

Head 253 – Department of Pensions

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Head 253 – Department of Pensions for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 containing my comments and observations on the financial statements of the Department of Pensions was issued to the Accounting Officer on 01 June 2023 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 23 June 2023 in terms of Section 11(2) of the Audit Act. This report will be tabled in 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, the financial statements give a true and fair view of the financial position of the Department of Pensions as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

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

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

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 Responsibilities 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 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

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 included in the presented Financial Statements.

2. Financial Review

2.1 Revenue Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) It had not been formally contracted and had not collected rental income for the part where the teller machine - the Bank of Ceylon is located which has been running since 2010.	Future action is being taken regarding entering into contracts and recovery of building rent.	Arrangements should be made to formally enter into the agreements and collect rental income.
(b) According to the provisions mentioned in paragraph 1(a) of Pension Circular No.1/2001 dated 15 January 2001, action had not been taken to bring credit notices of contributions of Rs.23,009.29 million credited by other institutions during the year under review and to take debit notices from the relevant institutions in order to confirm the debits of Rs.166.79 million out of the debits of Rs.166.99 million made during the year.	Debit notices have been requested from institutions and are already being received. It is practically a difficult task for our department to follow up each institution regarding the credits made through cross notes related to the account. Also, due to the confusing governance conditions, mergers and abolition of institutions related to each head will also affect these variations.	It should be act in accordance with the Circulars.
(c) As the department has not maintained a data system regarding the officers who have contributed social security contributions under provincial councils and central government revenue accounts, in claiming benefits such as refunds the contribution amount of Widows'/Widowers' and Orphans' Pension etc., the department did not have a proper system to confirm whether the contribution amount was continuously received from each individual.	As a solution to this problem, circulars have been issued regarding the inclusion of details of charging of Widows'/Widowers' and Orphans' contributions in the personal file. It is possible to verify whether the contributions have been received accurately and consistently while claiming benefits such as refunds of contributions etc.	A data system of contributors and contribution payments should be maintained and action should be taken to ensure that contributions have been received accurately.

- (d) According to Section 2.2 of the Circular of the Director General of Pensions No.01/2001 dated 15 January 2021, if the provincial councils issue one cheque for the contributions of all the offices, although the charges of each month should be brought before the 15th date of the following month, cheque had been received with a delay of 05 days to 69 days in 05 provincial councils.
- Due to the fact that the allocation of contributions for an effective month is done at the time of salary payment, it is practically not possible to bring the money by the 15th of the following month, therefore an extension has been made until the 20th of that month and arrangements have been made to bring the money at the every time of delay by phone and letters.
- It should be act as per the Circulars.
- (e) Although 26 cheque worth Rs.23.75 million submitted by 19 institutions to which contributions are sent by cheque had been returned from 12 January 2022 to 27 December 2022 due to various reasons, even though more than 06 months have passed by 01 April 2023, the said contribution had not been recovered and it had not also been included in the outstanding income at the end of the year.
- Since it is not possible to identify whether the returned cheque were received by us and there are cases where some of the returned cheque do not belong to the Widows' Orphans' Pension Fund, the value of those cheque cannot be calculated as arrears of income.
- Deficit income should be correctly identified.
- (f) According to the cheque return document, when another cheque was sent instead of the returned cheque, the value of the returned cheque was higher than the value of the original cheque in 02 cases and 01 case where the value was lower.
- About 900 Cheque are received monthly for the Widows' Orphans' Pension Fund. Since it takes considerable time for us to receive such returned cheque, it is practically impossible to identify whether the same returned cheque have been received by us.
- Arrangements should be made to verify that cash was received for the returned cheque.

2.2 Certification of Accounting Officer

Accounting Officer should certify the following matters in terms of provisions set out in Section 38 of the National Audit Act, No.19 of 2018. However, it had not been act accordingly.

Audit Observation	Comments of the Accounting Officer	Recommendation
The Accounting Officer shall ensure that an effective internal control system is developed and maintained for the financial control of the department and the effectiveness of the system shall be reviewed periodically and any necessary changes shall be made accordingly to make the system effective, and although such reviews should have been done in writing and a copy of it should have been submitted to the Auditor General, statements that such reviews have been carried out had not been submitted to the audit.	Reviews of pension payment process and internal control have been carried out and necessary changes in internal control procedures have been made from time to time.	The provisions of Section 38 of the National Audit Act No.19 of 2018 should be followed.

2.3 Non-compliance with Laws, Rules and Regulations

	Reference to Laws, Rules and Regulations	Value and Rs.	Non- Compliance	Comments of the Accounting Officer	Recommendation
(a)	No.1719/3 and Extraordinary Gazette Notification dated 15 August 2011.				
	• Section 9	-	Although the people who are not totally disabled by birth should be referred to a medical board once in 05 years, the Pathadumbara Divisional Secretariat had not dealt with any disability file accordingly.	Pathadumbara Divisional Secretariat has been mentioned that they will refer to the medical boards and get the medical reports in the future.	That it should be preceded as per gazette notification.
(b)	Pension Circular No.19/2006 dated 15 December 2006	-	The basic register of pensioners maintained by the Grama Niladhari under the delegation of responsibilities related to the subject of pension to the Grama Niladhari had not been compared and updated with the register of the Divisional Secretariat.	It will be submitted after receiving the reply from the Divisional Secretariat.	It should be act as per the Circulars.
(c)	Pension Circular No.8/2010 dated 07 September 2010 and Pension Circular No.1/2014 dated 10 January 2014	22,992,945	Although the cost of living allowance should not be paid to the pensioner by exceeding the Rs. 7,800 of cost of living	It was noted to further check and reply regarding the overpayment and	It should be act as per the Circulars.

allowance received by the government employee, Narammala, Panduwasnuwara (West), Biyagama, Dompe, Thimbirigasyaya, Rideegama, Gampaha, Kelaniya divisional secretariats had overpaid the Cost of Living Allowance to 129 persons including 44 pensioners and 82 deceased Navy Military heroes.

underpayment of cost of living allowance.

Also, although the cost of living allowance was available up to Rs.7,800, 43 pensioners were underpaid Cost of Living Allowance by Rs.7,120,689.

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| (d) | Pension Circular No.13/2010 dated 16 December 2010 and No.03/2013 dated 20 September 2013 | 1,892,716 | Even though the remarried widow is entitled to 50 percent of the widows' and orphans' pension, the pension had been overpaid to 04 pensioners in Dompe, Gampaha and Narammala divisional secretariats due to the full salary was paid even after remarriage. | It will be submitted the answers after receiving the reply from the divisional secretariats. | It should be act as per the Circulars. |
| (e) | Pension Circular No.2/2014 dated 20 February 2014 | 557,607 | Although if the compensatory pension is being paid when starting the payment of dependents' allowance | Rs.175,570 out of Rs.557,607 of pension overpaid have been collected | It should be act as per the Circulars. |

to the dependents of police officers who died and disappeared due to terrorism, the compensatory pension should be suspended and the excess salary of the respective compensatory pension along with the interim allowance and cost of living allowance should be recovered from the arrears of the dependents' allowance, Rideegama Divisional Secretariat had not act accordingly.

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| (f) Paragraph (iv) of Pension Circular Letter No.4 dated 16 October 2014 | - | <p>Although the pension file should be brought to the relevant Divisional Secretariat at the maximum of 03 months after starting the payment of the first monthly pension, action had not been taken to fetching 27 files related to the Divisional Secretariats of Pathadumbara, Kundasale, Kelaniya, Narammala, Biyagama even if a period of 04 months to 02 years has elapsed since the payment of the first pension.</p> | <p>The pension files of 13 of the 16 pensioners of the Kundasale District Secretariat have been brought so far and the payment of the remaining 03 pensions has been temporarily suspended. It will be submitted the answers after receiving the replies from the other Divisional Secretariats.</p> | <p>in payment of arrears. The remaining amount of Rs.401,792 has been directed for collection from July 2023.</p> <p>It should be act as per the Circulars.</p> |
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| (g) | Pension Circular No.13/2014 dated 03 November 2014 | 150,500 | Although the budget allowance paid monthly should be paid only to the consolidated pension in case of several pensions are received consolidate, due to the Kuliapitiya (East) Divisional Secretariat had paid the interim allowance Rs.4750 under pension number 40-3011 and Rs.1750 under 4-21321, allowances had been overpaid from September 2014 to December 2022. | The Divisional Secretary has stated that an overpayment has been made in the revision of allowances to pension numbers 40-3011 and 04-21321 and it will be collected immediately. | It should be act as per the Circulars. |
| (h) | Pension Circular No. 03/2016 dated 27 April 2016 | | | | |
| (i) | Paragraph 3 | - | Interim allowance had been paid to 14 pensioners who retired before 01 January 2016 in Wattala Divisional Secretariat without adjustment of pension discrepancy. | The Divisional Secretary has mentioned that the pension files will be checked and the discrepancy will be fixed in the future. | It should be act as per the Circulars. |

(ii) Paragraph 7	764,719	Although the pensioners retiring after 01 January 2016 should not be entitled to interim allowances, 64 retirees had been paid interim allowances in relation to Wattala, Pathadumbara, Kundasale and Harispattuwa Divisional Secretariats.	As the Pathadumbara Divisional Secretariat pay salaries up to the age of 55 for seven pensioners, that the discrepancy is not entitled and that the discrepancy of three persons will be adjusted. Contributors of Kundasale and Wattala Divisional Secretariats are those who retired before 01 January 2016. The reasons for non-payment will be investigated even if the Harispattuwa Divisional Secretariat adjusted the discrepancy.	It should be act as per the Circulars.
(i) Pension Circular No.01/2011 (Amendment) 01 dated 07 April 2017	-	In order to streamline the pension payment process, although a report containing the monthly pension expenditure, additions, subtractions and revisions in the number of pensioners	As all the pension payments and revision process are done through the centralized data system, although there	It should be act as per the Circulars.

should be prepared monthly and a control account should be prepared in a systematic way that can be compared with the control account in the departmental data system, Rideegama, Kuliypitiya(East), Kelaniya, Narammala and Biyagama divisional secretaries had not done accordingly.

is some difficulty in maintaining a separate control account in the offices of divisional secretaries according to that existing payment process, the divisional secretary stated that the control account will be maintained as per pension 01/2011 from the month of May.

(j) In the Pension Circular No.01/2018 dated 20 June 2018

(i) Paragraph 5 (iii). -

Although it was stated that the pension of the pensioners going abroad for more than two years should be obtained from the foreign pension section, the pension files of 05 pensioners of the Gampaha Divisional Secretariat had not been transferred to the foreign pension section.

Since the divisional secretary has not given the answers until now, It will be submitted after giving the answers.

It should be act as per the Circulars.

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| (ii) Paragraphs 7(ii) and 9 | - | <p>Although the foreign pension department had to submit the life certificates certified by the embassies, three pensioners of the Harispatthuwa Divisional Secretariat had been paid the pension based on the submission of the life certificates signed by the Grama Niladhari.</p> | <p>Officers have been informed to accept the residence certification papers with signatures as scheduled. However, such lapses can be minimized as fingerprints have been introduced by now to ensure livelihood.</p> | <p>It should be act as per the Circulars.</p> |
| (k) Pension Circular No.9/2008 (Amendment ii) dated 17 July 2018 | - | <p>Although the payment should be done after combined the military service pension (59) and disability pension (6), this had not been done for 38 pensioners as 35 pensioners from Kelaniya, Narammala, Maharagama, Panduwasnuwara (West), Biyagama and Thimbirigasyaya Divisional Secretariat Offices and 03 pensioners identified through the data system.</p> | <p>It has been mentioned that work will be done to merge the categories.</p> | <p>It should be act as per the Circulars.</p> |

- (l) Public Administration Circular No.2/2019 dated 30 May 2019
- As per the directives of the regulation manual prepared by the Registrar General's Department, when a death of a person who was receiving a government pension is registered, that it should be written in form B 73 and reported to the district and additional district registrars and although the divisional secretary should notify the registrars who are in charge of their administration to send a copy of it to them once a week, divisional secretaries of Paduvasnuwara (East), Kuliypitiya (East), Dehiwala, Maharagama and Homagama had not informed accordingly.
- The Divisional Secretaries have mentioned that the district registrars and Grama Niladhari were informed in this regard after being informed by the audit.
- It should be act as per the Circulars.

(m) Pension Circular - No.1/2019 dated 11 June 2019	As per the circular, although the pension adjustment should be done from 01 July 2019, relevant amendments of 255 pensioners had not been made in Kelaniya, Gampaha, Panduwasnuwara (East), Panduwasnuwara (West), Rideegama, Nattandiya, Pathadumbara, Narammala, Harispattuwa, Wattala and Kuliypitiya(East) divisional secretariats during the sample audit.	The Divisional Secretaries have said that all the pensions that can be revised have been revised by now and for the deficiencies in the files, the files will be completed and the revisions will be made by bringing the documents available to the pensioners and bringing the documents to be brought from various institutions. Discrepancies entered into the data system should also be corrected after verification.	It should be act as per the Circulars.	
(n) Pension Circular No. 01/2022 dated 20 January 2022	(i) Paragraph 2(i) 1,440,675	When a person receives several pensions, although such a person will be entitled to only one special allowance per month, 30 cases of overpayment of special allowances separately for several types of pensions were observed from Rideegama,	Special Allowance which has been paid more in Divisional Secretariat Offices is currently suspended and those will be	It should be act as per the Circulars.

		Biyagama, Dompe and Gampaha Divisional Secretariat offices and through the data system.	charged in the future.	
(ii) Paragraph 2(iii)	445,000	Although it was stated that, Rs.5,000 allowance along with the pension is not entitled to those who receiving service pay up to the age of 55 who have died or become disabled due to acts of terrorism or also to the dependents who are receiving pay up to the age of 55 on behalf of the three-military forces and police officers, it was observed that the allowance had been paid to 10 pensioners from the Gampaha Divisional Secretariat and through the data system.	It will be submitted after receiving the answers from the Gampaha Divisional Secretariat.	It should be act as per the Circulars.
(o) Paragraphs 03 (xvi) and 05 of National Budget Circular No.03/2022 dated 26 April 2022	902,725	Although, all the expenses that can be considered as unnecessary expenses and, unnecessary and non-priority expense including events, openings and conferences held by government entities should be suspended and public funds should not be used for	It is informed that this money was spent on the programs organized for the decentralization of the functions of the Sathkara Piyasa related to pensioners to five districts in	It should be act as per the Circulars.

			them, expenses had been incurred for the National Retirement Day 2022.	conjunction with the National Retirement Day.	
(p)	Public Administration Circular No.14/2022, 14/2022(i) dated 22 June 2022 and Pension Circular No.06/2022 dated 20 September 2022	4,491,427	Although the contributions of widows'/widowers and orphans' were sent to the Pension Department as per the circular, since the officer could not be identified due to the fact that the officers who took foreign leave were not formally registered, the contributions were transferred monthly (from November 2022 to February 2023) to the general deposit account as unrecognized receipts.	Deposits are made in the general deposit account temporary and accounting will be done after identification.	It should be act as per the Circulars.

2.4 Deposit balances

Audit Observation	Comments of the Accounting Officer	Recommendation
It was observed that the deposit amount of Rs.4,413,050 over 02 years received for the retirement day has been retained in the general deposit account without being utilized or taken into the public revenue as per Financial Regulation 571(3).	All state festivals were canceled due to the Covid epidemic situation prevailing in the country in 2020 and 2021. Therefore, all events organized for the National Retirement Day were cancelled. An amount of Rs. 497,000 was utilized from this deposit for the event organized for the decentralization of the functions of the Sathkara Piyasa related to the pensioners in conjunction with the National Retirement Day held in the year 2022.	Financial Regulations should be followed.

2.5 Operation of Bank Accounts

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) 243 cheque with an unrecognized receipt value of Rs.33,518,799 according to the bank reconciliation statement as on 31 December 2022 have not been identified and cleared.	Identification is underway.	Unrecognized receivables should be promptly identified and settled.
(b) Audit observed that the Bank of Ceylon account bearing account number 7041643 for Local Government Service widows' and orphans' pension and the Bank of Ceylon account bearing account number 7041644 for Local Government Service widower and orphan pension are inactive bank accounts as there are no transactions in the accounts.	Although a special committee appointed by the Treasury pursuant to Public Finance Circular No.07/2006 for review the statutory and non-statutory funds in accordance with a procedure accepted by the Parliament by budget proposals No.425 and 426 and to ensure that they were brought under the control of the Parliament had proposed to amend and close the Bills relating to this fund, the final decision of that committee has not yet been received.	Inactive accounts should be closed.

3. Operating Review

3.1 Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The updated organizational structure, the plan of imprest requirements for annual activities and the annual procurement plan for the planned development programs to be included to annual action plan as per the Financial Circular No.2/2020 dated 25 August 2020 had not been included.	Those reports will be included in the preparation of the action plan in the future.	Action should be done as per the Circulars.

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| (b) | The Key Performance Indicator (KPI) and Output of the tasks such as human resource management, system development, hardware facility development, acquisition of capital assets had not been clearly identified in the action plan prepared according to the guideline number 12 of the Public Finance Circular No.02/2020. | Arrangements will be made to continue the development of the system in the year 2023. Amounts of money spent on goods purchased under development of hardware facilities and acquisition of capital assets were included in the action plan. | Action should be done as per the Circulars. |
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3.2 Non- performance of Functions

Audit Observation

Although Rs.500,000 had been allocated for research and development, since that work had not been done, the task of conducting research to improve the existing data system also had not been done.

Comments of the Accounting Officer

As the funds allocated for non-priority projects and expenses were asked to be frozen, Research and development activities as planned were suspended.

Recommendation

Action plan should be prepared according to priority.

3.3 Procurement

Audit Observation

The agreement had been signed with Sri Lanka CERT for a period of one year from 17 May 2022 regarding data and information technology system security of the Pension Department. According to the agreement, an advance of 50 percent of the total cost must be paid at the start of the implementation of the agreement and although the implementation of the agreement began on 17 May 2022, the total cost of Rs.1,660,550 had been paid on 31 March 2022.

Comments of the Accounting Officer

Rs.3.7 million had been allocated for the first quarter under this expenditure object and although a cheque was written for this invoice by efficiently utilizing the remaining provisions on 31 March, the cheque has been issued to the relevant institution after the scheduled work was completed.

Recommendation

It should be act according to the agreement.

3.4 Losses and Damage

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As per the financial statements, the value of overpaid pensions to be further recovered at the end of the year under review was Rs.785 million. This value consisted of Rs.301,522 from more than 10 years, Rs.47 million from 05 to 10 years and Rs.738 million from less than 05 years.	The amount to be recovered on 31 December 2022 is Rs.785 million. That amount is currently being charged.	Arrangements should be made to collect overpayments promptly.
(b) The closing balances of the year under review prepared by the department were not reconciled with the closing balance of the year under review in the reports of Damages and Losses sent from the District Secretaries.	The final report on damage and loss sent from the district secretariats and the year-end damage and loss register prepared by the department were not reconciled and there were various reasons for that.	Year-end balances of district offices and head offices should be reconciled with each other.

3.5 Failure to reply Audit Queries

Descriptions about the Audit Query	Comments of the Accounting Officer	Recommendation
Answers had not been given to 21 audit queries out of 43 audit queries issued as on 31 December 2022 by 31 March 2023.	As the answers sent by those offices for the audit queries sent to the Divisional Secretariats are deficient, they should be checked and the offices should be informed again and again, and the deficiencies should be rectified and the final answer should be prepared after getting the answers again, there will be a time delay for that.	Financial Regulation 155 should be followed.

3.6 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the disabled persons should present themselves to a medical board and obtain a medical report confirming the disability for the payment of disability pension, 08 cases of disability pension being paid without such formal confirmation were observed in 04 Divisional Secretariats.	The Kundasale Divisional Secretary has stated that the pensioners will be referred back to the medical boards as soon as possible and necessary actions will be taken. Kelaniya Divisional Secretariat - Payment of pension has been stopped since July 2018. Pathadumbara Divisional Secretariat- The payment of disability pension has started after the medical board report is approved by the Ministry of Health.	A formal medical report confirming the disability should be obtained.
(b) In the central data system related to the Kundasale Divisional Secretariat, although 09 files were identified as foreign files ("Foreign Trf"), the Divisional Secretariat has not been informed that the pensioners are going abroad and life certificates had not been given. Even though the Grama Niladhari had not taken steps to inform the Divisional Secretariat about those pensioners who went abroad without submitting life certificates, the Divisional Secretariat had not taken action to stop the pension.	Answer has not been given.	Foreign travel should be reported correctly and life certificates should be obtained annually.

- (c) The pension file No.1-725735 which was sent to the Pension Department by letter No.KDS/KUN/KUN/02/08 dated 07 February 2018 had not been received by the Kundasale Divisional Secretariat even on the audit date of 13 December 2020. Information regarding the file will be checked and submit the answers in the future. Arrangements should be made to exchange files immediately.
- (d) Even though Anath 5/1, Anath 6, Anath 8 forms should be completed when the orphans reaches 21 years of age, pension payments had been made to 04 pensioners of the Gampaha Divisional Secretariat without doing so. The Gampaha Divisional Secretary has not provided any answers in this regard. Actions should be taken to fill the forms formally.
- (e) Although allowances/pension should have been revised or stopped due to various reasons, 10 cases where pensions were paid without doing so were observed and Rs. 489,055 had been overpaid in 05 cases out of that. Gampaha, Kelaniya and Rideegama Divisional Secretariats have not provided answers. Kuliypitiya(East) Divisional Secretariat will be processed the payment by check. The Divisional Secretary has stated that, Harispathuwa Divisional Secretariat was attached the report to the file indicating that had resigned from the post. Arrangements should be made to collect overpayments promptly.
- (f) 03 cases were observed in Pathadumbara District Secretariat where pensions were paid to people who were not entitled to disability pension. The Divisional Secretary has stated that, even if the request for disability pension is made after the death of the contributor or the spouse, all the disability conditions have occurred before the age of the orphans has been confirmed by the medical board reports and the payments will be made. Action should be taken to confirm the disability specifically by the medical board report.

- (g) The widows' pension of the pensioner bearing pension number 21-1251535, 21-202514 of Pathadumbara Divisional Secretariat had started from 05 November 1984 and, thus it was observed that the widow hid the information about her previous marriage and entered the second marriage certificate as unmarried while getting pension and the pension has been received. Furthermore, the information about the husband of the first marriage was not included in both the widow and civil files and although the name of the first husband was mentioned in the birth certificate of the child of the first marriage, the information about the termination of that marriage could not be disclosed. Accordingly, it was observed that the widows' pension was paid without confirming the termination of the first marriage.
- Answers will be provided in this regard in the future.
- Pension should be paid after formal verification.
- (h) The pensioner bearing pension number 01-1107670 of Pathadumbara Divisional Secretariat has been dismissed from service with effect from 11 January 2013 as per the decision of the Administrative Appellate Tribunal dated 19 October 2019 and although the Attorney General's Department notify that the salary of Rs.136,155 paid from 11 January 2013 to 16 May 2013 should be recovered on 16 November 2019, action had not been taken to recover. Furthermore, although a dismissed officer is not entitled to pension, the paid pension of Rs.560,339 and pension gratuity of Rs.187,434 has not been recovered.
- The Divisional Secretary has mentioned that the salary paid to the pensioner with Pension No.1-1107670 of Rs.136,154.83 has been collected by the Kundasale Divisional Secretary on 13.08.2021 and the pensioner has been informed in writing to collect the amount of Rs.675,604.67 paid as pension and gratuity.
- Arrangements should be made for immediate recovery of unentitled pension.

- (i) Although a pension file should be maintained for each pensioner, it was observed that pensions are being paid to 07 pensioners in Kelaniya Divisional Secretariat and one pensioner in Nattandiya Divisional Secretariat without a pension file.
- Kelaniya Divisional Secretariat has been informed that the temporary files are being prepared.
 - Nattandiya Divisional Secretariat will check this and submit the answers.
- (j) Although the relevant bank pass book should have been handed over to the minor as they had completed the age of 18, this was not done in the case of 05 minors in Narammala and Biyagama Divisional Secretariat.
- The Nattandiya Divisional Secretariat has handed over the pass book of the child who has completed the age to her.
 - The Divisional Secretary has mentioned that they have not been able to find any information about the children in the Biyagama Divisional Secretariat and will continue to deal with it.
- (k) The pensioner bearing pension No.21-204986 of Harispattuwa Divisional Secretariat was dismissed and a copy of the History Sheet and the report of F.R.1729 was not submitted with the pension application according to (I) and (II) of 8.2 of the Public Administration Circular to prepare the pension. According to paragraph 4.5.3 of the Sri Lanka Pension 2020 Manual, although a pension calculated on one rupee basis should be calculated when no information can be found regarding the officers leaving the service before 02 July 1981, the pension had been calculated on the contrary to that.
- The Divisional Secretary has mentioned that although the Director General of Health was asked to send copies of the History Sheets of the pensioner, those copies have not been sent and a report has been given that the information and contributions have been collected according to the Public Administration Circular 121. If it should be checked and corrected, that it will be corrected and paid.
- Institutions should be informed to get the relevant documents as per the circular.

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| (l) | As per History Sheet of Pensioner in Harispattuwa Divisional Secretariat bearing Pension No.21-300870, in calculation of pension in form 12, the entire period of service had been considered as have been served on a pensionable basis irrespective of considering the service period on daily wages and on the basis of loss of pension. Also, there had no Award of Pension in the file and it was not confirmed whether the salary based for the Public Administration Circular No.6/2006 and 14/2019 for pension revision is correct. | The Divisional Secretary has stated that the Award of Pension has been attached to the file at the time of the audit.
It has also been mentioned that the calculations related to that pension has been included in the pension file. | Pension should be paid on the basis of service period. |
| (m) | According to Pension Circular 1/2014 dated 10 January 2014, although it can be obtained a cost of living allowance up to Rs.7,800 that received by government employee, since the cost of living allowance is paid in both cases as an additional allowance to the pension as well as to the subsistence allowance for the pension and the subsistence allowance which arose on the basis of the same fact, it is observed in the audit as a disputed payment. Accordingly, since the pension and subsistence allowance have been paid on both occasions, it is observed that Rs.1,415,695 for three pensioners of Rideegama Divisional Secretariat, Rs.1,935,900 for five pensioners of Kundasale Divisional Secretariat, Rs.465,300 for one pensioner of Narammala Divisional Secretariat, cost of living allowance of Rs.3,816,895 for nine pensioners of Pathadumbara Divisional Secretary has been overpaid. | Since payment has not been done over the Rs.7,800 as per Pension Circular 1/2014, there has been no overpayment. | It should be consider regarding the payment of cost of living allowance in both cases as an additional allowance to the pension and subsistence allowance which arose on the basis of the same fact. |
| (n) | Rs.10,511,788 pensions had been overpaid to 50 pensioners due to the facts that, death of the pensioner, not obtaining the registered death certificate, errors made in pension revision, delay in | It will be checked and give answers in future. | Payment should be made after confirming/identifying the relevant facts correctly. |

notification of death, errors made in calculation of pension, receiving a disability pension while receiving a civil pension and not updating the computer system in the Divisional Secretariats of Kuliyaipitiya(East), Rideegama, Gampaha, Kundasale, Kelaniya and Biyagama.

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| (o) | Rs.172,279 had been under calculated while recovering the amount credited to the accounts of the pensioners even after their death of Thimbirigasyaya Divisional Secretariat. | It will be provided answers in the future. | Arrangements should be made to recover overpayments. |
| (p) | 05 cases where the amount was deducted from the monthly pension through the system and paid to the relevant institution when there is an outstanding balance to the government in excess of the gratuity amount of a pensioner were observed during the payment voucher inspection in September 2021 and in such cases, there is a risk regarding the recovery of the amount if the pensioner dies suddenly before the pension is paid and, the department had not prepared a program for informing the relevant institutions in this regard. | If there is any amount beyond the gratuity, it will be charged from the monthly arrears of pension and given to the relevant institution. However, retiring Institution should take actions to minimize the risk of the amount owed to the government in the death of the pensioner before the commencement of the pension but not the pension department. | Arrangements should be made to prepare a program to inform the relevant institutions. |
| (q) | An officer who worked as a revenue inspector in the Wattedgama Municipal Council had died on 23 May 2010 and since the Nisi judgement of the first marriage has not been finalized, although the remaining amount of Rs.237,492 was sent to the Pension Department on 02 March 2023 after charging the amount to be collected from the death gratuity to the Wattedgama Municipal Council, action had not been done to distribute it to the heirs.

Furthermore, the pension owned to the two children of the first marriage has been given 50 percent each under 50- | It will be arranged for the heirs to own it.
The Divisional Secretary has informed that the pension of the child under pension number 50-2010711 has been stopped due to the completion of his age and the portion has not been paid to the child pension number 50-2010712 due to an omission. | The death gratuity amount should be immediately credited to the heirs. |

2010711 and 50-2010712 respectively and after the eldest child reaches his age, the pension was paid to the younger child without giving the Rs.500,400 from 01 January 2019 to 09 December 2022 with the share of him.

- (r) As per a request made by the disabled pensioner bearing Pension No. 24-71678 on 27 January 1997, disability pension had been paid to him with effect from 01 February 1990 by Award of Pension dated 08 January 2000.
- It will be checked and give answers in future.
- Prompt action should be taken against illegal payments.
- However, he was disabled in a terrorist attack on 23 July 1990 while working as a storekeeper at the Kalmune Depot of the Transport Board and therefore if received allowances from the Transport Board on 13 July 1988 in terms of Public Administrative Circular No.21/88 for that period i.e. age of 32 years to 55 years, the disability pension had been also obtained.
 - In this regard, although the Pension Department has informed to the Ampara District Secretariat to conduct an investigation of F.R.104, action had not been taken in that regard even though 03 years had passed by 05 August 2022.
 - Thus, it was observed that, disability pension and allowances amounting to Rs.2,877,159 have been illegally paid from 01 February 1990 to 09 February 2018.

- (s) The following points were observed regarding the weaknesses in the data system.
- (i) Although the Kuliypitiya(East) Divisional Secretariat stated that the overpaid amount as Rs.424,925 in the verification of the pension payment of the pensioner of Pension No.21-400006, data had been entered into the system without adjusting the cost of living allowance of Rs.52,875 and Rs.17,625 that should be paid to her due to the commencement of her pension was on 01 March 2021. Although the recovery of overpayments has been recorded in October 2022 according to the Monthly Report of Recoveries of Overpaid Pensions, the information related to these recoveries had been removed from the data system in November 2022.
- Rs.112,500 has been recovered until October 2022. Rs.17,625 has been charged in November 2022 during the arrears payment. The arrears of Rs.52,875 due to non-collection of cost of living allowance due to retirement of the said pensioner from government service has also been deducted from the above overpayment. Accordingly, the further amount to be charged is Rs.241,925. That Rs.241,925 has been entered into the pension database from February 2023 for charging monthly installments of Rs.6,000. Accordingly, Rs.24,000 has been charged by 10.05.2023. Further amount to be charged is Rs.217,925.
- Information related to payments and receipts should be entered into the data system correctly. Charges should be made continuously through the data system.
- (ii) It was observed during the investigation of data system that, an amount of Rs.3,434,597 had been overpaid from the date of their death to the audit date of 16 August 2022 to the pensioner No.21-40921 and the pensioner No.1-1225845/21-2011271 who died in the years 2020 and 2021.
- The two pensioners mentioned in the report could not be identified.
- The data system should be kept up to date.
- (iii) Regarding the pensioners included in the data system of 08 divisional secretariats, 12 cases where the date of birth of the pensioner was not entered, 207 cases where the pension was active even though it is mentioned in the data system that life certificates were not given, 21
- It has been informed that date of birth will be entered after birth certificates of the pensioner are verified.
- The data system should be properly maintained up-to-date.
- It has been informed that the salary of the pensioners

cases where the National ID number was not entered, 02 cases where the date of death of the pensioner was not entered, 24 cases where the pensioner had been given life certificates even though it was mentioned in the data system that life certificates were not given and 07 cases where Identity Card numbers and dates of birth did not match were observed.

whose residence was not confirmed has been stopped from September 2022 except for the pensioners whose payment of pensions started in the middle of the year.

Application has been made to the Department of Registration of Persons to prepare the National Identity Card of pensioners whose National Identity Card number has not been entered.

The pension of 03 pensioners whose National Identity Card numbers and date of birth do not match has been disabled and the salaries of 02 have been stopped. Answers have not been provided in respect of other pensioners.

4. Achievement of Sustainable Development Goals

Audit Observation

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 also for that purpose and baseline data and indicators for measuring progress have not been systematically established. The duties of the organization and the related parties involved had not also been identified to implement the Sustainable Development Goals.

Comments of the Accounting Officer

Although achieving this goal cannot be done by the Pension Department alone, the basic concept and proposals related to setting up a comprehensive pension coverage system covering all layers of the society regarding the benefits that can be provided after retirement, have been presented in the year 2020 by the “Samata Vishrama” proposal.

Recommendation

Actions should be taken to achieve the sustainable development goals.