

Annual Performance Report 2018

Department of Pensions

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01. Department of Pensions

01. 1. Introduction

The commencement of the pension scheme, which had been introduced for the benefit of the public servants of Sri Lanka by British Colonial Government, goes back to a history up to year 1900. However the only available evidence for the existence of a social security system for the benefit of widows and orphans who become vulnerable after the demise of public servant is the Widows' and orphans' Pension Fund Ordinance No 01 of 1898. The pension process has been established legally as a public law of Sri Lanka to be effective by this Ordinance as well as the Pension Minute established on 05 February 1934.

Payment process is implemented subjected to the revisions made at several occasions to Pension Minute since year 1934 and revisions made on 05 May 1972.

Further Widows' and Orphans' Pension Scheme is implemented with the expansion of benefits as a result of including Disabled Pension Scheme under Widows' and Orphans' (Amendment) Fund Act No 44 of 1981 as well as Widows' and Orphans' Pension Fund Ordinance No 01 of 1898, and Widowers' and Orphans' Pension Act No 24 of 1983. However the benefits for Widows, orphans and disabled persons have also been further expanded by the amendment of Act No 08 and 09 of 2010 subjected to these revisions and at present this scheme is implemented.

In the meantime Public Service Provident Fund, which is implemented as per Public Service Provident Fund Ordinance No 18 of 1942

strengthens the social security system of another sector of Public Service.

Accordingly, the Department of Pensions has been established as a Department in Grade A under the Ministry of Public Administration on 23 December 1970 in order to implement this process.



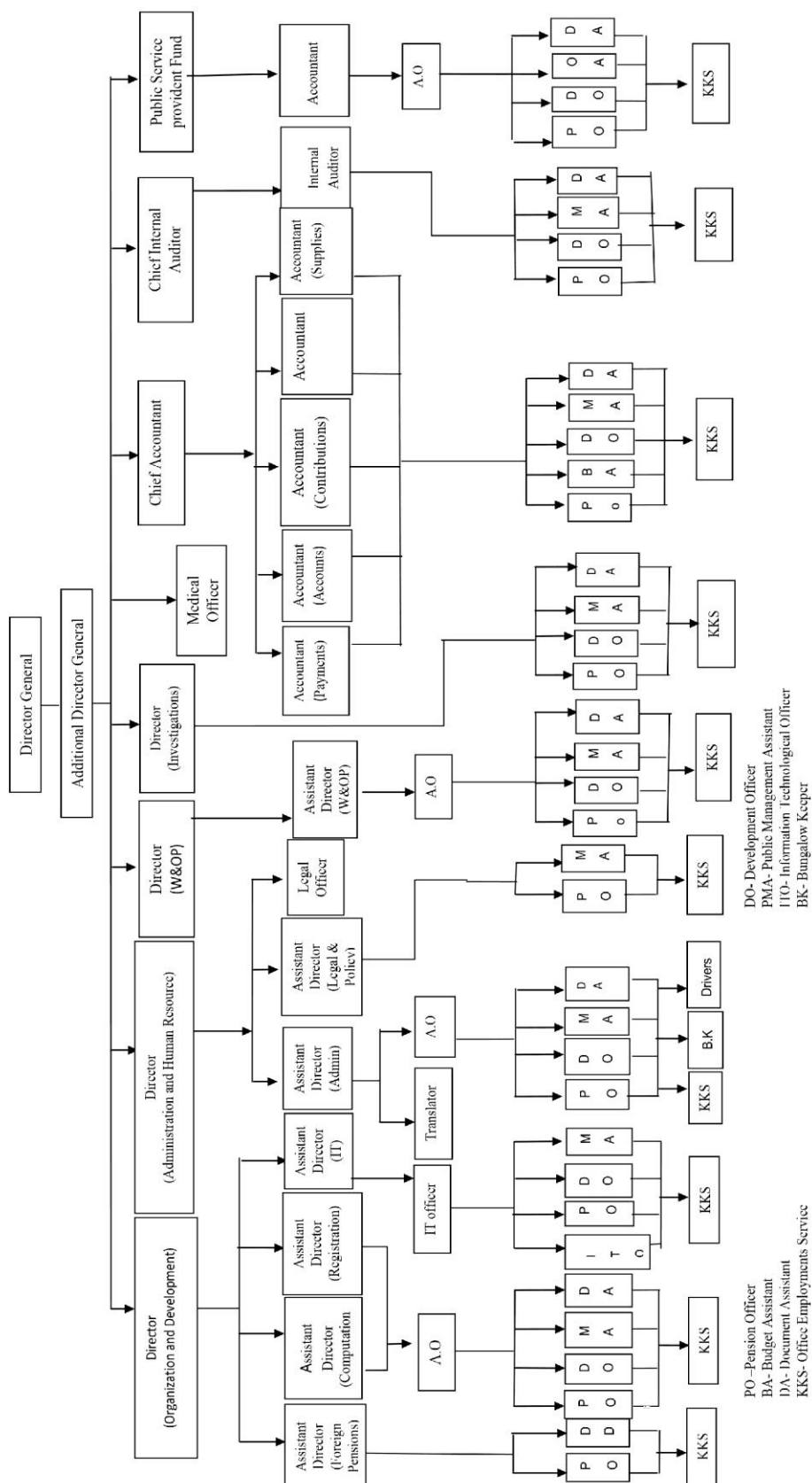
Vision

A Pensioners' community highly satisfied in economic and social aspects.

Mission

Offering legal benefits to pensioners of Public Service and their beneficiaries, ensuring satisfaction of both recipients as well as service providers at an excellent level intertwining public sector with private sector through applications of modern technology and sustainable management techniques.

Organizational Structure



Department of Pension – Approved Cadre 2018.12.31

Nature of the post	Post	Service applicable	Salary scheme	Total number of approved posts	Number of the present staff	Number of the vacancies
Senior Level	Director General of Pensions	SLAS (Special)	SL-3-2016	1	1	0
	Additional Director General of Pensions	SLAS (Special)	SL-3-2016	1	0	1
	Medical Officer	Primary Grade	SL-2-2016	1	0	1
	Director of Pensions	SLAS (Class I)	SL-1-2016	4	3	1
	Chief Accountant	SLAcS(Class I)	SL-1-2016	1	1	0
	Chief Internal Auditor	SLAcS(Class I)	SL-1-2016	1	1	0
	Assistant Director/ Deputy Director	SLAS(Class II or III)	SL-1-2016	10	9	1
	Accountant	SLAcS(Class I)	SL-1-2016	1	1	0
	Accountant	SLAcS(Class II or III)	SL-1-2016	9	6	3
	Assistant Director/ Deputy Director	SLITS(Class II or III)	SL-1-2016	1	0	1
	Legal Officer	Dept	SL-1-2016	1	0	1
	Software Developer	Dept	Contract	3	2	1
				34	24	10
Tertiary Level	Administrative Officer	PMAS (Supra)	MN-7-2016	4	1	3
	Translators - Sinhala- English - 01 English-Tamil - 01	TS	MN-6-2016	2	2*	0
	Information and Communication Technology Officer	SLICTS	MN-6-2016	5	2	3
				11	5	6
Secondary Level	Technical Officer	SLTS	MN-3-2016	1	0	1
	Budget Assistant	RS	MN-4-2016	1	1	0
	Pension Officer	Dept.	MN-4-2016	340	244	96
	Development Officer	DOS	MN-4-2016	398	395	3
	Public Management Assistant	PMAS	MN-2-2016	190	178	12
	Information and Communication Technology Officer	SLICTS	MT-1-2016	5	2	3
	Documentation Assistant	Dept.	MN-1-2016	141	123	18
	Help Desk Operator	Dept.	Contract	2	0	2
				1078	943	135
Primary Level	Bungalow Keeper	Dept.	PL-1-2016	2	1	1
	Chef / Garden Laborer	Dept.	PL-1-2016	4	3	1
	Driver	DS	PL-3-2016	12	10	2
	Electrician	Dept.	PL-3-2016	1	0	1
	Office Employee	OES	PL-1-2016	56	43	13
				75	57	18
Total				1198	1029	169

*Translators - Number of the translators already in the Department :- Sinhala- English - 01
English-Tamil - 01

02. Processes of the Department

The Department of Pensions performs its role under 4 processes such as registration, regulation on the payment, regulation on receipts and development approach. In order to facilitate these processes the administration is carried out through different divisions.

02. 1. Registration

The registration process of the Department follows the basic steps including the entry of relevant data to data base and issuance of Pension Numbers to ensure payments and recoveries properly enabling the identity of all beneficiaries who are provided with benefits by the Department.

Further the registration process for pension at the end of the service of all public servants as well as members of armed forces all over the Island and registration for revised pension and special compensation and compensation pension are carried out online by the Registration Division.

In addition to the above, Registration Division makes registration for death gratuity at the demise of officers in armed forces.

In the meantime, examination of applications and relevant calculations are also made by the said division for the registration of Teachers of Pirivenas and private schools, those who retired before 02.01.2006, those who have been sent on retirement on general inefficiency and disciplinary grounds and category of non- decentralized.

It is compulsory for all public servants to register under Widows' or Orphans' pension and widowers' and orphans' pension, as applicable, with their entry

in to public service. Further facilities have been provided for public servants to obtain online their Widows and orphans' pension number through Pension Management Data base from their work place. Further the registration process for the payment of widows, widowers and orphans pension after the demise of a public servant or pensioner and issuance of death gratuity number for public servants who demise whilst on duty, as a victim of on terrorist activities are also carried out by Widows and Orphans pension division.

Further registration of the holders of the letters of appointment in public service without pension rights, who are covered by Public Service Provident Fund Ordinance No. 18 of 1942, for ensuring benefits at the end of service is carried out by Public Service Provident Fund Division.

02. 2. Regulation of payments

Under this regulation of payments, the monthly payments such as pension, widows, widowers, orphans, and disabled persons, and payment of benefits, which are made once and for all, such as Public Service Provident Fund, benefits of widows and orphans provident fund, refunding of the contribution of widows and orphans pension fund, pension gratuity, death gratuity are also regulated.

The confirmation of pension entitlement to the pensioner is made by the interview held by 'Sathkara Piyasa' and payment of monthly pension is commenced under the supervision of Registration Division. Pension awarding certificate is issued by relevant institution to the Divisional Secretariat, to which the Grama Niladhari Division where pensioner resides, and it is confirmed by way of

entering it in the data base of the Department of Pensions. At such occasions, where it is not confirmed in the above manner, i.e. where relevant particulars are not confirmed by Divisional Secretariat, action will be taken to suspend the payment of pension after examining the data base by Internal Audit Division of the Department of Pension.

Payment of Widows and Orphans pension is also made according to the above mentioned payment process and relevant payment will be made monthly by the Monthly payment division.

Further the calculation of pensions regarding the pensioners, who are living abroad, is carried out by Foreign Pension Division and these payments are regulated by Monthly Payment Division. All these payments are credited directly to the personal accounts of the officers.

Out of the payments made once and for all, payment of pension gratuity is made by Gratuity Payment Division and in such cases where an amount is due from the pensioner, the balance will be credited to the account of the officer after recovering relevant amounts. Further payment of death gratuity is made by Widows and Orphans' Pension Division.

Activities relating to the preparation of service gratuities of the officers in armed forces, who leave their service without having pension entitlement, are made by Registration Division and Calculation Division. Calculations for payment of special compensations are also made by Registration Division. The main responsibility of the Accounts Division is to ensure that all payments made relevant to all these calculations are carried out with transparency under proper supervision and management. .

Refunding of contributions of Widows and Orphans Pension Fund is carried out by Refunding Division of Widows and Orphans Contributions. Refunding of contributions of Public Service Provident Fund is made by the Public Service Provident Fund Division. It is the responsibility of the Accounts Division to maintain accounts pertaining to utilization of the allocations for the purposes of the Department, which are made by annual estimate.

02. 3. Regulation of receipts

The regulation of receipts holds a prime place among main processes of the Department of Pensions and this task can be analyzed in three categories as regulation of the receipt of widows and orphans fund, receipts of Public Service Provident Fund, and income from Holiday Resorts.

Contributions are recovered from the respective contributors as per Widows' and Orphans Fund Act, Widowers and Orphans Fund Act, and Widows and Orphans Pension (Armed Forces). Accordingly 6% and 7% are credited to the Widows' and Orphans' Pension Fund from the basic salary of officers at primary level and secondary level respectively. Institutions under Central Government directly remits relevant amount to the Consolidated Fund of General Treasury by debit notices and Provincial Councils and Local Government Institutions pay relevant amounts to the fund by cheques. These amounts are used for refunding contributions made to widows and orphans pension fund and these receipts are regulated by Widows' and Orphans' Division.

In terms of the Public Service Provident Fund, the amount of 8% recovered from the salary of officers, who are the members of Public Service Provident Fund and 12% paid by the employer of the officer

are also remitted to the fund. All the amounts, other than amount required for refunding of contributions are invested in treasury bills, treasury bonds and fixed deposits and the interest received from these investments are also returned to members as their benefits. The receipts of public service provident fund are regulated by Public Service Provident Fund Division.

The third category of the receipts of Department of Pensions is the rental for buildings and income from Holiday Resorts. Unoccupied spaces of the building, where Department of Pensions has been established, have been provided to other institutions on rental basis and therefore an income is collected monthly from these sources.

In addition to the above an income is earned monthly also from Holiday Resorts maintained by Department of Pensions for the convenience of general public including pensioners community. The housing, rooms and lecture halls and cafeteria facilities are provided at the Holiday Resort situated at Wedamulla, Kelaniya in a land in extent of 3.0575 hectares on concessionary rates. Accommodation facilities are provided from Holiday Resort situated in a land in extent of 0.1427 hectares at Ramboda to pensioners community and local as well as foreign tourists and accordingly an income is generated to the Department of Pensions. The receipt of rental from buildings and income from holiday resorts are regulated by the Administration Division of the Department.

02. 4. Development Approach

The development process of the Department of Pensions can be analyzed mainly through four aspects such as Human Resources Development,

Information Technology Development, Subject wise Development and Physical Resources Development.

Further Administration and Welfare Division has to organize training programmes for the development of human resource, the main resource of the Department. Accordingly programmes such as subject centered programmes for the enhancement of the knowledge of officers of the Department on subjects and current trends and programmes for the enhancement of attitudes and skills of officers are organized as internal and outbound trainings. For conducting these training programmes, services of different kind of Resource Persons and Institutions are obtained. Accordingly these training programmes are conducted obtaining assistance of various resource persons and institutions. Further organization of training programmes are carried out engaging the human resource of the Department under the scope of this Division to make other institutions aware of Pension scheme.

The Information Technology Division undertakes the introduction of modern methodologies and strategies through new experiments in the meantime updating the pension process with the path of information technology of the world concurrently to the fast journey of various fields in information technology. Introduction of online data systems, as well as their updating is carried out under direct regulation of the Information Technology Division whilst updating the official website of the Department.

Media Unit of the Department undertakes the application of information technology through modern strategies on technology ensuring development in information technology. Accordingly the Media Unit of the Department

updates information operating official website, official face book page, YouTube channel, and web magazine and pension radio. Further Media Unit issues information to outside media institutions.

Updating the subject of pension to cater to present social issues and settling the current issues arisen in the subject are carried out by Policy and Legal Division. Accordingly the processes for the enhancement of the subject such as taking policy decisions on pension scheme, issuance of new circulars, settling policy issues, intervention in legal procedures on pension are performed by Policy and Legal Division.

Further development of various physical facilities and ensuring facilities for the staff of the Department and pensioners community are also performed by Administration and Welfare Division. For this purpose, the development of internal and external environment of the Department and proper maintenance are carried out by the Division.

02.5. Follow up action

In addition to the internal auditing of the Department during the year under review, an internal audit investigation has been conducted at 13 Divisional Secretariats on payment of civil, widows and armed forces pension. During this investigation, it has become possible to reveal an over payment of Rs. 48 million made to pensioners based on recalculations on policy decisions taken from time to time regarding various parties in the payment of cost of living allowance, initial salaries and conversion of salaries before year 2018. As a result of taking action to rectify such over payments and recover the

Department had the opportunity to fulfill its responsibility in the proper manner.

Once such over payments are revealed, it could minimize the overpayment of pension annually by way of taking action to rectify the process. In addition to the above, it has become possible to avoid overpayments and unqualified payments occurred due to non-submission or withholding information at the investigations conducted on the petitions and complains made connecting to payment of pension and further to recover such overpayments. 44 audit queries have been raised by the audit investigations conducted by the Auditor General during the year under review on payment of pension and other functions of the Department of Pensions. Answers have been given to 37 audit queries out of the above 44 during the year and further answers were to be prepared for another 7 audit queries.

03. Annual programmes

03. 1. National Pensioners' Day celebration

Remembering proudly the special commitment made by pensioners of Sri Lanka whilst in public service, Department of Pensions has taken action to celebrate National Pensioners' Day also in year 2018, which falls on 08 October every year. Relevant celebrations were held with the coordination of District Secretariats of Kalutara, Kandy, Ampara, Rathnapura, Jaffna, Polonnaruwa, Puttalam, Matara and Badulla so as to represent all the pensioners of the Island.

National Pensioners' Day was organized this time under the special theme 'New Dawn to the Life' with a view to build a discourse at national level for social and economic security going beyond the process of paying monthly pension.



For this purpose, academic lectures, workshops, and welfare services such as health camps were organized for the benefit of pensioners especially for each province. One of the most significant steps taken during the celebration is visiting senior citizens in several districts, who are pensioners and

unable to participate in the celebration, at their homes as a token of respect.

The invaluable assistance of District Secretaries and officers of these offices were extended to organize this celebration, which were colorful with entertaining events created by pensioners staging their skills in the field of art. Further various public and private institutions extended their fullest cooperation providing prizes and other benefits to make the day a remarkable occasion.



03. 2. Technological Session

‘Technological Session 2018’ organized successfully for the second time by the Department of Pension concurrently to National Pensioners’ Day was held at Waters Edge, Battaramulla on 26.10.2018.



This session on technology -2018 has been organized with a view to make the awareness of higher administration of other institutions on modern changes and updating processes introduced in the payment process and centralized data system of the Department of Pensions, which looks forward as one of the leading Departments of the country maintaining links with all institutions of public sector.

The Session on technology 2018 was organized under the theme “Sustainable Digitization of Pension Services” as a session for entertaining the suggestions and views of the higher officers of the government regarding the improvements and updating to be carried out further in the payment process of pension. Keynote address of the session was delivered by Professor H.D.Karunaratna and the discussion was focused, based on Japan, on the trends in international arena on payment methods of pension of public servant sent on retirement and also on the new trends to be introduced in the payment

process of pension in Sri Lanka with international standards. Delivering a special lecture at the session on technology, Mr. H.M.Gamini Wijesingha, Chairman of the Audit Commission and the Auditor General has emphasized the accountability of Heads of Departments on the payment process of pension. Concurrently to the session on technology, activities such as releasing official web site of the Department of Pensions to internet, launching online facility for foreign pension scheme, issuing form general 55 online, and introduction of new printing machine for copying ID cards were also carried out as new services to pensioners' community.

Hon. Ranjith Madduma Bandara, Minister of Public Administration, Secretaries of the Ministries including Mr. Padmasiri Jayamanna, District Secretaries, and higher officers such as Heads of Departments and privates who join always with the Department have participated in the event.



03. 3. Management of internal and overseas training opportunities

With a view to maintain the payment process of monthly pension with higher level of accuracy and quality for the benefit of over .6 million pensioners all over the Island, every officer at all the levels of the hierarchy is committed to ensure a qualitative and effective service delivery. Therefore Department of Pensions, which consider its human resource as the most valuable resource, makes every effort to enhance the skills and capabilities of the officers managing various training programmes. As a result of such measure, majority of the officers serving in the Department could be directed for different training programmes in 2018.

Action was taken to provide an induction training to 53 officers recruited newly to Public Management Assistants' Service and attached to the Department for a period of two weeks from 15.05.2018 to 01.06.2018. Training on Tamil language was organized for officers in primary category during weekends from 07.07.2018 to 22.07.2018 and induction training was also organized from 19.10.2018 to 02.11.2018 for 18 officers attached to the Department as the second batch recruited to PMAS. With a view to enhance the knowledge, and attitude of officers at secondary level on office systems , establishments code and public relations, a workshop was conducted on 08 and 09. 12.2018 at pensioners' Holiday Resort at Wedamulla, Kelaniya. 93 officers have participated in the above workshop. Action has been taken to provide opportunity to the officers to occupy in special activities for obtaining a training on leadership and personality building on 14.12.2018 and 15.12.2018 organizing an outbound training. Accordingly a group of officers consists of

89 has been directed for the above mentioned outbound training.



Further another group of officers has participated in the training programme conducted by Skill Development Authority on 17.07.2018 on the maintenance of fixed assets connecting to properties/ equipment. A female staff officer was directed to participate in the training opportunity provided by National Institute on Labour Studies regarding conflict management and handling grievances. Further officers of the Department were directed for the training programmes conducted by National Institute on Labour Studies on preparation of the salaries of public officers, skill development of Drivers, and Procurement Process for assisting staff. Even during year 2018, action was taken to ensure the utmost contribution of the Department to develop attitudes and skills of officers through fresh experiences by way of directing officers to many training programmes such as training on disciplinary matters conducted by Academy of Financial Studies.



Department of Pensions, as a Department, which ensures a high quality service delivery among other public institutions, pays special and constant attention on the international social security processes with a view to maintain payment process of pension as per international standards. Therefore the Department, whilst managing productively the overseas training opportunities offered to the Department, took action in year 2018 to direct officers for overseas training. Accordingly an officer serving in the Department of Pensions has been directed to PMI international programme on management held in Thailand from 25.03.2018 to 02.04.2018. In the meantime another officer was directed to participate in ADBI-JFSA-OECD meeting held in Japan on 25 and 26.04.2018 another opportunity offered to the Department is the opportunity granted for the participation in the conference held in Japan from 15.05.2018 on strengthening financial social security to achieve the goals of the sustainable development.

Officers of the Department represented the Department in the tour conducted from 30.07.2018 to 03.08.2018 in order to study the public sector of India. Department has participated also in the training programme conducted for post graduate

degrees and PhDs in Japan on 22.08.2018. Officers were directed to participate, representing the Department, in Public Administration and Development programme held in India from 22.10.2018 and further in the programme held in India under the same theme from 26.11.2018 to 30.11.2018.

03.4. Knowledge management

More than 3000 public officers serving connected to Pension Management System were connected efficiently to information system by way of providing resource persons to make them aware and training on online registration of pension and online provision of applications for re-registration of widows' and orphans' pension.

Further nearly 19 training programmes have been conducted throughout the year for training of officers in central government, provincial councils and local government institutions.

In addition to the above, 03 training programmes have been conducted during the year 2018 to train Accountants serving in Divisional Secretariats all over the Island for the introduction of the modifications carried out in the pension process. Further resource persons have been provided from time to time to conduct training programmes on pension process for the benefit of the institutions such as Sri Lanka Institute of Development Administration, Sri Lanka Foundation etc. which undertake training of public servants.

Apart from conducting training workshops, action was taken to make other public institutions aware of new introductions, which were made based on information technology of the Department of Pensions by way of providing instant solutions for

the issues on online registration and by way of displaying guidelines through the official website of the Department.

03. 5. Outbound activities

Higher Management of the Department of Pensions, which looks forward with the view of establishing a productive public service by way of creating officers who are keen in arts, literature and knowledge outside the subject instead of officers bound mechanically to daily routing, has created the concept of 'Friday Forum' in order to enhance the taste of officers in the art.



The concept of Friday Forum can be highlighted as a successful concept maintained in several years , which was immensely helped to create officers with a higher taste on arts, whilst sharing the experiences of veterans in different fields. Friday Forum, which is organized once in every month with the participation and dedication of officers in every division, was held also during year successfully.

The musical programme which marked the First Friday Forum organized by the officers of the Department on 26.01.2018 in the name 'Gee Mal Wila' has provided arena to display the skills in

singing of many officers serving in the Department. The Friday Forum under the theme 'road to healthy life' was conducted by Mr. D.M.Thennakoon, Consultant *Ayurvedic* Medicine, in order to make the officers of the Department aware of the teachings and practices of indigenous medicine to ensure sound physical and mental health. Prominent Actor Sathischandra Edirisingha delivered an important lecture on 20.04.2108 regarding the importance of generating fruitful views to maintain sound mental health. Further Mr. Manoj Samaranayake , Inspector of Police delivered a lecture in Friday Forum on 22.06.2018 on the current situation of the child abuse in Sri Lanka. In the meantime Mrs. Shyama Fernando, traditional medical practitioner, brought a new light to Friday Forum on 12.10.2018 under the theme 'Health life from traditional medicine'. Dr. Hasantha Hettiarachchi held another session of Friday Forum on 09.11.2018 opening a discussion on taste, media and life. The session of the Friday Forum held on 07.12.2018 was an attractive event enriched with folk songs, music and dancing. Artists of Ranwala Foundation including veteran artist Sahan Ranwala presented a special performance under the theme 'our way of life intertwined with folk music'.



The responses of the officers of the Department of Pensions for the events took place at Friday Forum under different themes was at the maximum level and they have been motivated by these programmes to make more commitment for the service delivery.

04. New Introductions

During year 2018 action was taken to enhance the pension payment process by way of modifying the existing methodologies in the Department of Pensions.

04. 1. Physical developments

The 'Sathkara Piyasa', by which the newly retired officers are interviewed, has been modified so as to attend the requirements of pensioners in a more convenient environment.

For this purpose three modern Laptops have been provided to the reception counter of Sathkara Piyasa and further tables, and chairs have also been provided to facilitate the maintenance of stationary.

Another major change made in the premises is the establishment of an ATM machine of People's Bank for the convenience of officers and pensioners' community.

Further the working environment of the Department was modified with a view to make facilities to obtain more productive service delivery from officers and Government Audit Division, Anomalies Division and Contribution Division have also been established at other places in the third floor during the year under review. In the meantime Information Technology Division and Organization Development Division have also been modified and a conference room was made using the space of the premises. Then Internal Audit Division has also been modified and Widows and Orphans Pension Division and Civil Record Room maintained at several floors were established properly in the fifth floor.



Further Pensioners Coordination Unit has also been established in the first floor with the intension to make facilities to fulfill requirements of pensioners and ensure proper coordination between the Department with pensioners community.

New server has been purchased during the year under review to cater to the new changes made in the field of information technology.

Another priority work, which was completed in year 2018, was the fixing of a safety net for the part not covered at Holiday Resort at Wedamulla, Kelaniya and erection of the fence.

The CCTV camera system and fire extinguishing system were updated to ensure the safety of the officers of the Department and the recipients of the Department.

With a view to establish a pleasant environment in the Department and enhance spaces, the unserviceable items in the Department were properly disposed. Further the process for issuing visitors Passes was also commenced in order to verify the identity of the persons enter the premises of the Department.



Further a system has been introduced creating a new soft ware for the management of leave of the officers ensuring the availability of information as per the requirement. In addition to the above, a system was established at the front office to issue a temporary permission card to the outsiders who visit daily the Department for their requirements.

04. 2. Enhancements on subjects

Attention has been paid for various enhancements, which are to be made in the subjects to make the pension payment process, the main priority of the Department, more productive and effective.

With a view to enhance the efficiency in the non decentralized payments as the efficiency gained in centralized payments using online system, action has been initiated during this year to make facilities to issue non decentralized pension applications online system.

As a result of converting the payment process of death gratuity to online system as per Pension Circular No. 09/2015 (Revision III) from 01.06.2018 , which was so far made as per Pension Circular N0.

09/2015, there was a new turn in the payment process in the payment process of death gratuity.

Further necessary action has been taken during year 2018 to redesigning the processes so as to minimize the frauds observed in the issuance of loans from banks and payment of monthly pension, update technical tools required for the payment of monthly pension more efficiently and to minimize the return in pensions made by banks monthly due to the inadvertences observed in the data entry process in accounts.

Further the workforce of the Department was strengthen during the year by way of division of labour enabling the pensioners to obtain efficient and effective service from Armed Services Division. It is observed that one and the same person is having pension under several categories by way of introducing Force 01 form for pensioners in armed forces and this measure was helpful to minimize such occurrences. Further it is expected that the frauds can be minimized in this way.

During the year under review, two officers were recruited for the service of Information Technology Division, the website has also been modified. New system was introduced for Form General 55 and repayment of gratuities.

In order to avoid delays observed in the payment of pension to pensioners community removing the anomalies in the pension, action was taken to expedite the functions of Anomalies Division by way of calling pension officers serving in Divisional Secretariats and engaging them in the duties of the division.

05. Performances

Due to the modifications as well as new introductions made by the Department during the year 2018, the Department could gain performance at a significant and higher level. Accordingly it has become possible to pay death gratuity online as per Pension Circular No. 9/2015 (Revision III) and further it could make the payment process more efficient by way of issuing applications online and filling the weaknesses observed in those applications. With the acceleration of the payment process of death gratuity, the payment processes of widows and orphans pensions, which are made after the above, has also been expedited.

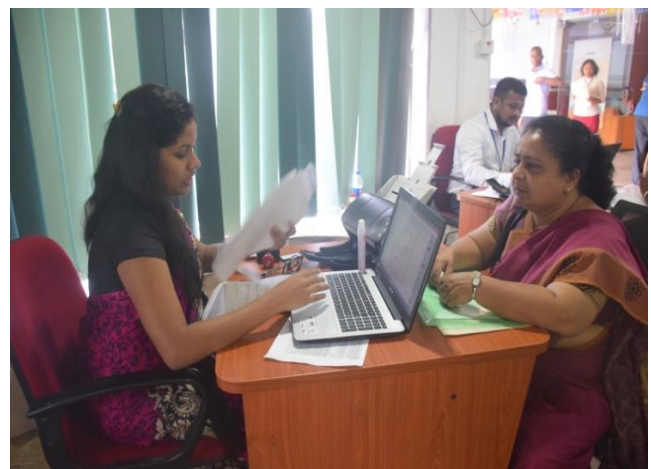
As a result of expediting the process followed to interview the pensioner before commencing payment of pension at Sathkara Piyasa, pensioners newly joined with the system could obtain their benefits promptly. Accordingly 27,586 pensioners were interviewed during year 2018 for activation of their pension and new electronic Identity Cards were issued to 27,878 pensioners.

When action was taken to remove the anomalies, it was observed more than 13000 cases in relation to arrears of pension. However it has become possible to complete those payments during year 2018. Further action was taken during year 2018 to settle all arrears reported from Divisional Secretariats within each month of reporting.

Action was taken in year 2018 to recover the arrears in rental from the institutions, which use the space for several years on rental basis and accordingly most of such arrears could be recovered.

In the meantime action has been taken under human resource development process to update a number

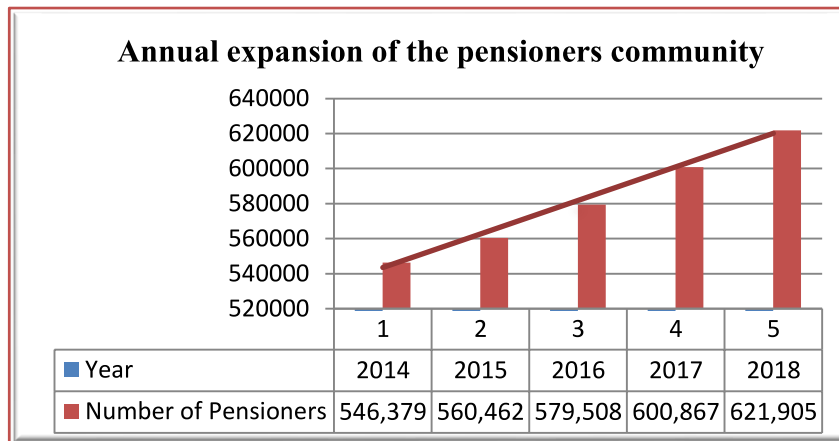
personal files of officers in Development Officers Service, who were facing barriers in their confirmation due to weakness in files even after completion of their efficiency bar examinations. Accordingly recommendations have been made for their confirmation in service and updating their personal files in the proper manner. Further efficiency bar examinations have already been conducted conforming to the service requirements of Document Assistants.



06. Payments of pensions

06.1. Annual number of pensioners

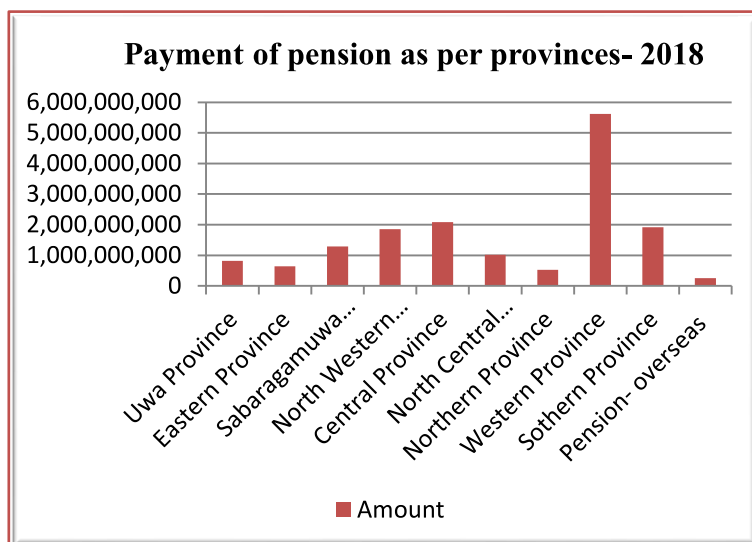
Year	Number of pensioners
2014	546,379
2015	560,462
2016	579,508
2017	600,867
2018	621,905

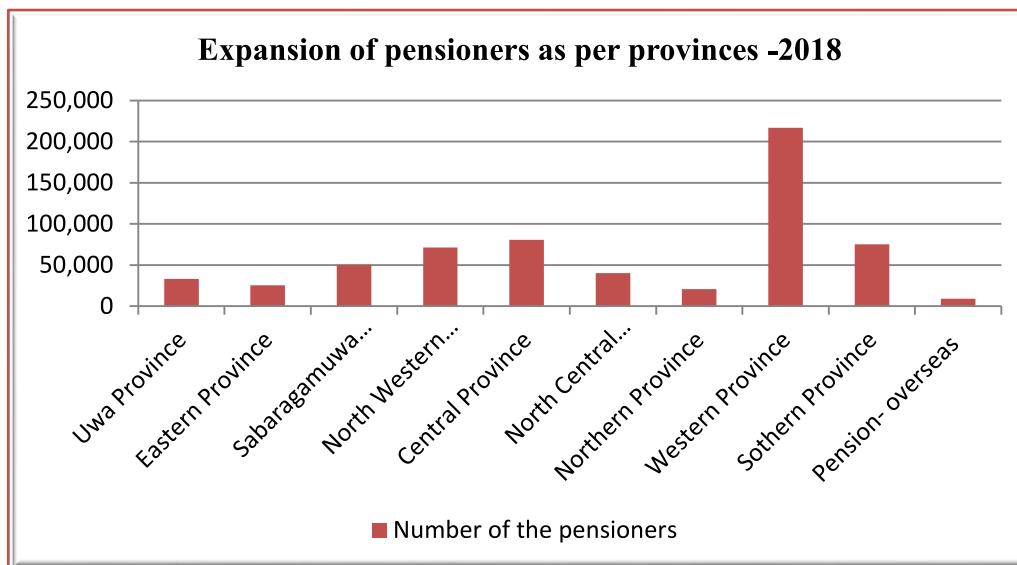


Source : Accounts Division

• Expansion of pensioners as per provinces -2018

Province	Number of the pensioners	Amount
Uwa Province	33,180	815,920,749
Eastern Province	25,200	637,839,893
Sabaragamuwa Province	50,168	1,289,057,093
North Western Province	71,393	1,850,421,693
Central Province	80,417	2,089,194,514
North Central Province	40,007	1,013,575,194
Northern Province	20,705	524,790,005
Western Province	216,635	5,617,829,247
Sothern Province	75,175	1,919,917,640
Pension- overseas	9,025	255,090,300
Total	621,905	16,013,636,328





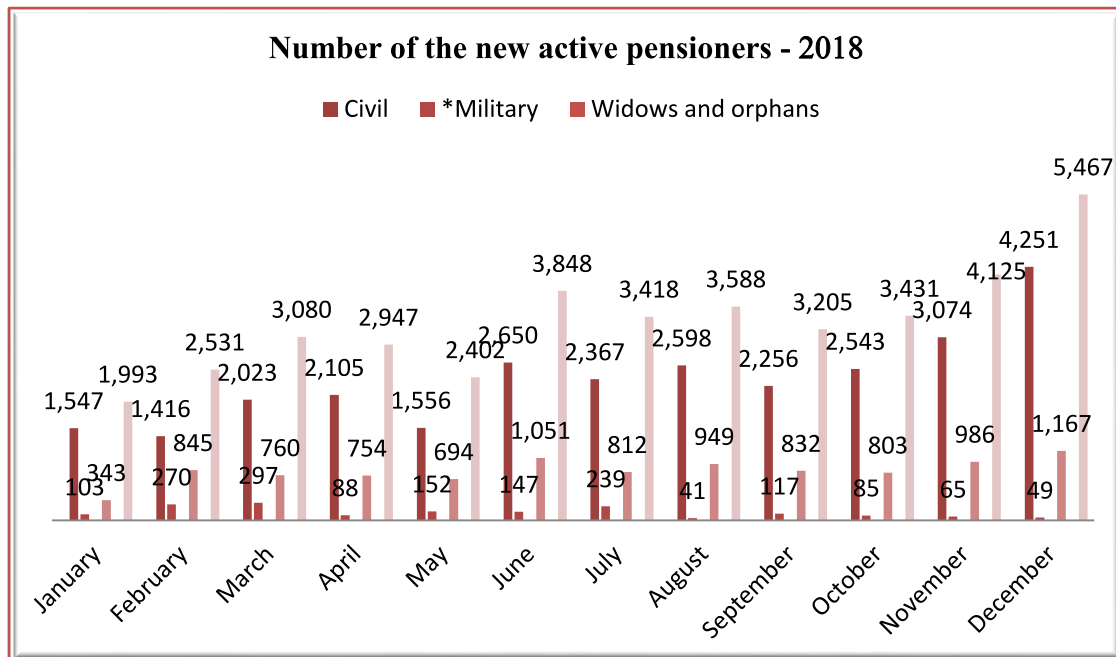
Source: Accounts Division

- Monthly summary of the payment of pension**

Month	Total number of active pensioners		
	Civil and Military	Widows and orphans	Total
January	411,334	189,929	601,263
February	412,072	190,098	602,170
March	413,603	190,306	603,909
April	415,761	190,566	606,327
May	416,562	190,675	607,237
June	417,831	190,852	608,683
July	419,646	191,090	610,736
August	420,066	190,180	610,246
September	422,048	190,734	612,782
October	423,370	190,917	614,287
November	425,913	191,473	617,386
December	429,654	192,251	621,905

Source : Accounts Division

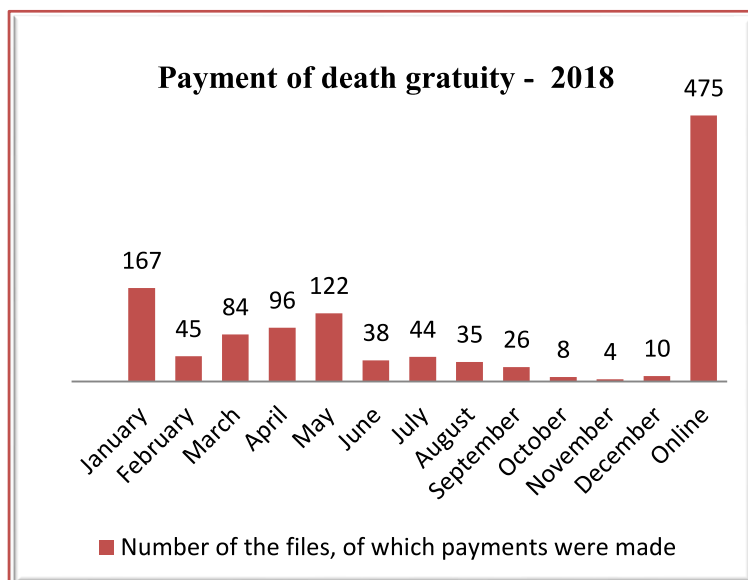
Month	Number of the pensioners added in 2018			
	Civil	*Military	Widows and orphans	Total
January	1,547	103	343	1,993
February	1,416	270	845	2,531
March	2,023	297	760	3,080
April	2,105	88	754	2,947
May	1,556	152	694	2,402
June	2,650	147	1,051	3,848
July	2,367	239	812	3,418
August	2,598	41	949	3,588
September	2,256	117	832	3,205
October	2,543	85	803	3,431
November	3,074	65	986	4,125
December	4,251	49	1,167	5,467
Total	28,386	1,653	9,996	40,035



Source : Accounts Division

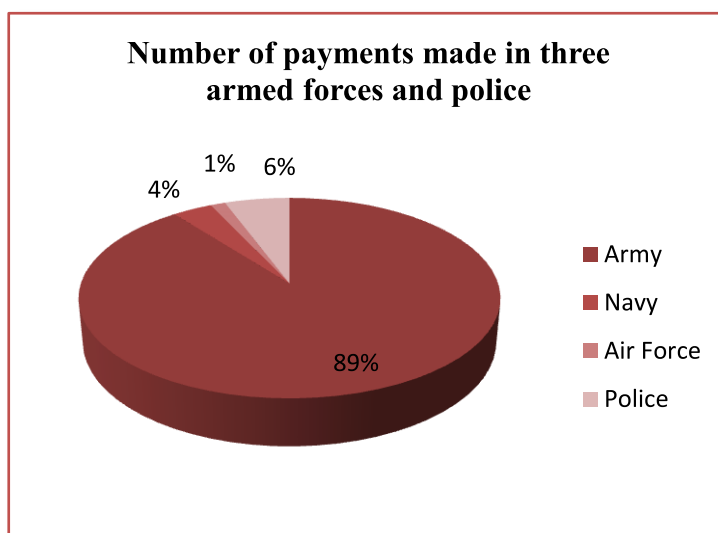
• **Payment of death gratuity - 2018**

Month	Number of the files, of which payments were made
January	167
February	45
March	84
April	96
May	122
June	38
July	44
August	35
September	26
October	8
November	4
December	10
Total	679
Online	475
Sum total	1154



• **Payment of salaries and pension to demised and disabled members of three armed forces and police service**

Payment to three armed forces and police	Up to December 2018	
	Number	Amount paid Rs. billion
Army	36,460	26.96
Navy	1,439	1.14
Air Force	533	0.42
Police	2,337	1.83
Total	40,769	30.35



Source : Accounts Division

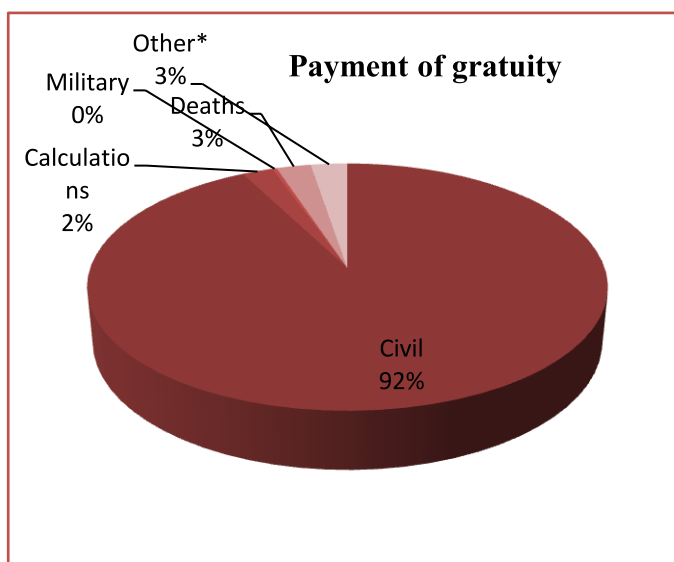
• **Payments to three armed forces and police**

	2014		2015		2016		2017		2018	
	Number of the persons	Expenditure (Rs. million)	Number of the persons	Expenditure (Rs)	Number of the persons	Expenditure (Rs)	Number of the persons	Expenditure (Rs)	Number of the persons	Expenditure (Rs)
Sri Lanka Army	29,846	15,883	30,986	20,516	34,756	23,682	35,599	24,717	36,460	26,959
Sri Lanka Navy	1,444	924	1,472	1,042	1,415	1,037	1,391	982	1,439	1,139
Sri Lanka Air Force	577	350	566	405	560	410	535	404	533	427
Police Department of Sri Lanka	2,611	1,087	2,590	1,470	2,503	1,551	2,471	1,704	2,337	1,834
Total Value	34,478	18,244	35,614	23,433	39,234	26,679	39,996	27,808	40,769	30,359

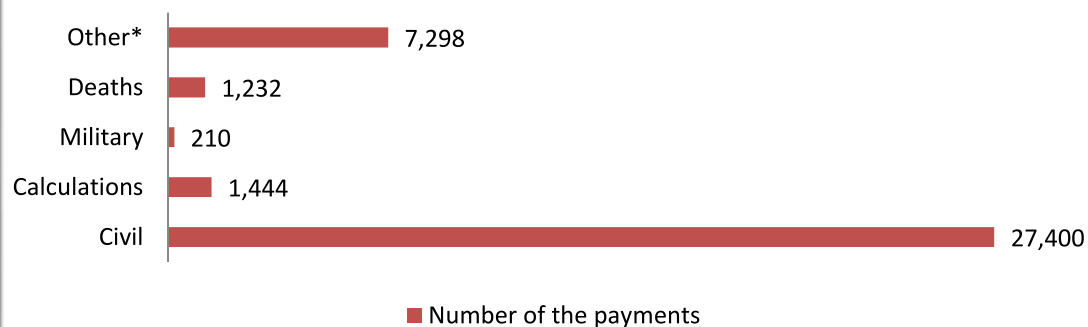
06.2. Payment of gratuity

Category of gratuity	Number of the payments	Amount paid Rs.
Civil	27,400	23,826,294,186
Calculations	1,444	569,905,539
Military	210	86,298,818
Deaths	1,232	641,158,406
Other*	7,298	678,477,355
Total	37,584	25,802,134,304

* Service gratuity (09), Revised gratuity Special gratuity (10 and Civil), Deaths (17)



Recipients of gratuity - 2018



- Expansion of the payment of pension according to banks - 2018**

Month	Peoples Bank		Bank of Ceylon		National Savings Bank	
	Number of the Pensioners	Value	Number of the Pensioners	Value	Number of the Pensioners	Value
January	925	648,906,368	788	571,278,062	488	370,452,886
February	684	481,607,405	481	347,558,739	281	206,827,460
March	1,320	970,612,013	960	729,280,662	613	468,726,965
April	619	486,429,103	675	523,548,339	424	337,782,172
May	891	663,312,900	1,075	860,661,339	657	547,131,248
June	900	730,012,746	866	698,932,609	531	455,401,327
July	1,007	806,610,250	871	713,013,794	521	444,919,444
August	1,425	1,135,589,592	1,170	921,226,274	805	672,496,309
September	920	728,837,834	701	559,866,364	482	407,103,455
October	1,071	813,244,627	818	660,927,309	557	459,502,891
November	1,027	841,145,621	904	775,243,048	617	558,712,237
December	876	709,429,069	732	606,301,925	512	441,028,348
Total	11,665	9,015,737,529	10,041	7,967,838,463	6,488	5,370,084,742

Source : Accounts Division

- Payment of gratuity as per banks**

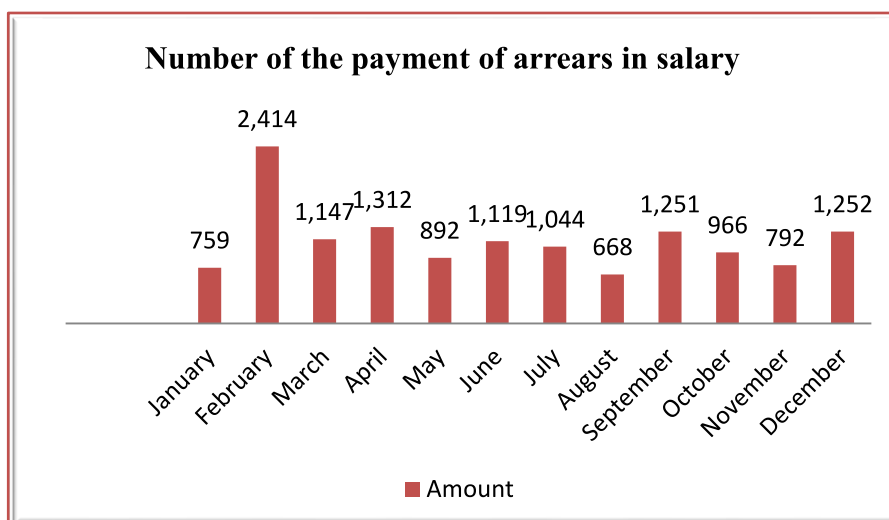
Month	Peoples Bank		Bank of Ceylon		National Savings Bank	
	Number of the Pensioners	Value	Number of the Pensioners	Value	Number of the Pensioners	Value
2016	10,569	5,839,820,740	8,435	4,740,430,451	4,263	2,400,917,501
2017	12,581	8,055,213,108	9,307	6,115,014,815	5,005	3,420,559,676
2018	11,665	9,015,737,529	10,041	7,967,838,463	6,488	5,370,084,742
Total	34,815	22,910,771,377	27,783	18,823,283,729	15,756	11,191,561,919

Source: Accounts Division

06.3. Payment of arrears – 2018

Payment in arrears occurs due to reasons such as the delay in the commencement of paying pension, leaving country without informing the Department and adjustments made to pension etc. Accordingly the files of which the arrears are above .5 and over 1 million are called to the Department of Pension and then arrears are paid examining such files by a committee. Arrears, which are below .5 million, are paid by the Department itself by way of calling required documents, which are obtained from Divisional Secretariat as AR scan copies, and examining them by the Department. Accordingly the payments made for amounts in arrears are as follows in year 2018.

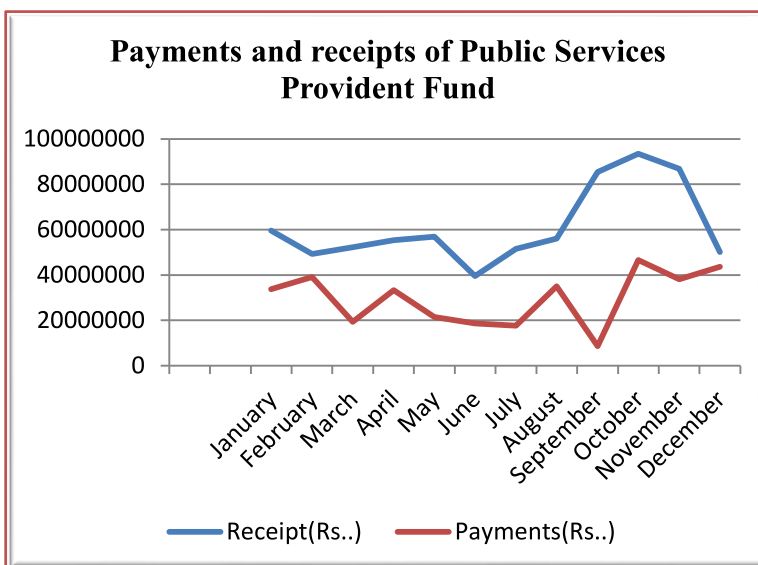
Month	Amount	Monthly Expenditure
January	759	43,710,628
February	2,414	139,830,201
March	1,147	72,615,932
April	1,312	77,444,662
May	892	51,642,627
June	1,119	72,137,445
July	1,044	71,849,750
August	668	51,821,400
September	1,251	78,381,271
October	966	52,008,918
November	792	43,657,430
December	1,252	65,761,563
Total	13,616	820,861,827



06.4. Payments and receipts of Public Services Provident Fund (8%+ 12%) 2018

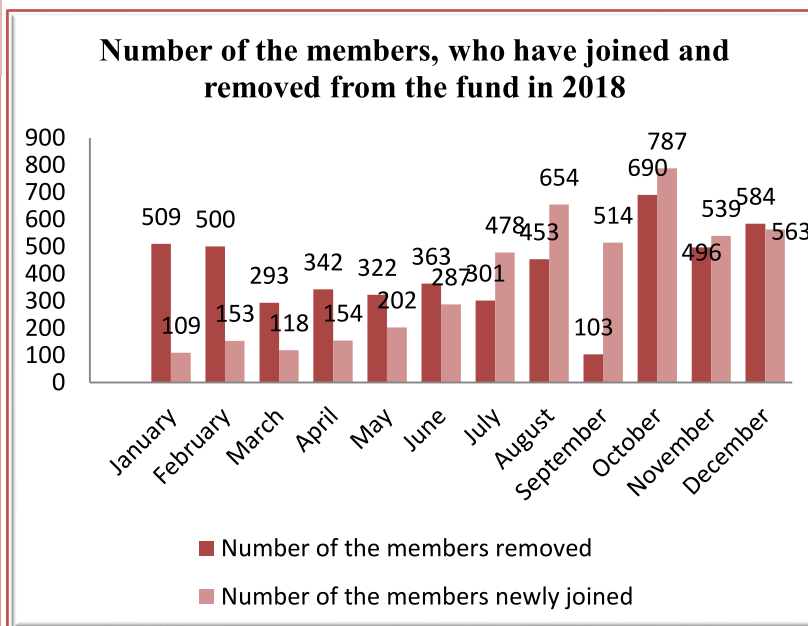
Receipt of compulsory contribution for Public Services Provident Fund for 2018 is (8%) Rs. 296,797,239.00 and the bonus of the Government is Rs. (12%) රු.439, 403,601.00. Payments for the year by Fund are Rs. 354,979,756.

Month	Receipt (Rs.)	Payments (Rs.)
January	59,499,451	33,766,397
February	49,327,311	39,038,292
March	52,287,270	19,317,506
April	55,312,972	33,253,465
May	56,910,617	21,414,708
June	39,493,263	18,696,515
July	51,515,599	17,647,927
August	56,034,460	35,021,301
September	85,410,435	8,608,894
October	93,505,460	46,585,902
November	86,822,096	38,059,593
December	50,081,961	43,569,255
Total	736,200,895	354,979,756



- Number of the members, who have joined and removed from the fund in 2018 (Public Services Provident Fund)

Month	Number of the members removed	Number of the members newly joined
January	509	109
February	500	153
March	293	118
April	342	154
May	322	202
June	363	287
July	301	478
August	453	654
September	103	514
October	690	787
November	496	539
December	584	563
Total	4,956	4,558



06.5. Receipt of building rent and income from holiday resorts

• Receipt of rental 2018

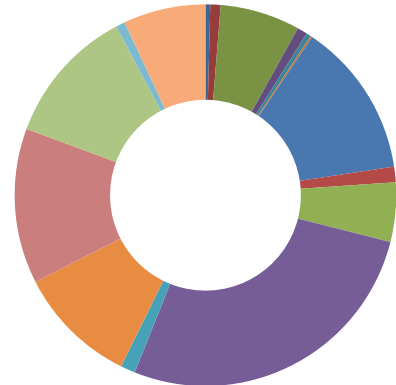
Name of the institution	Receipt of rental from buildings (Rs.)
Highland Milk Bar	126,000
Sampath Bank AT M	270,600
Hatton National Bank	2,100,000
Hatton National Bank ATM	264,000
Public Services Pensioners' Trust Fund	120,000
Public Services Pensioners Part II	48,000
Office of the Regional Director of Health	4,080,000
Lanka Hospitals Pvt Ltd	408,000
Department of Textiles Industries	1,560,000
Office of the Provincial Commissioner of Motor Traffic	8,400,000
Canteen	386,100
Provincial Department of the Commissioner of Lands (W.P)	3,165,000
Office of the Director of Health (W.P.)	4,080,000
Regional Health Services	3,600,000
Office of the Regional Director of Health Part II	
State Printing Corporation	240,000
Post Office	2,160,000
Total	31,847,700

• Income from Government Holiday Resort

Name of the Holiday Resort	Income Rs.
Holiday Ramboda	353,100
Holiday Resort, Wedamulla , Kelaniya	8,811,585
Total Income	9,164,685

Source : Accounts Division, Administration Division

Receipt of rental(Rs)



- Highland Milk Bar
- Sampath Bank AT M
- Hatton National Bank
- Hatton National Bank ATM
- Public Services Pensioners' Trust Fund
- Public Services Pensioners Part II
- Office of the Regional Director of Health
- Lanka Hospitals Pvt Ltd
- Department of Textiles Industries
- Office of the Provincial Commissioner of Motor Traffic
- Canteen
- Provincial Department of the Commissioner of Lands (W.P)
- Office of the Director of Health (W.P.)
- Regional Health Services
- Office of the Regional Director of Health Part II
- State Printing Corporation
- Post Office

07.

Financial Statements

- Following accounting reports have been included as per the summary report (Audit Report) of the Audit General in terms of Section 11(1) of National Audit Act No 19 of 2018 on Financial Statements for the year ended 31 December 31 and other regulatory and legal requirements.
 - Accounts of Public Service Provident Fund
 - Local Government Service Widows' and Orphans' Pensions Fund
 - Local Government Service Widowers' and Orphans' Pensions Fund
 - Local Government Services Pension Fund

**Statement of Financial performance for the year
ended 31.12.2018.**

ACA -F
Rs.

Budget 2018		Actual	
		2018	2017
	Receipts of income		
-	Income tax	-	-
-	Tax on local good and services	-	-
-	Taxes on international trade	-	-
26,000,000,000.00	Exempted income and other	25,213,646,618	-
26,000,000,000.00	Receipt of total income	25,213,646,618	-
-	Other receipts		
	Treasury imprest	182,967,680,000	-
	Returns to General Treasury	(1,700,000,000)	
	Treasury Imprest (Net)	181,267,680,000	
	Deposits	17,467,659	
-	Advance account	48,947,134	
	Other receipts	27,819,626,215	
	Total other receipts	209,153,721,008	
-	Total receipts and exempted income	234,367,367,626	
	Less- expenses		
-	Recurrent expenditure		
465,019,631.00	Salaries, wages and other benefits to employees	464,669,718	
73,375,000.00	Other goods and services	72,390,290	
228,639,505,369.00	Relief, grants and transfers	224,866,916,448	
-	Payment of interest	-	
	Other recurrent expenditure	-	
229,177,900,000.00	Total recurrent expenditure	225,403,976,456	
	Capital expenditure		
22,850,000.00	Rehabilitation and enhancement of capital assets	22,547,715	
8,917,500.00	Acquisition of capital assets	8,682,085	
-	Transfers of capital	-	
-	Acquisition of capital assets	-	
1,762,500.00	Capacity development	1,686,952	
31,000,000.00	Other capital expenditure	30,993,314	
64,530,000.00	Total Capital expenditure	63,910,066	
	Main ledger expenses	26,900,461,785	
	Payment of deposits	14,447,230	
	Advance payments	61,968,169	
	Other payments	26,824,046,386	
229,242,430,000.00	Total Expenditure	252,368,348,307	
	Balance of imprest as at 31. December 2018	(18,000,980,681)	

Summary of expenses for the year ended 31 December 2018 as per programmes

Number of the vote : 253

Name of the Department : Department of Pensions

Number of the programme as indicated in annual estimate	Name of the expenditure	Allocations from budget estimates (1)	Allocations from supplementary estimate (2)	Transfer as per F.R. 66/69 (3)	Total net allocations (4)=(1)+(2)+(3)	Total expenditure (5)	Net result balance/(excess) (6)=(4)-(5)
Programme (1)	(1) Recurrent	229,181,180,000	0	-3,280,000	229,177,900,000	225,403,976,456	3,773,923,544
	(2) Capital	61,250,000	0	3,280,000	64,530,000	63,910,066	619,934
Sub total		229,242,430,000	0	0	229,242,430,000	225,467,886,522	3,774,543,478
Grand total		229,242,430,000	0	0	229,242,430,000	225,467,886,522	3,774,543,478

Statement of expenditure as per programmes

Number of the vote : 253

Name of the Department :- Department of Pensions

Vote	Programme (1)					Total expenditure
	Allocation				Expenditure	
	Allocations from budget estimates	Allocations from supplementary estimates	Transfers as per F.R. 66/69	Total net allocations		
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(5)	(11)=(5)
Recurrent expenditure						
Personal emoluments						
1001 Salaries and wages	319,000,000		9,200,000	328,200,000	328,092,205	328,092,205
1002 Overtime and holiday pay	6,000,000		722,000	6,722,000	6,712,862	6,712,862
1003 Other allowances	125,000,000		5,097,631	130,097,631	129,864,650	129,864,650
Travelling expenses						
1101 Local	2,300,000		248,000	2,548,000	2,467,461	2,467,461
1102 Overseas	2,000,000		-1,159,000	841,000	840,450	840,450
Supplies						
1201 Stationary and office requirements	8,400,000		-2,150,000	6,250,000	6,228,661	6,228,661
1202 Fuel	4,500,000		-852,000	3,648,000	3,636,901	3,636,901
1203 Meals and uniforms	250,000		0	250,000	245,335	245,335

Vote	Programme (1)					Total Expenditure
	Allocation				Expenditure	
	Allocations from budget estimate	Allocations from supplementary estimates	Transfers from F.R. 66/69	Total net allocation		
Maintenance expenses						
1301 Vehicles	2,900,000			2,900,000	2,689,545	2,689,545
1302 Machinery and equipment	2,000,000		846,000	2,846,000	2,845,237	2,845,237
1303 Buildings and constructions	1,000,000		1,582,000	2,582,000	2,569,134	2,569,134
Services						
1401 Transport	30,000		1,000,000	1,030,000	861,065	861,065
1402 Posts and communication	7,600,000		5,000,000	12,600,000	12,565,771	12,565,771
1403 Electricity and water	14,000,000		900,000	14,900,000	14,497,912	14,497,912
1404 Lease rent and taxes to local government institutions	2,300,000		2,080,000	4,380,000	4,378,968	4,378,968
1409 other	13,000,000		5,600,000	18,600,000	18,563,852	18,563,852
Transfers						
1501 Welfare programmes	30,000,000,000		358,720,000	30,358,720,000	30,358,716,301	30,358,716,301
1502 Pension benefits	198,659,000,000		-391,800,631	198,267,199,369	194,494,729,522	194,494,729,522
1506 Interest on the property loan of public servants	10,400,000		-764,000	9,636,000	9,556,641	9,556,641
1508 other	1,500,000		2,450,000	3,950,000	3,913,983	3,913,983
Grand total	229,181,180,000	0	-3,280,000	229,177,900,000	225,403,976,456	225,403,976,456

Vote	Programme (1)					Total expenditure
	Allocation				Expenditure	
	Allocations from budget estimates	Allocations from supplementary estimates	Transfers from F.R. 66/69	Total net allocations		
Capital expenditure						
Rehabilitation and enhancement of capital assets						
2001 Buildings and constructions	10,000,000		11,100,000	21,100,000	21,095,862	21,095,862
2002 Machinery and equipment	750,000			750,000	736,932	736,932
2003 Vehicles	1,000,000			1,000,000	714,921	714,921
Acquisition of capital assets						
2102 Furniture and office equipment	3,000,000		865,000	3,865,000	3,673,394	3,673,394
2103 Machinery and equipment	3,000,000		2,052,500	5,052,500	5,008,691	5,008,691
Skill development						
2401 Staff training	2,500,000		-737,500	1,762,500	1,686,953	1,686,953
Other capital expenditure						
2509 other	41,000,000		-10,000,000	31,000,000	30,993,314	30,993,314
Grand total	61,250,000	0	3,280,000	64,530,000	63,910,066	63,910,066
Aggregate of total recurrent and capital expenditure	229,242,430,000	0	0	229,242,430,000	225,467,886,522	225,467,886,522

Summary of financing for expenses as per programmes

ACA- 2(iv)

Name of the Department : Department of Pensions

Number of the vote : 253

Financing		Programme 01		Grand total		
Code	Description of the code	Net allocation 1	Actual expenditure 2	Net allocation 5	Actual expenditure 6	Expenditure as a Percentage (6÷5)X100
		Rs.	Rs.	Rs.	Rs.	Rs.
11	Local funds	181,003,430,000	179,566,850,678	181,003,430,000	179,566,850,678	99
12	Foreign loans					
13	Foreign grants					
14	Reimbursable foreign loans					
15	Reimbursable foreign grants					
16	Counterpart Funds					
17	Local cost related to foreign financing					
18	Local co financing related to foreign financing					
21	Special legal services	48,239,000,000	45,901,035,844	48,239,000,000	45,901,035,844	95
	Total	229,242,430,000	225,467,886,522	229,242,430,000	225,467,886,522	98

Local Government Services Pension Fund

Income and Expenditure account for the year ended 31.12.2018.

Expenses	Amount (Rs.)		Income	Amount (Rs.)	
	2017	2018		2017	2018
Contribution to pension	150,445,495.06	109,844,278.93	Account of contributions of the institutions	85,459,868.95	80,121,870.42
Deficit- accumulated					
Transfers to the fund	(64,985,626.11)	(29,722,408.51)			
	85,459,868.95	80,121,870.42		85,459,868.95	80,121,870.42

Local Government Services Pension Fund

Balance Sheet as at 31.12.2018.

Liabilities	Amount (Rs.)		Assets	Amount (Rs.)	
	2017	2018		2017	2018
Accumulated fund	1,382,039,108.52	1,314,632,550.60	Contributions receivable	1,317,604,315.77	1,285,727,817.89
<u>Add</u>					
Surplus/deficit	(64,985,626.11)	(29,722,408.51)			
	1,317,053,482.41	1,284,910,142.09		1,317,604,315.77	1,285,727,817.89
Contribution received in advance	550,833.36	817,675.80			
	1,317,604,315.77	1,285,727,817.89		1,317,604,315.77	1,285,727,817.89

Local Government Services Widowers and Orphans Pension Fund

Income and expenditure account for the year ended 31.12.2018.

Expenses	Amount (Rs.)		Income	Amount (Rs.)	
	2017	2018		2017	2018
Contribution to pension	11,504,404	140,943,078.69	Receipt of interest :-	11,489,535	2,848,775.12
Bank charges	200	-	Treasury bonds		13,393,569.68
			Capital profit and loss account		124,700,733.89
			Deficit (Transfer to accumulated fund)	15,069	
	11,504,604	140,943,078.69		11,504,604	140,943,078.69

Local Government Services Widowers and Orphans Pension Fund
Balance sheet as at 31.12.2018

Liabilities	Amount (Rs.)		Assets	Amount (Rs.)	
	2017	2018		2017	2018
Accumulated Fund	124,688,492.05	124,700,733.89	Investment account -		
Less			Treasury Bonds	121,777,430.32	-
Deficit	(15,069.35)	(124,700,733.89)			
	124,673,422.70	-	Interest receivable on investments -		
			Treasury Bonds	2,895,992.38	-
	124,673,422.70	-			
				124,673,422.70	

Local Government Services Widows and Orphans Pension Fund
Income and expenditure account for the year ended 31.12.2018

Description	Amount (Rs.)		Description	Amount (Rs.)	
	2017	2018		2017	2018
Contribution to pension	203,298.97	352,201.60	Deficit	203,298.97	352,201.60
	203,298.97	352,201.60		203,298.97	352,201.60

Local Government Services Widows and Orphans Pension Fund
Balance sheet as at 31.12.2018

Description	Amount (Rs.)		Description	Amount (Rs.)	
	2017	2018		2017	2018
Accumulated Fund (-) Deficit	203,298.97	352,201.60	Investments	-	-
	(203,298.97)	(352,201.60)			
				-	-

Revenue account of the Democratic Socialist Republic of Sri Lanka for the year ended 31.December 2018

Income accounting officer:- Director General of Pensions

Number of the vote :- 253

Revenue code	Description of revenue code	Estimate on preliminary revenue 2018	Revised revenue estimate 2018	Net collected revenue 2018 (Gross revenue- Return of revenue)	Net total of collected revenue 2017 (Gross revenue- Return of revenue)
		Rs.	Rs.	Rs.	Rs.
20.04.02.00	Contribution to social security Provincial councils	10,000,000,000	10,000,000,000	8,682,995,262	7,409,266,605
	Total	10,000,000,000	10,000,000,000	8,682,995,262	7,409,266,605

Revenue account of the Democratic Socialist Republic of Sri Lanka for the year ended 31.December 2018

Income accounting officer :- Director General of Pensions

Number of the vote :- 253

Revenue code	Description of revenue code	Estimate on preliminary revenue 2018	Revised revenue estimate 2018	Net collected revenue 2018 (Gross revenue- Return of revenue)	Net total of collected revenue 2017 (Gross revenue- Return of revenue)
		Rs.	Rs.	Rs.	Rs..
20.04.01.00	Contribution to social security Central Government	16,000,000,000	16,000,000,000	16,530,651,357	15,531,146,912
	Total	16,000,000,000	16,000,000,000	16,530,651,357	15,531,146,912

Teachers Widows and Orphans Pension Fund
Income and expenditure account for the year ended 31.12.2018

Description	2017 (Rs.)	2018 (Rs.)	Description	2017 (Rs.)	2018 (Rs.)
Refunding contributions	5,500,946.66	5,993,250.78	Contribution relevant to the year	81,709,939.57	82,964,362.91
Taxes	4,847,683.51	3,764,880.42	Income on interest	60,596,043.67	75,164,692.14
Surplus	131,957,353.07	148,370,923.85			
	142,305,983.24	158,129,055.05		142,305,983.24	158,129,055.05

Teachers Widows and Orphans Pensions Fund

Balance as at 31.12.2018

	2017 (Rs.)	2018 (Rs.)		2017 (Rs.)	2018 (Rs.)
Accumulated fund	1,350,530,396.46	1,484,488,651.75	Value of investments	639,617,175.66	724,045,883.12
Add Surplus	131,957,353.07 1,482,487,749.53	148,370,923.85 1,632,859,575.60	Current assets		
			Interest receivable	75,985,097.14	61,977,153.52
			Cash receivable	4,805,044.46	3,753,885.58
Current liabilities Taxes payable	6,078,807.77	3,098,857.67	Balance of Record of L&D	848,949,381.64	911,912,550.15
	1,488,566,557.30	1,635,958,433.27		1,488,566,557.30	1,635,958,433.27

Public Services Provident Fund
Income and expenditure account
For the year ended 31.12.2018.

	2018		2017	
Income				
Income on interest before tax		6,927,587,728		5,737,834,950
Less- Taxes		(135,367,581)		(83,357,061)
Income on interest after tax		6,792,220,141		5,654,477,889
Less -Expenditure				
Electricity	486,638		465,078	
Water	54,415		12,136	
Salaries and wages	10,349,476		10,399,153	
Overtime allowances	447,211		461,583	
Allowances	57,500		57,500	
Stationary and office expenses	223,193		431,404	
Railway warrants	26,175		23,520	
Transport and communication	124,026		-	
Depreciation	179,522		25,188	
Other recurrent expenditure	16,268		15,495	
Other expenses	142,464		-	
Audit fees	172,500	12,279,387	172,500	12,063,558
Surplus		6,779,940,754		5,642,414,331
Add – Transfers from common reserve		2,047,764		2,769,293
Distributable Income		6,781,988,518		5,645,183,624
Distribution of interest				
Compulsory contribution	2,708,052,846		2,234,275,558	
Voluntary contribution	4,211,102		3,468,034	
Government contribution	4,065,000,904	6,777,264,852	3,405,276,801	5,643,020,393
Income on interest in excess after distribution and transferring from common reserve		4,723,666		2,163,231

Public Services Provident Fund
Balance Sheet as at 31 December 2018

Assets	2018		2017	
Non-current assets				
Furniture and fittings	-		6,697	
Other equipment	-		92,628	
Computer appliances	-	-	80,197	179,522
Investment account-on cost		25,190,659,288		34,050,366,302
Current assets				
Investments on cost	33,468,586,147		18,870,215,298	
Interest receivable	3,677,771,439		2,229,078,288	
Government contribution receivable	23,196,271		17,403,931	
Adjustment account	29,448,892		29,209,393	
Pre-payments	-		141,721	
Balance of the account	13,383,274	37,212,386,023	223,640,307	21,369,688,938
Total assets		62,403,045,311		55,420,234,762
Equity and liabilities				
Accumulated fund				
Compulsory contribution	24,307,762,204		21,479,409,368	
Voluntary contribution	37,786,900		33,394,939	
Government contribution	37,726,385,705	62,071,934,809	33,418,512,038	54,931,316,345
Reserves				
Capital reserve	3,790		3,790	
General reserves	4,723,666	4,727,456	2,163,231	2,167,021
Current liabilities				
Accrued audit fee	690,000		517,500	
Unpaid government bonus	313,813,696		474,425,527	
Accrued expenses	11,879,350	326,383,046	11,808,369	486,751,396
Total equity and liabilities		62,403,045,311		55,420,234,762

08.

Audit Report

Director General of pensions

Department of Pensions

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of Local Government Services Pension Fund for the year ended 31 December 2018 in terms of the Section 11(1) of the National Audit Act No 19 of 2018

1. Financial Statements

1.1. Qualified Opinion

The audit of the Financial Statements of Local Government Services Pension Fund for the year ended 31 December 2018 comprising the Balance Sheet for the year ended 31 December 2018, Income and expenditure account, , cash flow statement for the year then ended and note to the financial statement including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements provides a true and fair view of the financial position of Local Government Services Pension Fund as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards, except the effect made by the facts described in the part ‘Basis for opinion’ in my report.

1.2. Basis for opinion

(a) Deviation from accounting standards

Financial Statements have been prepared following the income of the fund based on accrued basis and expenditure based on cash basis.

(b) Non clarified differences

In terms of the balance of the contributions to be received by Pradeshiya Sabhas and Urban Councils and direct confirmations as per the financial statements as at 31 December 2018, the value of balance of financial statements of 10 Sabhas has been understated by Rs. 9,565,464 and overstated by Rs. 172,150 of one Sabha.

My audit was carried out as in compliance with Sri Lanka Audit Standards (SLAS). My responsibility has been further clarified in the part ‘Auditor’s responsibilities for the audit of the Financial Statements’. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3. Responsibilities of the Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the fund's financial reporting process.

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

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 misstatements, whether due to fraud or error, and to issue an auditor's 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 Audit 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. And obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control of the fund in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the institution's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institution's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the institution to cease to continue as a going concern.
- Evaluate the overall presentation, structure and the 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.

I communicated with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on other legal and regulatory requirements

National Audit Act No 19 of 2018 includes specific provisions for following requirements.

- The financial statements of the fund comply with the preceding year as per requirement of section 6 (1)(d)(III) of the National Audit Act No 19 of 2018.
- The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (IV) of the National Audit Act No 19 of 2018 except the recommendations made in para 1.2. (a), (b) Of this report.

3. Review on operations

3.1. Accounts receivable

Following observations are made in this regard.

(a) The balance receivable from 292 Local Government Institutions as at 31 December 2018 is Rs. 1,285,727,817. Since the balances of Rs. 218,898,449 and Rs. 926,069,312 out of this amount are remaining as non recoverable balances for a period of 5- 10 years and over 10 years respectively at 126 Local Government Institutions, necessary action has not been taken to recover these balances.

(b) In terms of the schedules relevant to contributions to the pension submitted along with financial statements, action has not been taken to recover the contributions of Rs. 461,818,600, which were due from 94 Local Government Institutions during the year under review.

3.2. Performance

By virtue of the section 15 of Local Government Services Law No 16 of 1974 this Fund has been established with the objective to pay pensions and gratuities for the pensionable

members of Local Government Service. However, the officers in provincial public service were also made entitled to the benefits of pension and widows and orphans pension entitled to public officers with the establishment of provincial public service in year 1993 and as a result of such situation, no new members has joined with the fund from 03 September 1993. The expenses for the payment of pension have been born under the vote of Department of Pensions from the allocations made by annual budget estimates as no contribution was made by the new members and further the contributions of the existing members were also not sufficient for the payment of pension. Accordingly the expense made during the current year is Rs. 1,085,161,850. Under such circumstance it had become impossible to achieve the main objective, for which the fund was established.

W.P.C.Wickramarathna
Auditor General

Director General of pensions

Department of Pensions

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of Local Government Services Widowers and Orphans' Pension Fund for the year ended 31 December 2018 in terms of the Section 11(1) of the National Audit Act No 19 of 2018

1. Financial Statements

1.1. Opinion

The audit of the Financial Statements of Local Government Services Widowers and Orphans' Pension Fund for the year ended 31 December 2018 comprising the Balance Sheet for the year ended 31 December 2018, Income and expenditure account, , cash flow statement for the year then ended and note to the financial statement including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements provides a true and fair view of the financial position of Local Government Services Widowers and Orphans' Pension Fund as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2. Basis for opinion

My audit was carried out in compliance with Sri Lanka Audit Standards (SLAuSs). My responsibility has been further clarified in the part 'Auditor's responsibilities for the audit of the Financial Statements'. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3. Responsibilities of the Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund's ability to continue as a going concern, disclosing , as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the institution or to cease operations , or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the fund's financial reporting process.

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

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 misstatements, whether due to fraud or error, and to issue an auditor's 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 Audit 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. And obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control of the fund in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the institution's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institution's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the institution to cease to continue as a going concern.
- Evaluate the overall presentation, structure and the 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.

I communicated with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on other legal and regulatory requirements

National Audit Act No 19 of 2018 includes specific provisions for following requirements.

- The financial statements of the fund comply with the preceding year as per requirement of section 6 (1) (d) (III) of the National Audit Act No 19 of 2018.
- The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (IV) of the National Audit Act No 19 of 2018.

3. Review on operations

Performance

By virtue of the section 14 of Local Government Services (Amendment) Act No 10 of 1985 this Fund has been established with the objective to pay pensions to widowers and orphans of the pensionable members of Local Government Service. However, the officers in provincial public service were also made entitled to the benefits of pension and widows and orphans pension entitled to public officers with the establishment of provincial public service in year 1993 and as a result of such situation, no new members has joined with the fund from 03 September 1993. The expenses for the payment of pension have been born under the vote of Department of Pensions from the allocations made by annual budget estimates as no contribution was made by the new members and further the contributions of the existing members were also not sufficient for the payment of pension. Accordingly the expense made during the current year is Rs. 67,119,987. Under such circumstance it had become impossible to achieve the main objective, for which the fund was established.

W.P.C.Wickramarathna
Auditor General

Director General of pensions

Department of Pensions

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of Local Government Services Widows and Orphans' Pension Fund for the year ended 31 December 2018 in terms of the Section 11(1) of the National Audit Act No 19 of 2018

1. Financial Statements

1.1. Adverse Opinion

The audit of the Financial Statements of Local Government Services Widows and Orphans' Pension Fund for the year ended 31 December 2018 comprising the Balance Sheet for the year ended 31 December 2018, Income and expenditure account, , cash flow statement for the year then ended and note to the financial statement including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements does not provide a true and fair view of the financial position of Local Government Services Widows and Orphans' Pension Fund as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards, due to the significance of the facts discussed in the part 'Basis for adverse opinion' in my report.

1.2. Basis for adverse opinion

Accounting deficiencies

A contribution to the pension to the value of Rs. 352,201, which has been received during the year under review and relevant to the previous years, was adjusted to the accumulated fund and further a deficiency has been observed in the financial statements as a result of the adjusting the remittance of that amount to Department of Pension in the Income and Expenditure Account.

My audit was carried out in compliance with Sri Lanka Audit Standards (SLAuSs). My responsibility has been further clarified in the part 'Auditor's responsibilities for the audit of the Financial Statements'. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3. Responsibilities of the Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the fund's financial reporting process.

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

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 misstatements, whether due to fraud or error, and to issue an auditor's 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 Audit 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. And obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control of the fund in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the institution's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institution's ability to continue as a going concern. If I conclude

that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the institution to cease to continue as a going concern.

- Evaluate the overall presentation, structure and the 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.

I communicated with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on other legal and regulatory requirements

National Audit Act No 19 of 2018 includes specific provisions for following requirements.

- The financial statements of the fund comply with the preceding year as per requirement of section 6 (1) (d) (III) of the National Audit Act No 19 of 2018.
- The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (IV) of the National Audit Act No 19 of 2018 except the recommendation made in 1.2 of this report.

3. Review on operations

Performance

By virtue of the section 16 of Local Government Services Law No 16 of 1974 this Fund has been established with the objective to pay pensions to widows and orphans of the pensionable members of Local Government Service. However, the officers in provincial public service were also made entitled to the benefits of pension and widows and orphans pension entitled to public officers with the establishment of provincial public service in year 1993 and as a result of such situation, no new members has joined with the fund from 03 September 1993. The expenses for the payment of pension have been born under the vote of Department of Pensions from the allocations made by annual budget estimates as no contribution was made by the new members and further the contributions of the existing members were also not sufficient for the payment of pension. Accordingly the expense made during the current year is Rs. 941,275,505. Under such circumstance it had become impossible to achieve the main objectives, for which the fund was established.

W.P.C.Wickramarathna
Auditor General

Director General of pensions

Department of Pensions

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of Teachers Widows' and Orphans' Pension Fund for the year ended 31 December 2018 in terms of the Section 11(1) of the National Audit Act No 19 of 2018

1. Financial Statements

1.1. Opinion

The audit of the Financial Statements of Teachers Widows' and Orphans' Pension Fund for the year ended 31 December 2018 comprising the Balance Sheet for the year ended 31 December 2018, Income and expenditure account, accounts reconciliation statement of the Deputy Secretary of the General Treasury for the year then ended and note to the financial statement including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

The opinion will be made once the institution makes its responses for the recommendations of this draft of the report.

1.2. Basis for opinion

(a) Accounting deficiencies

(i) Payment of teachers' widows and orphans is made by the vote of the Department of Pension and this expense has not been identified and accounted as the payments of the fund. As a result of this situation an amount of Rs. 846,181,511, which is the balance of the Deputy Secretary of the General Treasury, has been shown as an asset in the Balance Sheet as at 31 December 2018.

(ii) Contributions relevant to North Western, Southern, Eastern, North Central, Uva and Northern provinces have not been credited to the fund and they have not been accounted after identifying them as the contributions to be received.

(b) Lack of evidence for the audit

Contributions should be sent to Department of Pension for two objectives in the following manner. Accordingly an amount equivalent to 6% should be sent to Department of Pension as the contributions for teachers' widows/ widowers and orphans fund from the teachers of Pirivenas and Assisted Schools. In the meantime 2% form from the teachers of Pirivenas and Assisted Schools should be sent to the Department of Pension as the contributions for contributory pension scheme as these teachers are not recognized fully as the public officers. However it could not be identified precisely for what contribution the amount of Rs. 66,918,348, which has been credited to account number 8186 by credit

notices in year 2018 under account summaries by the Ministry of Education, has been credited.

My audit was carried out in compliance with Sri Lanka Audit Standards (SLAuSs). My responsibility has been further clarified in the part ‘Auditor’s responsibilities for the audit of the Financial Statements’.

1.3. Responsibilities of the Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund’s ability to continue as a going concern, disclosing , as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the institution or to cease operations , or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the fund’s financial reporting process.

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

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 hole are free from material misstatements, whether due to fraud or error, and to issue an auditor’s 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 Audit 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. And obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control of the fund in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the institution's use of going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institution's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause the institution to cease to continue as a going concern.
- Evaluate the overall presentation, structure and the 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.

I communicated with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on other legal and regulatory requirements

National Audit Act No 19 of 2018 includes specific provisions for following requirements.

- The financial statements of the fund comply with the preceding year as per requirement of section 6 (1) (d) (III) of the National Audit Act No 19 of 2018.
- The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (IV) of the National Audit Act No 19 of 2018 except the recommendation made in 1.2 (a), (b) of this report.

3. Review on operations

3.1. Noncompliance to laws, rules, regulations and the decisions taken by the management

A register, in which particulars of each contributor should be included, has not been maintained in terms of the order no 9 (a) made as per School Teachers' pension act no 44 of 1953.

Performance

In terms of the order no 04 of the School teachers' pension act no 44 of 1953, a fund should be established by the contributions from teachers and then teachers' widows and orphans pension should be paid by the aforesaid fund. However no bank account has been maintained for the fund to make collections and expenses and further contributions have been collected in bank account of widows and orphans contribution (No

110199026658) and above mentioned expenses have been made by the budget allocations under the vote of the Department of Pension. Under such circumstance it had become impossible to achieve the main objectives, for which the fund was established.

3.3. Activities of the management

Following weakness are hereby observed in this regard.

(a) It has become impossible in the audit to reveal information in relation to the amount receivable to the fund, amount received by the fund and the amount in arrears since the schedules, which should contain the number of members of the fund, number of persons, who obtained the membership during the year, number of members, who left the fund, name and the school of members, have not been maintained.

(b) When the contributions are returned action has been taken to return them verifying such amounts from the history sheet. However there was no methodology to verify as to whether such amounts were received accurately to the fund.

3.4. Internal audit

An internal audit has not been conducted by the Internal Audit Division of the Department of Pensions as per Financial Regulation 133 on the functions of the fund during the year under review.

W.P.C.Wickramarathna
Auditor General

Director General of pensions

Department of Pensions

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of Public Services Provident Fund for the year ended 31 December 2018 in terms of the Section 11(1) of the National Audit Act No 19 of 2018

1. Financial Statements

1.1. Disclaimer of opinion

The audit of the Financial Statements of Public Services Provident Fund for the year ended 31 December 2018 comprising the Balance Sheet for the year ended 31 December 2018, Income and expenditure account, , cash flow statement for the year then ended and note to the financial statement including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

I do not express any opinion on the Financial Statements of Public Services Provident Fund. I was unable to collect adequate and appropriate evidences to provide an audit opinion on these financial statements due to the significance of the facts discussed in the part ‘Basis for disclaimer of opinion’.

1.2. Basis for disclaimer of opinion

(a) Noncompliance to the standard 01 of Sri Lanka Public Sector Accounting Standards.

Even though the income and expenditure should be accounted based on accrued basis as per the aforesaid standard, it has been revealed that, in contrary to the above, the money received to the fund is accounted on cash basis following accounting policies of financial statements.

(b) Accounting deficiencies

Due to understating the income of interest by Rs. 1,772,975 for the period of 2018 for the investment value of Rs. 642,000,000 and overstating withholding tax by Rs. 2,079,025 the income of interest on fixed deposits, which were to be received as at the last date of the year under review, has been understated in financial statements by Rs. 3,852,000.

(c) Lack of evidences for auditing

Since action has not been taken to maintain properly the individual accounts of contributors of the fund, it has become impossible at the auditing to conduct an observation at the satisfactory level regarding the balance of Rs. 24,307,762,204 of compulsory contributory account, balance of Rs. 37,786,900 of voluntary

contributory account and balance of Rs. 37,726,705 of government contributory account as at the last date of the year under review.

(d) Non clarified differences

Unidentified balances relevant to the credits and debits made to the fund have been adjusted to the adjustment account by monthly accounts summaries from year 2006 up to 2017 until they are settled. Even though the debit balance of the aforesaid account as at 31 December 2018 is Rs. 29,448, 892 as per financial statements, the balance was observed as Rs. 24,158,246 as per the relevant schedule. Therefore a difference of Rs. 5,290,646 has been observed.

1.3. Responsibilities of the Management and those charged with governance for the Financial Statements

Management is responsible for the preparation of financial statements that give true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the fund's ability to continue as a going concern, disclosing , as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the institution or to cease operations , or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the fund's financial reporting process.

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

1.4. Auditor's responsibilities for the audit of the financial statements

My responsibility is to issue the report of the audit on financial statements of the fund based on the audit conducted in compliance to Sri Lanka audit Standards. However I was unable to collect adequate and appropriate evidences to provide an audit opinion on these financial statements due to the facts described in the part 'Basis for disclaimer of opinion'.

1.4. Report on other legal and regulatory requirements

National Audit Act No 19 of 2018 includes specific provisions for following requirements.

- The financial statements of the fund comply with the preceding year as per requirement of section 6 (1)(d)(III) of the National Audit Act No 19 of 2018.
- The financial statements presented include all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (IV) of the National

Audit Act No 19 of 2018 except the recommendations made in para 1.2. (a), (c) and (d) of this report.

3. Review on operations

3.1. Accounts receivable

According to the schedule as at 31 December 2018, Rs. 19,854,328, Rs. 3,187,045 and Rs. 874,093 out of the balance of adjustment account are old balances from 1-3 years, from 4-6 and 7-10 years respectively. There is a balance of Rs. 125,362, which is older than 11 years.

3.2. Noncompliance to laws, rules and regulations

Following instances connecting to noncompliance to laws, rules and regulations were observed at the audit.

Reference to laws, rules and regulations	Non compliance
(a) Public Services Provident Fund Ordinance of 1942 (Chapter 621) (I) Section 16 (1 b) and 20 (b)	When a contributor of the fund is dismissed from the service due to misconduct or inefficiency or a contributor is appointed a pensionable post of the public service, the contribution made by the Government and the interest for such contributor should be paid back to the consolidated fund. However action has not been taken to refund the Government contribution of Rs. 313,813,696 relevant to year 2018 and the interest to the consolidated fund.
(III) Section 25	Even though the Director General of Pensions should inform the balances of the accounts of members as at 31 December to them at the end of each financial year, such practice has not been followed.
(b) Pension Circular No 07/2015 dated 23 July 2015. Section 08	Even though contributions should not be credited by monthly account summaries as per provisions of Circulars, an amount of Rs. 50,353,743 from 13 institutions has been credited during year 2018 by monthly accounts summaries.

3.3. Activities of the management

Following observations are made in this regard.

(i) A delay of 01 to 14 months was observed at the Postal Division of the Department of Pension in sending the cheques, which are sent by institutions as the contribution to Public Services Provident Fund, to the fund division of Public Services Provident Fund.

(ii) Even though action should be taken as soon as possible to realize the income received by the Government, there was a delay in depositing the cheques received by Public Services Provident Fund for a period from 8 days up to 1 ½ months.

(iii) According to the sample test conducted in September 2018, 43 cheques to the value of Rs. 1,989,639 were observed, of which the contributions were not called back again after sending them back in January, February and March.

3.2. Performance

Public Services Provident Fund has been established with the main objective of granting benefits to certain employees, who do not receive pension. There were 954 applications as at 01 January 2018, for which payments have not been made. Number of the applications submitted by the members of the fund during the year under review for obtaining benefits is 3555. Rs. 354,979, 757 has been paid for 3917 applications out of the above by 31 December of the year under review and no payment has been made for 592 applications.

W.P.C.Wickramarathna
Auditor General

Accounting Officer
Department of Pensions

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of Local Government Services Pension Fund for the year ended 31 December 2018 in terms of the Section 11(1) of the National Audit Act No 19 of 2018

1. Financial Statements

1.1. Qualified Opinion

The audit of the Statement of financial position of Department of Pensions for the year ended 31 December 2018, financial performance statement, 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. This report includes my views and observations in respect of these financial statements submitted to the Director General of the Department of Pensions as per section 11 (1) of National Audit Act No 19 of 2018. Further annual comprehensive report of management audit has been issued to the Accounting Officer on 20 June 2019 as per 11 (1) of National Audit Act No 19 of 2018. The report of the Auditor General to be submitted as per section 10 of the National Audit Act No 19 of 2018 and to be read with Article 154 (6) of the Constitution will be tabled in the Parliament in due course.

In my opinion, the accompanying financial statements provides a true and fair view of the financial position of Department of Pensions as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with generally accepted Accounting Standards, except the effect made by the facts described in the para 1.6 of this report.

1.2. Basis for opinion

My audit was carried out as in compliance with Sri Lanka Audit Standards (SLAS). My responsibility has been further clarified in the part ‘Auditor’s responsibilities for the audit of the Financial Statements’. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3. Responsibilities of the Accounting Officer for the Financial Statements

Chief Accounting Officer is responsible for the preparation of financial statements that give true and fair view in accordance with generally accepted Accounting Principles and the provisions stipulated on Section 38 of National Audit Act No 19 of 2018 and for such internal control 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,

liabilities, to enable annual and periodic financial statements to be prepared of the institution.

Chief Accounting Officer should assure that an effective internal control system is prepared and maintained for the financial control of the Department as per Section 38 (I) (c) of the National Audit Act and further review should be made from time to time to verify the effectiveness of the system and accordingly necessary changes should be made to enhance the effectiveness of the system.

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 misstatements, whether due to fraud or error, and to issue an auditor's 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 Audit 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. And obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control of the fund in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and the 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.

I communicated with the Chief 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 and regulatory requirements

I hereby state following matters as per Section 6 (d) of National Audit Act No 19 of 2018.

(a) Since there was no necessity to prepare financial statements by the Department of Pensions in relation to the previous year, it was not possible to state that the financial statements of the year under review are conforming to the same in the previous year.

(b) Since the Department of Pensions has not prepared financial statements for the previous year, recommendations on financial statements have not been made.

1.6. Comments on financial statements

1.6.1. Accounting deficiencies

Following deficiencies were revealed in accounting.

(a) A difference of Rs. 870,380 has been observed as per the treasury print outs of the income collected by the Department under Revenue Head 20.04.01.00 for year 2018 and financial statements.

(b) Recurrent expenditure

The expenditure born by other Department as per financial regulation no 208 is shown by monthly accounts summary and treasury print outs and accordingly the difference is Rs. 34,533,914,542. However that amount has been shown in the adjustment for petty cash in financial statements as Rs. 33,407,328,729. Accordingly the amount has been understated by Rs. 1,126,585,813.

1.6.2. Property plant and equipment

According to the statement of non-financial assets, the opening balance, purchases, and closing balance have been stated as Rs. 1,985,439,603, Rs. 33,762,583 and Rs. 2,009,824,699 respectively. However these figures are shown in the register of assets as Rs. 1,986,066,147, Rs. 33,630,783 and Rs. 2,010,319, 443 respectively. As a result of this, the closing balance in financial statements has been understated by Rs. 494,744.

2. Financial Review

2.1. Management of revenue

(a) Revenue code No 20:04(01(00 (Central Government)

Credit notices have not been called from relevant institutions as per Pension Circular No 1/2001 dated 15 January 2001 to get a confirmation on a refunding of Rs. 588,412, which has been made from the revenue during the year under review.

(b) Revenue Head No 20: 04: 02: 00-Contributions for social preservation – (Provincial Councils)

Following observations are made in this regard.

(i) Internal control system including an appropriate data system has not been applied enabling the identification specifically the contributions credited to revenue code as per heads and contributions in arrears in connection to contributors. Accordingly it has become impossible to identify the income of Rs. 8,683 million, which has been collected during the year, separating them as the income collected for the year and the receipt of income in arrears and impossible to identify as per the contributor.

(ii) In terms of the section 2.1 of the Circular of the Director General of Pensions No 1/2001 dated 15 January 2001, the cheques issued for contributions to widows and orphans pension should be sent before the 5th of the next month, if they are sent at institutional level. However

delays are observed in this regard for a period from 70 days up to 184. When one cheque is issued for the contributions by provincial councils for all the offices, action should be taken in terms of the section 2.2. of the circular to call such cheque before 15th of the next month. However delays are observed in this regard for a period from 10 days up to 54.

(iii) 06 cheques to the value of Rs. 573,809 sent by institutions, which make contributions directly by cheques, have been returned from 20 February 2018 up to 26 April 2018 due to various reasons. However these contributions have not been recovered again by 06 May 2019, even after lapse of one year.

2.2. Management of expenses

Following observations are made in this regard.

(a) The net allocations for 04 votes on recurrent expenditure and 02 votes on capital expenditure are Rs. 1,202,130,000 and Rs. 1,215,000 respectively, the total expenditure relating to those votes are Rs. 156,994,573 and Rs. 885,996 respectively. Accordingly the balances relating to the votes are Rs. 1,045,135,427 and Rs. 329,004 respectively. The balance of one vote out of the above is 100% and the balances of the remaining 05 votes were at the range from 17.5% up to 28.5% from the net allocation.

(b) In addition to the allocations of Rs. 138,117,277,300 made for 6 votes during the year under review, there is a balance of Rs. 1,229,195,160 even after deduction of net transfers to the value of Rs. 374,738,000 under F. R. 66 and 69.

2.3. Assurances to be made by the Accounting Officer

In terms of the provisions in section 38 of National Audit Act No 19 Of 2018 the Accounting Officer should made assurances regarding the following matter but no such action has been made by him.

(a) The Accounting Officer should assure that an effective internal control system is prepared and maintained for the financial control of the Department and from time to time it is required to conduct reviews on the effectiveness of such internal control system. Accordingly necessary changes should be made in order to assure the smooth functioning of the system and the review should be made in writing and a copy of the review should be submitted to the Auditor General. However no statement has been made to the auditing to the effect such review has been conducted.

(b) The Accounting Officer should assure that annual and other financial statements are prepared within due time frames and further Accounting Officer should see to submit annual reports audited relating to the entity to the Parliament. However such requirements have not been satisfied as per audit observations mentioned in para 3.1.1.

(c) Chief Accounting Officer and Accounting Officer should assure that answers are submitted to all audit queries within the due periods as required by the Auditor General. However such answers have not been made to 12 audit queries made for year 2018.

2.4. Noncompliance to laws, rules and regulations

Observation

Reference to laws, rules and regulations	Value Rs.	Non compliance
(i) Financial Regulation 170 (2) (a) (b) (c) (d) and (e)	5,991,000	An amount of Rs. 5,991,000 received from 15 private institutions for the ceremony held for Pensioners' Day in 2018 has been retained in general deposit account even by 08 July 2019.
(ii) Pension Circular (Revision) No 01/2011 dated 07 April 2014.		Maintenance of a proper control account at each Divisional Secretariat to streamline the monthly payment of pension has been made compulsory. However according to a sample test it was revealed that the above requirement has not been satisfied the Divisional Secretariats of Negambo, Meerigama, Gampaha, Warakapola, and Wattala.
(iii) Pension Circular No 06/2013 dated 03 December 2013 and Pension Circular Letter No 02 dated 14 June 2011.		Non paid pensions should be returned to the Department of Pensions during the month following the relevant month. However it was revealed by the sample test an amount of to the value of Rs. 4,567,674 has been returned after retaining such money in the general deposit account for a period from 02 to 12 months by Divisional Secretariats of Alawwa, Meerigama, Gampaha and Warakapola.
(iv) Pension Circular No 11/2009 dated 08 June 2009		When the life certificates of the pensioners are submitted annually they should be submitted with the signature of the Grama Niladhari. However during the year under review 11 instances were observed in the Divisional Secretariat, Wattala where the payments have been made based on the life certificates submitted only with the signature of the pensioner.
(v) Para 08 of Pension Circular No 01/2009 dated 07 January 2009		The supervision of the payment of pension to differently abled children should be entrusted fully to Grama Niladharies. The Grama Niladhari should assure that the differently child is given proper protection

		and a quarterly report should be included in the file. However it was revealed at the sample test this requirement has not been satisfied by Divisional Secretariats of Gampaha and Negambo.
(vi) Pension Circular No 3/2016 dated 27 April 2016 and Public Administration Circular No 5/2015 dated 11 February 2015		Officers, who retire after 01 January 2016, are not entitled to the monthly interim allowance of Rs. 3,500. However 3 retired officers have been paid Rs. 261,991 as the above interim allowance by Divisional Secretariat, Warakapola in contrary to above prescription.

2.5. Issuance and settlement of advances

Following observations are made in this regard.

(a) As per Financial Regulations No 371(2) (c) relevant advance should be settled immediately after the fulfillment of the task. However it has taken time from 42 days up to 114 days from the date of issuance of advance to settle 04 advances to the value of Rs. 50,000.

(b) As per the reconciliation statement of the Advance account of public officers submitted for auditing, the aggregate of the balances to be recovered from officers, who have been transferred, interdicted and who have vacated their posts as at 31 December 2018, is Rs. 3,290,000. Out of the above the balance the amount to be recovered from 04 officers for a period from 1 to 5 years is Rs. 744,602. Further the balance in arrears to be recovered from 14 officers for a period of more than 5 years is Rs. 572, 236 but they have not been settled up to 31 December 2018.

2.6. Deposits

An amount of Rs. 696,500 recovered for the motorcycles provided to 05 field officers served in the Department due to their transfers to another service has been retained in general deposit account from October 2018 without sending it to the Department of National Budget.

3- Operational review

3.1. Performance

3.1.1. Annual performance report

The annual performance report relevant to the year under review should be tabled at the Parliament by the Department within 150 days from the end of the financial year as per Public Finance Circular No 402 dated 12 September 2002. However annual performance report for year 2018 has not been tabled even by 08 July 2019.

3.2. Procurement

Following observations are made in this regard.

(a) An assignment has been entrusted to a contractor to modify 06 divisions of the Department and according to the physical inspection conducted by the audit, it was observed that Rs. 332,151 has been paid to the contractor for the tasks mentioned in the bill even where the tasks have not been made as per estimate and further n over payment to the value of Rs. 1,132,748 has been paid for non-fulfilled tasks.

(b) When the bills for the modification works of Information Technology Division are settled, an over payment of Rs. 122,039 has been made due to a calculation error.

(c) An overpayment of Rs. 114,954 has been made for tasks which were not fulfilled in the purchase and fixing of air conditioners for Government Audit Division, Internal Audit Division and Anomalies and Contributions Division.

3.3. Transactions in the nature of financial malpractices

(a) Divisional Secretariat, Gampaha has credited the pension of a female officer to her bank account, who was obtaining two pensions i.e. civil and widows pension and demised on 30 May 2012, for a period of 55 months from June 2012 up to December 2016. An amount of Rs. 2,696,303 has been withdrawn by her son using ATM card. Even though he has paid back Rs. 308,052 out of this amount to the Department, action has not been taken by the Department even by 30 June 2019 to recover the balance of Rs. 2,388,251.

(b) Rs. 582,423, which is the pension of a female officer for a period of 29 months from December 2013 to April 2016, who was receiving pension under pension no 01-600772 and demised on 07 November 2013, has been credited to the bank account of the officer. Money has been withdrawn from time to time from the account using ATM card and Department has not taken action by 30 June 2019 to recover an amount of Rs. 581,916 withdrawn from the account.

(c) An officer has obtained two pensions i.e. temporary pension from Gampaha Divisional Secretariat under Pension number 01-600575 and permanent pension from Mahara Divisional Secretariat under Pension Number 01-620195 for 20 years from January 1991 up to February 2016. The amount obtained from Gampaha Divisional Secretariat is Rs. 1,872,387 and the pension of the officer has been suspended from 10 February 2016. However no action has been taken to recover the amount obtained by the officer in excess the due amount.

(d) The female officer holding Pension Number 21-0-105353 has demised on 11 March 2011 and the year of birth and number of the N.I.C. have been indicated in the pension data base as 1930 and 608212523V respectively. It is the N.I.C. number of demised officer and accordingly the daughter has obtained fraudulently her mother's pension from the date of death of the officer up to July 2018, in which pension was suspended. The amount obtained in the above manner is Rs. 1,562,470.

Pension Officers serving in the Divisional Secretariat have not taken action to suspend temporarily the payment of pension due to unavailability of a life certificate after year 2011 and the pension has been credited to joint bank account.

3.4. Losses and damages

Following observations are made in this regard.

(a) The overpayment of pension, which has to be recovered during the year under review and mentioned note 01 of Financial Statements, is Rs. 591 million. This amount consists of Rs. 8

million, 37 million and 546, of which the period is more than 10 years, 5 to 10 years and less than 5 years respectively. However no action has been taken to recover this amount.

(b) When the closing balance of 31 December 2018 and opening balance of 01 January 2019 in note 01 of financial statements are reconciled, differences were observed at 213 Divisional Secretariats as per the recoveries made by D.S. Offices and at 231 Divisional Secretariats as per the recoveries made by Department.

(c) If the pensioner/contributor is paid the salary in terms of the Pension circular No 5/2015 dated 05 July 2015, by the institution, where the officer served for the last time up to the age of 55 years, pension should not be revised as per Public Administration Circular No 6/2015. However an overpayment of Rs. 156,081 has been made up to October 2018 revising one widows and orphans pension by Divisional Secretariat, Warakapola contrary to the above prescription.

(d) When the pension data system was inspected, it was revealed that two pensions i.e. civil pension under pension No 521426 and teachers' pension under pension No 02-1101946 have been obtained by a pensioner submitting 2 history sheets. Accordingly this person has been paid Rs. 1,535,224 from 2010 up to January 2019 under Pension No 01-521426 and Rs. 3,562,555 from 2011 up to January 2019 under Pension No 01-1101946. However Department has not taken action to recover the overpaid amount examining the matter.

3.5. Uneconomical transactions

Even though Rs. 156,984 has been paid for the newspaper advertisement published in the newspapers on 05 October 2018 for recruitment of 02 officers for the post of service counter assistants, no recruitment has been made by 29 May 2019.

3.6. Management inefficiencies

(a) The number of the files at 06 Divisional Secretariats such as Negambo, Meerigama, Gampaha, Alawwa, Warakapola and Wattala, of which pension has not been revised as per Public Administration Circular, has amounted to 669.

(b) Even though those, who are not fully disabled persons by birth, should be directed to a Medical Examination Board once in every 5 years as mentioned in Gazette Extraordinary No 1719/3 dated 15 August 2011, such s have never been directed to a Medical Board by Divisional Secretariats of Warakapola, Nagambo, Meerigama, Gampaha, Alawwa, Rambukkana.

(c) In terms of the Circular Letter No 04 dated 16 October 2014 of the Director General of Pensions, pension file should be sent to the relevant Divisional Secretariat at least within 03 months from the payment of first pension. However 65 pension files have not been received even after the lapse of 3 months from Divisional Secretariats of Negambo, Gampaha and Warakapola. The delay has increased from 01 to 16 months from the date on which the file should have been submitted.

(d) Non reporting the death of pensioner on prescribed date.

i. It has taken more than one year to recover Rs. 2,518, 420 from the pensioners who obtained their pension from Divisional Secretariat, Gampaha through bank accounts of pensioner by Divisional Secretariat, due to not reporting on due time the deaths of pensioners by Grama Niladhari. Further instances were observed where such non-paid pensions are kept inactive in accounts of other banks.

(ii) Pensions have been paid to demised pensioners as a result of the lack of awareness of the Divisional Secretariat regarding the death of the pensioner. The total overpayment of Rs. 336,378 made by Divisional Secretariat, Gampaha, to 10 pensioners demised in 2016 and Rs. 750,390 to 7 pensioners demised in 2017 has not been recovered even by December 2018.

(e) Weak maintenance of the record room

As per the data system of Divisional Secretariat, Gampaha, as at 30 April 2018, there were 11,274 pensioners and 10,963 files out of the above pensioners were kept in the record room. The files in the record room have not been stored enabling to find them easily. The files were facing destruction due to dust and cobwebs and it was observed that there was no adequate protection for the files. Further newly built record room was kept unutilized by the date of audit.

(f) Even though it is necessary to stop the disabled pension paid to pensioners, whose service period is not completed, and further disabled pension should be shown separately in the data base of pension along with the basic salary paid under category 59, it was observed that Divisional Secretariats of Warakapola and Alawwa have not combined the pension.

(g) According to the reports on deductions at Divisional Secretariat, Gampaha, the overpayment of Rs. 695,631 of 3 pensioners, which was to be recovered by 01 January 2018, was remaining in the same manner by 07 July 2018 and a case has been filed to recover an overpayment of Rs. 582,423 out of this amount.

(h) According to the quarterly reports on the recovery of overpaid pensions at 2 Divisional Secretariats, it has taken time from 08 months to 16 months from the reporting date to commence the recovery of the overpayment of Rs. 745,299 made at 09 occasions.

(i) Even though a pension file should be maintained for every pensioner receiving a pension, pensions were being paid to 512 pensioners in 6 Divisional Secretariats i.e. Negambo, Meerigama, Gampaha, Alawwa, Warakapola and Wattala without maintaining such files.

(j) Action has not been taken by Divisional Secretariat, Negambo to get the approval of the Department submitting documents in temporary files prepared for 54 pensioners. Further it was revealed as per the data base of pension that 23 pensioners residing outside the area of Negambo Divisional Secretary's Division were receiving pensions from the above office.

(k) 99 instances were observed where pensions were paid by 06 Divisional Secretariats i.e. Negambo, Meerigama, Gampaha, Alawwa, Warakapola, and Wattala without N.I.C. number in pension data base.

4- Human Resource Management

Attached staff, actual staff and expenses for personal emoluments

Approved, actual and excess cadre and the number of vacancies as at 31 December 2018 are as follows.

Employee category	Approved cadre	Actual cadre	Number of vacancies	Cadre in excess
(i) Senior level	34	24	10	
(ii) Tertiary level	11	06	05	-
(iii).Secondary level	1078	942	136	-
(iv).Primary level	75	57	18	-
(v).Other(Casual)	06	08	-	02
Total	1204	1037	169	02

In terms of the provisions of chapter 18, volume 1 of the procedural rules of the Public Services Commission published in the Gazette Extraordinary No 1589/30 dated 20 February 2009 it has been informed that Pension Officers and Documentation Assistants, who have completed a service of more than 5 years in one and the same service station, are compulsorily transferred as per the annual transfer scheme. However 8 officers were serving in the Head Office of the Department for more than 8 years and whilst 11 officers were serving for a period from 6 to 10 years.

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Assistant Auditor General
For Auditor General