all the allocations allocated for the Object 2507 remained at the end of the year.	Estimates should be prepared after identify expenses accurately.



- (b) Out of the net provision of Rs.134,350,000 made in 21 expenditure subjects, Rs.56,418,627 or 42 percent had been saved. It ranged between 8 percent to 80 percent as a percentage of the net provision of expenditure Objects.
- 11 out of 18 expenditure Objects are recurrent expenditure subjects, with 8 percent to 69 percent of allocation savings and these provisions were saved due to the epidemic situation in the country, office activities are not carried out continuously, and overtime, travel expenses, stationery expenses, and maintenance expenses were limited.
- Estimates should be prepared after identify expenses accurately.

### 2.3 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
In the Statement of Obligations and Liabilities prepared on 31 December 2021, the gratuity to be paid is stated as Rs.1,339,365,568, but out of this, Rs.155,531,324 were payments related to the months of January and February 2022. Also, the payments of Rs.191,594,939 paid up to 08 April 2022, related to the month of December 2021, were not recognized as a liability as at 31 December 2021. Accordingly, the liabilities were understated by Rs.36,063,615.	Although the value of Rs.198,367,277 in the list of liabilities prepared on 31 December 2021 is related to the year 2022, the amount of Rs.62,356,876.47 in the vouchers P2202/15 and P 2202/16 are related to the year 2021. In the remaining 17 vouchers of Rs.136,010,400, death gratuity and service gratuity payments are also included and these expenses are also related to the year 2021, but since the reports were obtained in the year 2022, the dates of the year 2022 are mentioned.	Liabilities should be identified correctly.

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

Following observations are made

Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Extra Ordinary Gazette Notification No. 3/1719 dated 15 August 2011.		Although those who are not totally disabled by birth should be referred to a medical board once in 05 years, but 2 cases were observed where the Kurunegala Divisional Secretariat did not done accordingly.	Pension No. 24-205598 is in the process of re-submitting to a medical board. Disability Pensioner No. 24-107014 died on 26.01.2022 and her Disability Pension has been stopped.	Action should be taken according to circular procedures.
<b>(b) Financial Regulation</b>				
(i) Financial Regulation 371(2) (d)	5,785	Although the ad-hoc sub imprests should be settled as soon as the relevant work is completed, before one advance was made and settled, another advance was made for 4 officers in 09 cases.	No answered.	Should comply with the Financial Regulations.
(ii) F.R. 103,104	113,846	There was an overpayment of Rs. 470,496 in the conversion of the compensation paid under Pension No. 57-966 into a subsistence allowance and the responsible officials did not take action to collect the further amount due until February 2021 when the respective pensioner died.	A letter has been sent on 08.04.2022 seeking advice from the Pension Department regarding recovering of money. Accordingly, arrangements will be made to recover the relevant amount.	- Do -

(iii)	F.R. 1645 (a) and 1646	Although the daily running charts and monthly summary of travellings should be submitted to the Auditor General before the 15 of the month following after the relevant month, 06 out of 15 vehicles in the Department had not submitted their daily running charts to the Auditor General for a period of 8-12 months.	The relevant running charts have been handed over to audit on 14 February 2022.	- Do - -
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**(c) Public Administration Circulars**

(i)	Public Administration Circular No. 03/2016 dated 25 February 2016	465,500	Eventhough, Pensioners retiring after 01 January 2016 should not be entitled to interim allowances, but interim allowances were paid to four retirees related to Polgahawela and Madampe Divisional Secretariats.	According to the pension data system, the pension number 50 – 1179246 is not displayed under Polgahawela Divisional Secretariat. The salary of the pensioners mentioned in the Madape report has been consolidated.	Action should be taken according to circulars.
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(ii)	Section 04 of Public Administration Circular No. 2/2019 dated 30 May 2019		According to the order 292 of the handbook containing regulations prepared by the Registrar General's Department, when a death of a person who was receiving a pension from the government is registered, the same should be written in the form bearing B73 and the registrars of the relevant jurisdiction should be instructed to send a copy of it to the divisional secretary once a week. However, It had not been dealt with accordingly.	As pointed out by audit queries, Divisional Secretaries are informed by the Public Administration Circular No. 02/2019 dated 30 May 2019 that it should be directed the District Registrars to inform the Divisional Secretaries through B “73” reports, in case of death of a pensioner.	- Do -
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(iii)	Public Administration Circular No. 21/2013 dated 07 October 2013	Although the prior approval of the head of the department should be obtained for working on weekends and public holidays and making the corresponding payments, 09 cases were observed in the sample inspection where the approval was obtained after the employment.	Due to the ongoing covid epidemic situation in the country, staff officers were deployed for duty on weekends and holidays as essential duties had to be performed continuously and urgently. Essential duties are performed on these dates on the recommendations of the nearest staff officer. There has been some delay in the work due to the necessity of calling the clerks to the office. As a result, the submission of these applications for approval has been delayed.	Action should be taken according to circulars.
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**(d) Pension Department Circulars**

(i)	Pension Circular No. 01/2018 dated 20 June 2018 Paragraph 06(b)	30,500	Although it has been stated that the living expenses allowance for the pensioners who had gone abroad should be Rs.2,000, As a living allowance of Rs.3,525 was paid to the pensioners numbered 3-1310842, 3-135507 and 03-1173669 who had gone abroad, no action was taken to recover the overpaid amount.	03-1310842 - Payment has been corrected from December 2021 onwards. 3-135507 - Foreign pension payments are not made from this number, payments are made from the Balangoda Divisional Secretariat. 3- 1173669 - The pension of this pensioner has been stopped since July and the overpayment will be recovered after the foreign	- - Do -
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pension has started.

(ii)	Amendment (1) Pension Circular No. 01/2011 dated 07 April 2014	In order to streamline the pension payment process, a control account should be prepared in a system that can be compared with the control account of the departmental data system by preparing a report containing additions, subtractions, revisions of the monthly pension expenditure in the number of pensioners, it was observed during the sample audit test Kurunegala, Kuliapitiya (West) Madampe, Ja-Ela, Polgahawela Divisional Secretariat had not done so.	As all pension payments and revision process are done through the centralized data system, it is the responsibility of the divisional secretary to identify the changes and prepare the control account even if there is any difficulty in maintaining a separate control account in the divisional secretariats according to the current payment process. Accordingly, it has been informed that Kurunegala, Kuliapitiya (West) and Madampe divisional secretaries are currently maintaining control accounts. The Divisional Secretary has informed that the Ja-Ela Divisional Secretariat will maintain a control account in the future. The Divisional Secretary has informed that the Polgahawela Divisional Secretariat will prepare the control account from May 2022.	Action should be taken according to circulars.
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(iii)	<p>Pension Circular No. 1/2009 dated 07 January 2009. Paragraph 08</p>	<p>The Grama Niladari should be fully in charge of pension payment to the disabled children and the Grama Niladari should ensure that they get proper</p> <p>care. Regarding that, although a quarterly report should be included in the files of the respective disability files, the Divisional Secretariat offices (Kurunegala, Udubaddawa, Madampe, Kuliapitiyabatahira) had not done accordingly.</p>	<p>The Divisional Secretary has stated that the Kurunegala Divisional Secretariat will receive quarterly reports from now on.</p> <p>The Divisional Secretary has informed the Grama Niladari with the relevant format to provide the respective quarterly reports to Udubaddawa Divisional Secretariat and Madampe Divisional Secretariat. The Divisional Secretary has stated that the Kuliapitiya (West) Divisional Secretariat will get the report quarterly.</p>	<p>Action should be taken according to circulars.</p>
(iv)	<p>Pension Circular No. 1/2019 dated 11 June 2019</p>	<p>According to the 2021 budget proposal, the pension adjustment should be done from 1<sup>st</sup> July 2019 according to Public Administration Circular 3/2016 for government officials who retired before 1<sup>st</sup> January 2017. During the sample inspection of Kurunegala, Udubaddawa, Kuliapitiya (West) Kurunegala, Mawathagama Mallawapitiya, Polgahawela divisional secretariats, the relevant</p> <p>amendments were not prepared for 181 pensioners. Due to the lack of information in the data system of 52 files of the Mallawapitiya</p>	<p>So far, pension adjustments have been made to some pensioners and as there are deficiencies in the pension files (absence of grant papers, correct salary not calculated, temporary files not approved, etc.), the divisional secretaries have informed that the relevant revision work will be done after completing them. It is further informed that letters have been sent to the pensioners and</p>	<p>Action should be taken according to circulars.</p>

Divisional Secretariat, the institutions where revisions could not be prepared. the documents are to be obtained to complete the deficiencies.

- (v) Pension 2,899,825 Although the living expense allowance should not be paid to a pensioner in excess of the living expense allowance of Rs.7,800 received by a government employee, the cost of living allowance was overpaid by paying a living allowance of Rs.7,800 along with the army pay of 10 deceased Navy soldiers and a living allowance of Rs.3,525 along with the military widow pension or subsistence allowance. Overpaid living expenses allowances will be recovered in installments over the coming months. - Do -
- (vi) Pension 1,028,000 Although the interim allowance should be paid only to the joint pension when several pensions are received jointly, it was observed that 11 pensioners of the Mallawapitiya Divisional Secretariat and one pensioner of the Udubaddawa Divisional Secretariat were over paid Rs.759,000 and Rs.269,000 respectively as interim allowances. The Mallawapitiya Divisional Secretariat has started collecting the excess paid interim allowance from the pension of 11 pensioners as indicated by the audit from the month of May. Accordingly, as on 27 May 2022, the total overpaid amount to Pension No. 40-3020 of Udubaddawa Divisional Secretariat is Rs.271,500. As of May 2022, Rs.35,000 have been collected. Action should be taken according to circulars.

and the amount to be collected is Rs.236,500.

- (vii) Pension 1,216,453 Unpaid pensions were supposed to be remitted to the Pension Department the month after the due month, but there were cases where they were remitted with a delay between 15 and 70 days. All the Divisional Secretaries have been informed to credit the unpaid pension directly to the official account of the Department in the name of the Director General of Pensions as per the letter of Director General of Pensions No. PEN/ACC/43 dated 18 November 2020. - Do -
- (viii) Pension Circular No. 05/2015 (11) dated 04 August 2015. 1,216,453 As per Pension Circular No. 6/2006, the living expenses allowance shall be Rs.3,525 along with revised pension. However, although the living expenses allowance related to the civil pension was paid for 12 pensioners who retired while receiving a widow's pension, the living expenses allowance related to the widow's pension was not paid from that date. Payment of Living Cost Allowance along with arrears of salaries has been started from January 2022 for pensioners bearing 21-1000024, 22-200700, 22-1000062 and 21-1000072. The arrears of salary for the payment of living expenses allowance to the pensioners numbered 21-6000074 and 21-1000039 have been prepared and sent to the pension department but have not been paid due to deficiencies. The deficiencies will be rectified and payment will be started from June 2022. Action should be taken according to circulars.



(ix)	Pension Circular No. 3/2016 dated 25 February 2016. Section 7	112,000	<p>The pensioner bearing Pension No. 58 – 1265318 had retired on 28 March 2016.</p> <p>Although officers retiring after 01 January 2016 are not entitled to interim allowance, this officer was paid an interim allowance from 08 February 2019 to 31 December 2021.</p>	<p>The overpaid interim allowance to the pensioner bearing pension number 58-1265318 is being recovering from April 2022 onwards.</p>	- Do -
(x)	Clause (iv) of Pension Circular Letter No. 4 dated 16 October 2014		<p>Although the first file should be sent from the concerned institution to the Divisional Secretariat within 03 months, there were 02 files that were sent to the Poojapitiya Divisional Secretariat after a long delay and 09 files that were not received by the Poojapitiya and Polgahawela Divisional Secretariats. However, the pension department was not informed about it.</p>	<p>The Divisional Secretary has stated that the Pujapitiya Divisional Secretariat has received all the files and that the Pension Department will be informed about such files from now on.</p> <p>It has been informed that all the files belonging to the Polgahawela Divisional Secretariat have been sent to the Pension Department.</p>	Action should be taken according to circulars.
(e)	Section 8.7.1 of the Procurement Manual and Section 8.12.2 of the Procurement Guidelines	3,965,576	<p>In the letter of acceptance for the award of contract for the construction of repairs, safety granite wall and mesh fence at Ramboda Retirement Resort, the date of commencement of work, the value of the performance bond and the date on which the bond should be given were not included and completion certificate was not issued certifying that the work has been completed as per the specifications and conditions and in accordance with the payment terms.</p>	<p>That the acceptance letters for the award of construction contracts include the date of commencement of work, the value of the performance bond and the date on which the bond is due and after the work is completed, the payment is made after the bill and the work done are checked and certified by the technical</p>	Action should be taken according to the Section 8.7.1 of the Procurement Manual and Section 8.12.2 of the Procurement Guidelines.

officer. Therefore, no separate completion certificate was issued.

## 2.5 Transactions in the Nature of Frauds

Following observations are made

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) After the death of the pensioner, the money credited to the bank account should have been brought from the bank immediately, but due to the lack of effective action, a sum of Rs.92,166 was taken by another party on 02 occasions in the Kurunegala Divisional Secretariat.	It has been informed that all the Divisional Secretaries have been informed from the letter dated 18 November 2020.	After the death, the money credited to the bank account should be brought from the bank immediately and the necessary legal measures should be taken to recover the fraudulently obtained money according to the relevant pension circulars.
(b) As the Mallawapitiya Divisional Secretariat did not immediately receive the money credited to the bank account of pensioners No.1-403699, 21-75013 and 1-504248 after their death, it was observed that there is still an overpayment of Rs.6,392 due to receipt of the money by another party.	It has been informed that an amount of Rs.1,191,178.12 has already been recovered and that the remaining amount of Rs.6,392.88 will be recovered soon.	-Do -
(c) Pension amount of Rs.582,423 had been remitted to the bank account of the officer who died on 07 November 2013, receiving pension under No. 01-600772, up to a period of 29 months after her death. Out of that a sum of Rs.581,916 had been withdrawn using an ATM card, but as on 31 December 2021, the amount had not been recovered from the responsible parties.	Pension No.600-772-01 was sued for the overpayment and is still pending under Case No.B2019/25 and no culprits have been determined or the overpayment has been recovered.	That a program should be prepared so that the information about the dying pensioners can be updated promptly so that no overpayments are made and the loss should be recovered from the responsible persons by proceeding in accordance with Financial Regulations 103 and 104.

- (d) According to the data system, instead of the National Identity Card number of the pensioner bearing pension number 21-0-105353-0-21, the National Identity Card number of the pensioner's daughter was used up to a period of 86 months after the death of the pensioner, and a sum of Rs.1,562,470 was obtained as pension. The money had been received by her daughter, but no information about the legal action or disciplinary action in this regard was reported to the audit and an amount of Rs. 1,036,336 remained to be recovered from this overpaid amount.
- The daughter of the pensioner No.21-105355 has paid part of the amount received and the further amount due is Rs.1,036,336. The daughter is now dead. Regarding the overpayment, an investigation has been conducted as per the financial regulations and it has been informed that arrangements should be made to recover the payment.
- That a program should be prepared so that the information about the dying pensioners can be updated promptly so that no overpayments are made and the loss should be recovered from the responsible persons by proceeding in accordance with Financial Regulations 103 and 104.
- (e) A pension officer of the Galnawa Divisional Secretariat had credited Rs.1,596,640 to the account of an army widow who had no pension rights and the pension officer had received that money. The information that a disciplinary inquiry was conducted in this regard was not submitted to the audit and the officer had paid an amount of Rs.1,000,000 to the Galnawa Divisional Secretariat by 22 October 2012. The amount that was to be recovered from that amount was not yet recovered by 31 December 2021.
- Disciplinary investigations are being conducted on the officer.
- That formal disciplinary action should be taken against the responsible officers and overpayments should be recovered.
- (f) By changing the data in the Kuruvita Divisional Secretariat's pension data system, the accountant attached to the Divisional Secretariat had credited Rs.6,758,120 to his account as arrears of pension from the year 2009 to the year
- To check the data of the computers used by the accountant involved in the pension fraud and to get an analysis report, the 02 computers have now been referred to the government analysts. The Criminal
- Disciplinary action should be taken against the officials responsible for the fraud and the loss should be recovered from those responsible as per Financial Regulations 103, 104.

2020. This amount was still not recovered by 31 December 2021. Investigation Department has informed that further investigations will be carried out after receiving the report. In this regard, it has been further informed that the case bearing M/U B 417/15 in the Ratnapura court is being maintained.

## 2.6 Issuance and Settlement of Advances

Audit Observation	Comments of the Accounting Officer	Recommendation
The total amount of individual balances due on 31 December 2021 was Rs.172,979,542, of which the outstanding balance for more than 03 years was Rs.841,174. Out of those balances, the balance of 03 officers over 5 years was Rs.747,639, and the balance of one officer between 3-4 years was Rs.93,535.	It was informed that a sum of Rs.65,574 have been recovered in the year 2021, and the loan balance of Rs.190,485 is being recovered monthly and out of the loan balances of more than 05 years, recovery of Rs.176,367 is going on and out of this Rs.45,639 has been referred to the Legal Section of the Pension Department. It has been stated that the disciplinary investigations related to another Rs.328,001.54 have not been completed and there is a problem in finding the residence address of the officer who has left the service and is abroad with a balance of Rs.146,321.	The relevant outstanding balances should be collected promptly.

## 2.7 Deposit Balances

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It was observed that the deposit amount of Rs.4,413,050 received for the pensioners' day, but exceeded	Due to the Corona epidemic situation in those years, the state ceremonies were stopped, so the pensioners' day could not be held, so the money was	Action should be taken according to the Financial Regulations.

02 years, was retained in the public deposit account without being utilized or taken into government revenue as per Financial Regulation 571(3). remained in the General deposit account. Since the donations received from various organizations for the pensioners' day, the money has been retained for the purpose.

- (b) According to the Financial Regulations 570, deposits exceeding 2 years should be taken into income or settled, but contrary to that, action had not been taken in the case of deposits of Rs.128,169. Actions are being taken to settle the deposits mentioned in the report. Action should be taken according to the Financial Regulations.

## 2.8 Operation of Bank Accounts

### Audit Observation

It was observed in audit that the Bank of Ceylon Account No. 7041643 for Local Government Service Widows and Orphans Pensions and Bank of Ceylon Account No. 7041644 for Local Government Service Widow Men's and Orphans Pension are remain inactive bank accounts as transactions are not done.

### Comments of the Accounting Officer

Although the local authorities have been told to direct the money received for the Local Government Widow & Orphan Fund Account and the Widow Men's Pension Fund Account to the Widow & Orphan Contribution Account, some institutions have still credited a small amount to those accounts. Therefore, it is necessary to maintain those accounts.

### Recommendation

Dormant bank accounts should be closed.

## 3. Operational Review

### 3.1 Planning

Following observations are made.

### Audit Observation

- (a) According to the Public Finance Circular No. 2/2020 dated 25 August 2020, the updated

### Comments of the Accounting Officer

It has been informed that the file will be updated to include the details of the organizational

### Recommendation

Action should be taken according to the circulars.

organizational structure of the organization for the year, the imprest requirement plan for annual activities and the annual procurement plan for the planned development programs which should be included in the annual action plan, were not included.

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|-----|--|--|--|
| (b) | New registration and re-registration of widows and orphans from 2017 to date were not identified as activities, so it was not possible to check their performance. | To prepare the action plan, information is obtained from all sections annually and the action plan has been prepared based on the information sent by those sections.            | The activities of the organization should be identified and a plan should be prepared. |
| (c) | The main activities of the institution were not identified and an activity plan was not prepared according to priority.  | Firewall and Cert systems which were not included in the action plan were installed based on the requirement of the department and accordingly the action plan has been revised. | An action plan should be formulated according to priority.                             |

### 3.2 Non- performance of Functions

Audit Observation	Comments of the Accounting Officer	Recommendation
A provision of Rs. 2 million had been allocated for research and development, but those works had not been carried out.	Please note that this task could not be completed, due to the inability to continue the work of the department as normal during the Covid-19 epidemic situation, we have to focus on completing the remaining duties as soon as possible,	Allocated funds should be properly utilized.

### 3.3 Projects without Progress despite the release of Money

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the performance of district-wise identification of pension active sectors and establishment of 10	The performance is given as 100% because the machines have been purchased and the	The objective of the project should be correctly identified

Scanners, which was identified as a pilot project, was shown as 100 percent progress by September 2021, 3 of the 10 scanners purchased by April 2021 had been installed in the regional offices of Rathgama, Madampagama and Waduramba by 19 November 2021, but 7 scanners were still in stores at the date of the audit (2022.02.18). Thus, the performance values given up to December were not correct.

rest of the machines are currently being used for district level interviews.

and the performance should be accurately calculated.

### 3.4 Procurement

Following observations are made

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) Although it was agreed that after paying 85 percent for the new security system of Rs.1,928,700, purchased on 21 June 2021, which is currently installed, the balance will be released after a technical evaluation, the remaining amount of Rs. 289,305 was paid on 11 October 2021 without a technical evaluation obtained from a recognized organization that can conduct a technical audit on the security capability of the system and the ability to detect errors.</p>	<p>The IT department recommended to retain 15 percent until the DMZ Zone is set up, even if all the facilities are provided as per the specification. Accordingly, 15 percent was retained, and after establishing the DMZ Zone, the remaining 15 percent was paid after obtaining a assurance from the technical officers of the IT department.</p>	<p>A technical evaluation should be done.</p>
<p>(b) It was observed that as per 3:3 of the Procurement Guidelines - 2006, the bidding for the purchase of anti-virus software should be done from a pre-selected list of suppliers, but the bidding was done contrary to that.</p>	<p>Although it has been stated that purchases will be made following National Competitive Bidding (NCB) as per procurement plan and as per performance plan; according to the “Update Antivirus Software 2018” file, the price range of the companies that offered prices was between</p>	<p>That the tenders should be called as per 3:3 of the Procurement Guidelines - 2006.</p>

Rs.420,000 – 560,000. Accordingly, it was acted in accordance with the Code of Procurement Guidelines where “in cases where advertising would be considered wasteful, or for procurements of small value where advertising would be considered an inappropriate expenditure of money”.

- (c) As per 5.4.8 of the procurement manual, performance security was not obtained for the purchase of 15 computers. The performance security was requested by contract award letter dated 07 April 2021. However, due to the closure of institutions due to the Covid-19 situation in the country, there has been a delay in obtaining the performance security, but the goods have been duly received at the warehouse by 21 April 2021. Accordingly, payment has been made on 04 May 2021. Also, I further inform that action will be taken to get performance security correctly in all cases where performance security should be obtained as per the procurement guidelines. Procurement guidelines should be followed.
- (d) **Purchase of 15 fingerprint scanners** 15 fingerprint machines worth Rs.510,000 have been received on 25 April 2021 according to the stores inventory and those 15 machines were still in the warehouse without being issued at the audit date (2022.02.28). Due to the spread of the Corona epidemic in the country, there has been a delay in the distribution of computers in May after the opening of the country in January 2021. And now the distribution of those fingerprint machines has started. That purchases should be promptly use to work.



(e) **Purchase of 10 printers and 15 scanners**

- (i) Purchase of 9 printers and 9 scanners and 1 printer for the Central Division was approved as necessary computer equipment for the newly established Divisional Secretariats. In addition, the need to purchase 6 scanners was not mentioned. 5 additional scanners were purchased to be provided to the Divisional Secretariats as required. That the need to purchase should be identified and approved.
- (ii) 15 scanners were received in the warehouse on 06 October 2021, but only 3 machines were issued on 19 December 2021 and out of 10 printers received in the warehouse on 03 August 2021, only 3 machines were issued by 19 November 2021 and 7 was left in the warehouse. Due to the spread of the Corona epidemic in the country, after the opening of the country in January 2021, the country was closed again with the beginning of May. Accordingly, there has been a delay in the distribution of printers and scanners due to the situation where regional secretariats are unable to come to collect fingerprint machines. So far, 2 out of the remaining 12 scanners have been released and accordingly the release of printers and scanners has started. That purchases should be promptly use to work.
- (iii) Accordingly, the audit observed that the performance of the planned functions of the organization is minimal, due to 60 percent of the money allocated for the purchase of machinery and equipment, i.e. Rs.2,642,008 worth of equipment, remains idle in the warehouse even on 28 February 2022 (audit date) and is not used for related tasks. The implementation of the program was delayed due to Covid. Nevertheless, mobile services have been started in the districts of Galle, Matara and Kandy and the equipment available in the warehouse has been used for this purpose. I inform you that the machinery in the warehouse has been utilized through that. Purchases should be used only for work that is urgently needed.

### 3.5 Asset management

#### Audit Observation

Out of the Rs.775,187 worth of assets purchased by the department and issued to the Divisional Secretariats, the computer worth Rs.117,720 has been removed from the accounts as it was not recorded in the books of the Sevanagala Divisional Secretariat and the audit did not confirm that the remaining fixed assets worth Rs. 657,467 were recorded in the books of the respective Divisional Secretariats.

#### Comments of the Accounting Officer

When releasing the computers purchased by the Pension Department for the Divisional Secretariat Offices, the warehouse issues a issue order and the relevant agency gives a receipt note.

#### Recommendation

The audit did not confirm that the fixed assets were recorded in the books of the respective Divisional Secretariats.

### 3.6 Losses and Damages

#### Audit Observation

The closing balances of the year under review prepared by the Department are not reconciled with the closing balance in the reports sent from the District Secretaries of Damages and Losses of the year under review.

#### Comments of the Accounting Officer

It was informed that there is a difference between the final report of damages sent from the district secretariats and the year-end damage and loss register prepared by the department due to the different methods followed by the Divisional Secretariats.

#### Recommendation

Year-end balances should be tally to each other.

### 3.7 Failure to reply Audit Queries

#### Audit Observation

Out of 42 audit queries issued by 31 December 2021, 21 audit queries were not answered and the countable value submitted for explanations related to those audit queries was Rs.9,947,766.

#### Comments of the Accounting Officer

I accept that there is a delay in answering the audit queries as answers and explanations have also been obtained from the District Secretariat Offices, Divisional Secretariat Offices and

#### Recommendation

According to Finance Regulation 155, the officer should check the audit query register as mentioned in Finance Regulation 452(1) after a certain period of time and

other government agencies related to the Pension Department. take action to rectify the deficiencies pointed out by the audit inquiries received, and those queries should be answered immediately.

### 3.8 Management Weaknesses

Following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) The pensioner receiving pension under pension numbers 40-2015040 and 4-30864 had remarried on 17 September 2019 and the ophen was a minor at that time. According to Section 6 of the Pension Circular No. 03/2013 dated 20 September 2013, If there are orphans born to the deceased contributor, the orphan's pension is payable to the orphan, but from 04 October 2019 to July 2021, an amount of Rs.598,488 and Rs.153,834 was paid to the remarried widow under pension numbers 40-2015040 and 4-30864 respectively.</p>	<p>It has been informed that necessary arrangements are being made to recover the excess of Rs.752,322 paid to the remarried widow and to adjust the pension due to her minor orphan child.</p>	<p>Payments to the remarried widow should be stopped and payments should be made to the orphan.</p>
<p>(b) An aggregating amount of Rs.7,091,169 had been paid as pensions, such as an amount of Rs.3,327,180 to 11 deceased pensioners in Kesbewa Divisional Secretariat, an amount of Rs.436,967 to 02 deceased pensioners in Ratmalana Divisional Secretariat and an amount of Rs.48,737 to 01 deceased pensioner in Kolonnawa Divisional Secretariat, Rs.2,480,951 to 05 deceased pensioners in the Colombo Divisional Secretariat and Rs.797,334 to a deceased pensioner in Sri Jayawardenepura Kotte Divisional Secretariat,. These payments were not recovered.</p>	<p>It has been informed that the amount recovered by the respective Divisional Secretariats will be sent to the Pension Department in the future and that the remaining amount will be recovered promptly.</p>	<p>That the information about the pensioners who die should be promptly updated and the system should be updated in such a way that no more payments are made and that the loss should be recovered from the responsible parties in accordance with Financial Regulations 103 and 104.</p>

- (c) The pensioner bearing pension number 21-37920 had died on 01 December 1994 but he was paid pension till July 2018. Out of the overpaid Rs.2,268,080, an amount of Rs.231,780 was left in the bank and brought by the Divisional Secretary and the further amount of Rs.2,036,300 had not been recovered. There was no further comment on the balance to be recovered. Any further recoverable amounts overpaid to the deceased pensioner should be recovered expeditiously.
- (d) In relation to the Kurunegala Divisional Secretariat, no arrangements were made to collect overpayments of Rs.159,314 on 4 occasions that had not been collected for a long time. Not answered. Overpayments should be recovered promptly.
- (e) Ten pass books of minors were not formally registered and bank pass books worth Rs.801,800 of 6 minors who completed 18 years of age were not handed over to them. That the information about the pass books mentioned in the report was recorded in the register, it has been stated that the Divisional Secretary has informed that in order to provide relevant pass books to the minors who have completed their age, their information will be obtained from the bank and the relevant village officials. Proper records should be maintained and pass books of persons who have completed the age of 18 should be handed over promptly.
- (f) Pension amount of Rs.58,075, which was overpaid to 04 pensioners according to the deduction register of the Colombo Divisional Secretariat, and Rs.874,675 which was overpaid to 03 pensioners according to the deduction register of the Mawathagama Divisional Secretariat, was not collected and as the reason for non-recovery, it was mentioned in the deduction register that the pension department had stopped the recoveries. Out of Rs.112,655 overpaid to 04 pensioners, an amount of Rs.32,025 was collected and sent to the Pension Department. The amount of Rs.22,555 has been brought to the Divisional Secretariat and it has been informed that it will be sent to the Pension Department in May. The Divisional Secretary has further informed that arrangements will be made to recover the remaining amount. Overpayments should be recovered as per Financial Regulations 103 and 104.

- (g) Although the eldest of the three orphans who are under the care of a guardian, receiving orphan's pension under Pension No. 27-2010729, attained the age of 18 years on 10 September 2017, the orphan pension amounting to approximately Rs.313,937 including her grant share of 1/3 was not awarded in the name of the child. No answered. As soon as the age of 18 is completed, a separate bank account should be opened in the name of the ophanchild and her grant share should be given.
- (h) According to the Register of Refunds of Widows and Orphans Contribution, although it has been more than a year since the applications were received by the relevant department, the number of applications that have not been paid from 2002 to 2020 has been 235. It was informed that due to the problematic circumstances in the applications, there is a long delay in resolving them, so the payment is delayed. Payments must be made promptly.
- (i) In cases where the pension has been overpaid due to delay in notifying the pensioner of his death, due to failure to collect that amount from the bank, overpayments from July to November 2021 amounting to Rs.46,620 in respect of 12 pensioners of Ja-Ala Divisional Secretariat had not been recovered. An amount of Rs.26,246.20 has been recovered out of the amount of Rs.46,620 mentioned in the report. It has been informed that reminders have been sent to collect the amount of Rs.20,374.39 to be collected further. Appropriate controls should be introduced to ensure immediate reporting of pensioners' deaths and recovery of overpayments.
- (j) Out of the 49 files sent by the Ja-Ala Divisional Secretariat to the Pension Department for approval, 14 files that were sent back to the Ja-Ala Divisional Secretariat for correction were corrected and sent back to the Pension Department in 2020, but were not approved and as the Divisional Secretariat was not informed about the non-approving or giving of approval for 19 temporary files in Mawathagama, Mallawapitiya, Kurunegala and Pujapitiya Divisional Secretariats, it was not possible to adjust their discrepancies. The files have been sent back to the Ja-Ala Divisional Secretariat for correction. That temporary files should be reviewed and approved promptly. The Divisional Secretary has informed that the Pension No.4-58611 file of the Mawathagama Divisional Secretariat has been approved and the relevant institutions have been informed to complete the Pension No.1-600421 file as it has deficiencies.

The temporary files belonging to the Mallowapitiya Divisional Secretariat have been rectified and received again on 04 March 2022. Checking is in progress.

The temporary files belonging to Kurunegala, Mawathagama divisional secretaries have been corrected and received again. Checking is in progress. Pension No.21-200784 file has been approved and sent.

Since there are deficiencies in 3 temporary files of the Poojapitiya Divisional Secretariat, they have been sent to the Divisional Secretariat and 2 files have been received. Checking in progress.

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| <p>(k) It was not possible to recover an amount of Rs.379,428 which was overpaid to two pensioners due to the death of the widow relating to the Ja-Ala Divisional Secretariat.</p>  | <p>It has been stated that the Divisional Secretary has informed that further work will be done according to F.R.104 for the balances which have not been recovered due to the death of the widow.</p> | <p>Action should be taken as per Financial Regulations 103 and 104 and recover overpaid money.</p>                              |
| <p>(l) Even though pension numbers 4-30570 and 3-1020822 were shown in the data system, the Pujapitiya Divisional Secretariat did not have a file in their name.</p>   | <p>The Divisional Secretary has informed that the 02 files are inactive.</p>   | <p>Information related to each pensioner should be entered in the data system.</p>  |
| <p>(m) Due to the payment of pension along with military service salary and cost of living allowance to the pensioner bearing pension number 4-4197 and pension number 1-156780, the amount of Rs.652,225 was overpaid as Rs.359,650 and Rs.292,575 respectively. There was no insufficient data for calculations in the years 1990 to 2014.</p> | <p>Not answered.</p>   | <p>In relation to overpayments, Financial regulations 103, 104 should be followed and the overpayments should be recovered.</p> |

- (n) Although both pensions should be deactivated if a pensioner receiving 2 pensions does not submit life certificates, there were 47 cases where one pension was activated (ACTIVE) and the other was deactivated (HOLD) of foreign pensioners who are receiving two pensions. It has been informed that both pensions will be deactivated of the officers who have not received life certificates for the year 2022 and both pensions will be paid for the files that have received life certificates for the year 2022. Both pensions should be deactivated for non-submission of life certificates.
- (o) Although the pension was paid to the pension number 23-1000021 since 2007 as the guardian of an orphan, the living expenses allowance of Rs.527,862 has not been paid since the beginning. Not answered. Cost of Living Allowance should be paid.
- (p) Despite the fact that the survival certificates were not provided for the years 2020 and 2021, an amount of Rs.658,810.26 was paid in relation to pension number 03-1173669 till 10 July 2021, the date when the pension was stopped. Not answered. Payments to pensioners who are not provided with annual living guarantees should be stopped immediately.
- (q) Although the pensioner file had been transferred between the Divisional Secretariats, due to non-updating of the data system, two pensions under pension numbers 01-603037 and 01-1603037 were wrongly paid to a pensioner belonging to the Ganga wata Koralea Divisional Secretariat from August 2004 to December 2019. The F.R. 104 investigation had assessed the amount of overpayment from January 2008 to December 2019 as Rs.2,169,551 but the value of overpaid pension for a period of 41 months prior to the year 2008 had not been calculated. This pensioner had died on 02 March 2021 and after deducting the amount collected from him from the date of suspension of pension to the date of his death, an An amount of Rs.1,847,708.85 due from the deceased pensioner who received two pensions under pension numbers 01-1603037 and 01-603037. After his legal wife submitted a marriage certificate for preparation of widow's orphan's allowance, it was investigated by the office of the Additional District Registrar. There, the details of 04 marriage certificates of the pensioner have been revealed. The Badulla district registrar has informed that the marriage certificate claimed for widow and orphan pension is true and the court should inquire whether the marriage has been The internal control system should be improved so that every time a pension file is transferred between Divisional Secretariats, the data system is regularly checked to ensure that it is updated. According to the F.R.103, 104 the amount paid in excess should be assessed and recovered in relation to all the periods.

amount of Rs.1,847,708.85 remained to be recovered.

annulled. It was informed by the Divisional Secretary that after resolving these issues, steps will be taken to adjust the widow's and orphan's salary, and that the due amount will be recovered there.

(r) During the sample check of pensioners whose pensions were stopped in July 2018 and June 2019 due to non-submission of life certificates, two pensioners of Timbirigasaya Regional Secretariat and three pensioners of Kaduwela Regional Secretariat had not submitted life certificates due to death. Since the death of the pensioner was not notified to the salary department by the village officer or the family's relatives, the total value of Rs.2,068,762 was overpaid from the date of death until the pension was stopped by the head office. The Regional Secretariat had not taken action to identify the overpaid money and recover it by proceeding in accordance with Money Regulations 103,104.

Not answered.

That the pension data system should be improved and the loss should be recovered in accordance with the Financial Regulations 103,104.

(s) From the overpaid pension of Rs.2,696,303 to a retired female officer who died while receiving 02 pensions as civil and widow of No. 01-603326 and No. 21-500158, as of 18 December 2020, the uncollected amount was Rs. 2,388,251.

The case No. 24/2019 filed for the recovery of the overpaid amount to the pensioner No. 01-603326 and No. 21-500158 is under investigation and the culprits have not been determined or the overpaid amount has not been recovered.

That a program should be prepared so that the information about the deceased pensioners can be updated promptly and so that no overpayments are made and the loss should be recovered from the responsible persons by proceeding in accordance with Financial Regulations 103 and 104.



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| (t) | According to the financial statements, at the end of the year under review, the value of overpaid pensions to be recovered was Rs.597 million. This balance consisted of Rs. 241,187 which was more than 10 years, Rs. 39 million which was between 5 and 10 years and Rs. 558 million which was less than 5 years. | The amount to be recovered on 31 December 2021 was stated as Rs. 597.94 million. | Necessary steps should be taken to recover pension overpayments without delay. |
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#### 4. Achieving Sustainable Development Goals

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
<p>The Department of Pensions had identified only one objective under the Sustainable Development Goals aimed to be achieved by the year 2030. Clear targets have not been set for that purpose and based data and indicators for measuring progress have not been systematically established. Stakeholders involved in the organization's mission to implement the Sustainable Development Goals were also not identified.</p>	<p>Although achieving this objective cannot be done by the Pension Department alone, Regarding the benefits that can be provided after retirement, the basic concept and proposals related to setting up a comprehensive pension coverage system covering all levels of the society have been presented in the year 2020 by the "Retirement for All" proposal. Furthermore, the policy proposal has been forwarded to the Secretary of the Ministry of Public Services and the Ministry should receive instructions on the next steps to be taken in this regard.</p>	<p>That efforts should be made to achieve sustainable development goals.</p>

**5. Good Governance**

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**5.1 Internal Audit**

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<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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<p>According to the Financial Regulation 133 (2) a (i), the internal audit should continuously survey the formality and adequacy of the internal checks in the department to prevent errors and frauds in the financial activities of the organization and whether the plans and actual operations are successful.</p> <p>But according to the action plan of the department's internal audit division, in addition to other audits, two divisions of the institution were planned to be audited, but those tasks were not carried out.</p>	<p>It was informed that although the audits of the institute were not conducted as the office was closed due to the Covid epidemic, pension payment audits were conducted from home through the central data system in relation to the Divisional Secretariat offices.</p>	<p>Audits should be conducted as planned.</p>

**6. Human Resource Management**

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Following observations are made.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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<p>(a) As per Section 13.3 of Chapter II of the Establishment Code, an acting post appointment is to be made as a temporary remedy till a regular appointment is made, but as per the organizational chart of the Department of Pensions, acting post appointments have been made</p>	<p>Not answered.</p>	<p>Proceedings shall be made in accordance with paragraph 13.3 of Chapter II of the Establishment Code.</p>

for 3 senior level posts and 25 Pension Officers attached to the Department's regional offices. The tenure of those positions ranged from 2 months to 89 months as on 31 December 2021.

- (b) There were 158 vacancies as approved staff was 1192 and actual staff was 1034. There were 01 casual posts and 02 contract posts in the actual staff. As on 31.12.2021 approved staff is 1192 and employed staff is 1034. Vacancies should be filled to cover approved staff.