

Report of the Auditor General on Head 308 Department of Posts – Year 2015

The audit of the Appropriation Account, Revenue Account and Reconciliation Statements including the financial reports, books, registers and other records of the Head 308-Department of Posts for the year ended 31 December 2015 were audited in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Director General of the Department on 11 January 2017. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and the Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Account and Reconciliation Statements in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs. 11,960.50 million and out of that a sum of Rs. 11,952.04 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department amounted to Rs.8.46 million or 0.07 per cent of the total net provision. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. millions	Rs. millions	Rs. millions	
Recurrent	11,759.50	11,755.69	3.81	0.03
Capital	201.00	196.35	4.65	2.31
Total	11,960.50	11,952.04	8.46	0.07

2.2 Revenue Accounts

Estimated and Actual Revenue

The Department had prepared Revenue Estimates totalling Rs. 7,000 million in respect of Revenue Code 20.01.02.00 for the year 2015 and the Revenue totalling Rs. 6,710.88 million had been collected. Accordingly, 95.87 per cent of the estimated Revenue had been collected.

2.3 Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by the Parliament for the Advances to Public Officers Account of Object number 30801 of the Department and the actual amounts are given below

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
765.95	609.05	644.95	704.53	2,200.00	1,659.37

2.4 Imprest Account

The balance of Imprest account No. 7002/0000/00/0098/0015/000 of the Department as at 31 December 2015 amounted to Rs. 527.95 million.

2.5 General Deposit Accounts

The balances of 6 Deposit Accounts of the Department as at 31 December 2015 totalled Rs.16.53 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
	Rs. Millions
6000/0000/00/0015/0162/000	9.42
6000/0000/00/0001/0038/000	0.10
6000/0000/00/0002/0049/000	0.01
6000/0000/00/0013/0039/000	0.68
6000/0000/00/0016/0002/000	3.93
6000/0000/00/0018/0009/000	2.39
Total	16.53

2.6 Audit Observation

The Appropriation Account, the Revenue Accounts and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Post have been prepared satisfactorily subject to the observations appearing in the Management Audit Report referred in paragraph 1.1. The material and sufficient observations out of the observations appeared in the Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non – maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers.

Type of Register	Relevant Regulation
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(i) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978
(ii) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002

3.2 Imprest Account

Following observations are made.

- (a) The balances of 02 Bank current Accounts not settled as at 31 December 2015 totalled Rs. 454,921.
- (b) The balance of sub imprest account not settles as at 31 December 2015 totalled to Rs. 142,408 and out of that Rs. 134,370 had not been settled even by 31 August 2016.
- (c) Even though as per the circular No.06/2015 dated 23 November 2015 of the Department of Treasury Operations the Imprest balance as at 31 December 2015 should be settled, the imprest balance as at 31 December 2015 totalled Rs.450,648,654 had been transferred to 2016 Imprest Account on 23 March 2016.

3.3 General Deposits Account

Action in terms of Financial Regulation 571 had not been taken on 16 lapsed deposits as at 31 December 2015 totalling Rs. 3,950,933.

3.4 Revenue Account

The duties relating to the preparation of Revenue Estimates, collection of Revenue, Accounting and the presentation of Accounts relating to Revenue Code 20-01-02-00 had been assigned to the Head of Department as the Revenue Accounting Officer. The following observations are made during the course of the test audit of those Revenue Codes.

- (a) While preparing the Revenue Estimate for the year 2015, exam fee commission, telephone income commission and free post income had not been considered. A sum of Rs. 44,169,802 comprising Rs. 2,892,957, Rs. 2,162,501 and Rs. 39,114,344 respectively had been collected from those Revenue Codes.
- (b) Revenue amounting to Rs. 2,991,412 had been in arrears as at 31 December 2015. Even though the arrears of Revenue related to periods ranging from 01 year to 5 years those arrears revenue had not been collected even as at 31 August 2016.
- (c) A difference of Rs. 80,892,440 relating to 06 Revenue Codes of assistance service network occurred between computer division reports and revenue reports as at 31 December 2015.
- (d) Even though Revenue from communication centre for the year 2015 totalled to Rs. 7,000,000, for the year 2014 it was Rs. 44,184,797 and a sum of Rs. 37,184,797 or 84.16 per cent had been decreased.
- (e) A sum of Rs. 7,000,000 had been accounted as the revenue from communication centre for the year 2015. An amount from the balance after adjusting receipts and payments had been transferred to the Post Mater's Revenue Account. Accordingly, the correct income from the communication centre could not be identified due to the method for transferring this Revenue had not been presented for the audit.
- (f) According to the paragraph No. 07 of State Fiscal Policy circular No. 01/2015 dated 20 July 2015, well prepared quarterly revenue reports had not been sent to the Director General of the Department of State Fiscal Policy within 15 days after the quarter.

3.5 Reconciliation Statements of the Advances to Public Officers Account

The following deficiency was observed during the course of test checks of the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account Item No. 30801.

- (a) According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date totalled Rs. 67,557,186 and out of that Rs. 50,099,550 remained over periods ranging from 01 year to 34 years, the follow-up action on the recovery of the outstanding balances had been at a weak level.

- (b) According to the National Budget Circular No. 155 dated 30 December 2011 the maximum distress loan amount for a Public Servant is Rs. 250,000, without considering that limit distress loans had been paid in 9 instances.
- (c) A difference of Rs. 1,221,203 had been appeared between the Summary of Individual Balances and the balance of the district Account control account.
- (d) Thirty seven (37) instances of unreconciled balances had been observed between loan registers and the account of the Central Mail Exchange. The difference totalled to Rs. 892,393.

3.6 Good Governance and Accountability

Annual Procurement Plan

A provision of Rs. 201 million had been made by the Annual Budget Estimated for obtain goods and services according to the Government Procurement Guidelines. Out of that provision, details of utilization of Rs. 155 million had not been included in the annual procurement plan.

3.7 Assets Management

The following deficiencies were observed during the course of audit test check conducted on Assets of the Department.

(a) Idle and Underutilized Assets

Following observations are made.

- (i) 12,049,049 numbers of Stamps/souvenir sheets valued to Rs. 308,947,810 and official stamps which were not valued had been remained idle in Narahenpita stamps vault as at 31 December 2015.
- (ii) Stamp envelopes, first day envelopes, greeting cards, awareness books, stationeries and stamp books valued to Rs. 9,131,734 had been remained idle at the stores.
- (iii) An audit query had been issued on 23 September 2015 relating to parking of 06 motor vehicles in Central Mail Exchange. According to the reply of the Post Master General on 29 December 2015, it was parked because of insufficient space in the transport division and out of that 03 vehicles had been allocated for the officers who were obtaining vehicle allowances. A copy of the letter had been furnished which had sent to the Secretary to the Ministry regarding 4 vehicles which were excess. However, these vehicles had been remained idle in that premises even up to 26 July 2016.

(iv) Two vehicles had been idled in the premises of Central Mail Exchange as at 26 July 2016.

(v) A motor vehicle had been ruined in the Central Mail Exchange. It was observed even as per the reply this vehicle is belonging to Ministry of Postal, Postal Services and Muslim Cultural affairs, it is not belonging to that Ministry.

(b) Conduct of Annual Boards of Survey

In terms of the Public Finance Circular No. 2/2014 dated 17 October 2014, Annual Boards of Survey for the year 2015 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2016, reports of offices of regional postal superintendent Colombo, Kalutara, Mannar, Kegalle had not been furnished to audit even up to 31 August 2016.

(c) Unsettled Liabilities

Liabilities of Rs. 81,704,624 were committed exceeding the savings after utilization of provisions made for 16 Objects.

3.8 Non – compliances

(a) Non – compliance with Laws, Rules and Regulation etc.

Instances of non-compliance with the provisions of laws, rules and regulations observed during audit test checks are analysed below.

Reference to Laws, Rules and Regulations	Non – compliance
----- Public Administration Circular ----- Circular No. 41/90 of 10 October 1990	----- Fuel consumption test for the vehicles belonging to the Department had not been done once in a six months.

3.9 Performance

The revenue earned and the expenditure incurred by the Department of posts as compared with the preceding year are given below.

(a) Key Functions not Executed Adequately

The revenue earned and the expenditure incurred by the Department of posts as compared with the preceding year are given below.

Particulars	2014	2015	Difference	Increase as a Percentage
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	Rs.Millions	Rs.Millions	Rs.Millions	
Revenue	6,557	6,711	154	2.35
Expenditure	9,541	11,756	2,215	23.22
Operating Deficit	2,984	5,045	2,061	69.07

(c) Following deficiencies were observed while checking the annual action plan of 2015 and its progress.

(i) Seven projects amounted to Rs. 23.28 million which were planned to implement in the year 2015 had not been implemented.

(ii) Eleven projects valued Rs. 23.74 million had been implement, which had not been planned to implement in the year 2015.

3.10 Deficiencies in Operation of Bank Accounts

Balances for Adjustments

An unidentified Rs. 50,000 relating to Head Office Current Account which was existing more than 3 years had not been cleared even up to 31 August 2016.

3.11 Irregular Transactions

Certain transactions entered into by the Department were devoid of regularity. Several such instances observed are given below.

(a) Deviation from the Government Procurement Procedure

Following observations are made.

(i) Purchasing of Empty Polysac Bags totalled Rs. 6,954,200 for the Presidential Election.

For purchasing white and red big polysac bags 4,000 and 15,000 respectively and 60,000 white and red small polysac bags as each 30,000, bid called from 6 registered suppliers on 8 December 2014. Four institutions had been submitted bids. Following observations are made in this regard.

- According to the Procurement Guideline 8.9.1(b) of the Government Procurement Guidelines, it was not entered to an agreement and a

performance bond had not been obtained in terms of guidelines 5.4.10.

- Without calling open quotation, it was decided to call bid under limited quotation for the needs of Presidential Election. The polysac bags had not been supplied on due dates and it was not supplied even at the end of October 2015.
- An institution, which had not submitted a bid security on the name of Post Master General, had bided to supply one big white polysac bag for Rs.44.50. That bidder had been taken off from the primary evaluation due to that and contract had been awarded to purchase 40,000 bags for a price of each Rs. 77.11 on 12 December 2014.

(ii) Purchasing of 8,500 Sawal Bags

For purchasing 8,500 sawal bags for distribute election cards of the Parliamentary Election 2015, quotation had been called from only 01 corporation on 06 July 2015 under the direct purchasing method. Following observations are made in this connection.

- Even though if the purpose of purchase of Sawal Bags were Election the Corporation should be supply before 06 August 2015, but it had not been supplied even up to 25 August 2015.
- The Corporation had been informed that the agreement will be cancelled on 11 August 2015 and the performance bond will be charged due to failure of supply the goods. On 26 August 2015, 5,047 sawal bags had been delivered by the supplier to the Narahenpita stores. It was decided not to cancel the performance bond and only had charged 1 per cent as demurrages.
- Even though this procurement which was decided to direct purchase for the election purpose had been spent under the election vote, the objective of the purchase had not been fulfilled.

(iii) Transport of Sea Mail Cargo to the Overseas Destination

A sum of Rs. 11,521,156 and Rs. 7,693,780 spent for 2014 and up to August 2015 respectively for transportation of sea mail cargos to overseas. Following observations are made in this connection.

- Five bids including the institution which was awarded the contract in 2014, had been bided for the procurement of transportation of the sea cargos to the overseas destinations for the year 2015. Due to lack of qualifications or experience required by the Department. According to the decision of the bid committee dated 19 December 2014 above

bidding had been cancelled and extended the period of the institution until 30 April 2015, which was awarded in the year 2014.

- According to the guideline 7.8.4 (e) of the Government Procurement Guidelines, lack of qualifications should be treated as a major deviation, but it had been treated as a minor deviation for this institution in 2014. That institution had been rejected in the primary stage of the bid in 2015.
- The bid had been rejected due to lack of qualifications and bank guarantee had not kept in the name of Post Master. But the bank guarantee had been taken in the name of Accountant. Accordingly, presented bid security had been a valid security.
- The prices submitted by this institute in the year 2015 had been less than the year 2014 as total for 17 destinations per cubic meter from US \$ 2,950 to US \$ 2,670. Without considering the less prices contract had been extended till 30 April 2015 for the previous year prices.
- An advertisement published on 15 March 2015 for select suppliers for the year 2015/2016 due to cancellation of the above procurement. A sum of Rs. 73,177 had been paid to a paper company. Even though 03 institutions including the previous supplier had been sent quotations this time, those 03 institutions had not been completed their basic qualifications. Accordingly, proper action had not been taken regarding non presence of qualified bidders and amendment of those qualifications.
- While selecting institutions for transportation of sea mail to the overseas destinations, institutions had been rejected and selected each year by the Departmental Technical Evaluation Committee and Procurement committee showing with various bases without any standards. Accordingly, it was observed that from the procurement of sea mail transportation was not favourable for the government and selection of the contractor could not be accepted in audit.

(iv) Purchasing of 8,000 Rain Coats for Postmen

Eight thousand rain coats amounted to Rs. 8,800,000 had been purchased as a direct purchase from a government corporation considering as an urgent need for deliver the ballet papers due to heavy rain. Quotations had been received on 29 December 2014 and the 8,000 rain coats had been ordered to receive in 4 parts from 31 December 2014 to 31 January 2015. Only 423 rain coats had been supplied before the Election on 31 December 2014 by the Corporation. One hundred and forty eight rain coats had been issued to

Ampara Main Postal Superintendent. Following observations are made in this connection.

- Even though 8,000 rain coats had been ordered as considering urgent need of Presidential Election, the purpose of purchasing rain coats had not been fulfilled due to only 423 rain coats had supplied by the corporation.
- Even though as per the guideline 8.9.1 (b) of Government Procurement Guidelines it should be entered in to an agreement while purchasing value exceeding Rs. 500,000, it had not been done in this procurement.
- A performance bond had not been obtained according to the guideline 5.4.10 of Government Procurement Guidelines.
- Purchase of 2,000 rain coats had been awarded to the same company on 04 April 2015 under the Election Vote as another order of this bid without competitive bidding.
- Even though the re-ordered 2,000 rain coats should be supplied before 30 April 2015, it had not been supplied even up to 27 May 2015.

(v) Purchasing of 4,000 Jute String Ropes and 4,000 Jute string Balls.

A sum of Rs. 2,804,000 had been spent for purchase 4,000 Jute String Ropes and 4,000 Jute String Balls. It had been spent a sum of Rs. 1,456,000 for purchase 4,000 Jute String Balls as each 1kg for Rs.364 by rejecting the lowest price of Rs. 344.80 for 1kg. The lowest price of Jute String Balls had been rejected as mentioning that it was low quality. But assistance of a knowledgeable officer had not been obtained for check the standard of the quality.

(vi) Purchasing of Safety Plastic Seals.

An open bid had not been called for purchasing of 3 million safety plastic seals. Even though bid had been opened on 31 July 2014, the Technical Evaluation Report had been given on 29 October 2014. Accordingly it had been spent more than 6 months to receive the goods to the department by completing the procurement. Even though 21 Institutions had been bided, out of that 19 Institutions had been rejected by the Technical Evaluation Committee. The contract had been awarded on 07 November 2014 to an institution for a price of Rs. 8,30 by rejecting the lowest price of Rs. 6.83 bided by other 2 institutions. The contract had been awarded to this company under the concept of priority to the local producers. Following observations are made in this connection.

- According to the guideline 7.9.6 of Government Procurement Guidelines, calculation of permissible 20% had not been favourable for the Government.
- Even though 750,000 of Safety Plastic Seals should be supplied before 07 April 2015, it had not been supplied even up to 27 April 2015. Nevertheless, an order of Rs. 1.5 million had been given to same company on 27 April 2015. Accordingly, a loss of Rs. 6.6 million had been occurred to the Government due to 4.5 million safety plastic seals purchased for Rs. 8.30 each even it could be purchased for Rs. 6.83.

(vii) Purchase of Uniform Clothes

Bid had been called from 9 registered suppliers on 23 April 2015 for purchase of Uniform Clothes for the year 2015. Technical Evaluation Committee report had been issued on 11 July 2015 after a delay of 3 months. Procurement had been awarded to the suppliers on 04 August 2015. Following observations are made in this connection.

- Even though uniform clothes should be supplied before the year started, uniforms for the year 2015 had been supplied after a delay of 10 months.
- At the time of bidding, it was not decided the quality of clothes for selecting the suppliers for purchase of uniform clothes. Because of these uniform clothes suppliers had been selected by checking the samples given by the suppliers.

(viii) Construction of a New Building for Imaduwa Post Office

According to the Deputy Speakers request under Developing Small Cities, it was decided to construct a new post office building in Imaduwa Pradeshiya Sabha area in Galle District and a sum of Rs. 3 million had been paid to the Department of Building on 31 December 2012 for this building from the provision of Rs. 3 million made for construct a post office in Thiruppane. Following observations are made in this connection.

- Land had not been checked before made the payment.
- It should be spent more for construct a drainage system for water inflow, construct holding walls, fixing the unfixed soil layers in the proposed land as per the letter of Director General Buildings dated 06 March 2013. Construction had not been done by the Department of Building stating that this land was not financially suit for

constructing this Post Office. However, the paid above Rs. 3 million had not been recovered.

- Even though it was proposed that the land was not suitable for construction, an MOU had been signed between Urban Development Authority and Department of Posts on 23 December 2014 for this construction.
- The estimated cost including the cost of land amounted to Rs. 8,587,965. Even though a sum of Rs. 1,717,593 could be paid as mobilization advance from 20 per cent of the contract value in terms of guideline 5.4.4 (1) of the Government Procurement Guidelines, a sum of Rs. 8,000,000 had been paid contrary to the guidelines on 31 December 2014.
- According to the 3rd condition of the MOU, the balance payment of Rs. 587,965 should be paid on the time of transferring the land legally after receive all approvals by completion, balance payment had been paid on 20 October 2015 without transferring the land legally.
- The Post Office had been opened on 21 November 2015 with defects.

3.12 Losses and Damages

Following observations are revealed during the course of audit test checks.

- (a) Losses of 27 vehicle accidents occurred between 09 January to 30 December 2015 had not been assessed.
- (b) An uncleared financial loss of Rs. 3,861,791 had been continued in daily cash account from 01 January 1998 as losses and Damages in Wattala Post Office and it had not been settled even up to 31 December 2015.
- (c) A stamp shortage as at 31 December 2015 amounted to Rs. 7,196,150 had not been cleared at Narahenpita Stamp Stores.
- (d) Action had not been taken to write off a stamp stock amounted to Rs. 837,050 which had been rejected due to damage and printing errors.

3.13 Uneconomic Transactions

Transactions entered without frugality had been revealed in course of audit test check and details are given below.

- (a) Rates and Taxes for Department of Posts had been paid in a delay. Arrears rate and taxes from 1996 for the post offices of Chattam Street and Lotus Road arrears rate and taxes from 2007 for the Elvitigala post office had been paid in the year 2015.
- (b) A sum of Rs. 6,962,039 had been paid to Colombo Municipal Council as arrears rate and taxes up to September during the year under review. Even though a 10 per cent discount could be received by paying rate and taxes for each year before 31 January, the discount amounted to Rs. 696,204 had not been received due to not paid as per.
- (c) Even though a sum of Rs. 210,152 had been paid a contractor for constructing a new post office building in Thiruppane, the payment had been fruitless due to stop the construction.

3.14 Management weaknesses

Following weaknesses are observed during the course of audit test check.

(a) Money Order Service Account – 2014

Following weaknesses had been revealed due to weaknesses in MORS and E-pay software introduced by the Department.

- (i) Issuing, paying of money orders and commission income of computerized money orders could not be used due to non-inclusion of all issues and payments of money orders in to the computerized system in the year 2014.
- (ii) Money order data of sub post offices with lack of computer facilities had been delayed to enter to the computer due to non-submission of on time to control office or District Accountants Offices.
- (iii) Daily money order report had not been obtained on time, an unnecessary time had been spent for that and reports could not be obtained after 2.00 p.m. or money order report for daily cash report could not be sent daily to District Accounts Office.
- (iv) Certified money orders could not be entered to the system in several instances.
- (v) Even though it was entered the money order receipts and payments to the software it had not been shown in the summary report.
- (vi) A summary of commission payment could not be obtained from the District Accounts offices.
- (vii) There were differences between the balances generated through the computer software of the Department and balances according to the Reconciliation Statement of the Money Order Account relating to issuing money orders, payments of money orders and commission revenue of the money orders respectively.

Information obtained though the computer software had not been accurate due to the above reasons. The Reconciliation Statements of the Money Order Account for the year 2014 had been prepared using accounts summaries prepared according to the District Accounts

Summaries and Monthly Accounts Summaries of Money Orders reported to the Treasury by the Book Keeping Section.

(b) Observations of Wattala Post Office

Following observations are made.

- (i) Excess cash ranged Rs. 82,000 to Rs. 2,593,000 had been maintained in the month of June 2015 exceeding the cash limit of Rs. 150,000 approved by the Post master of Wattala Post Office contrary to the Post Master General's circular No. 1/2006 dated 13 June 2013. Even though a cheque amounted to Rs. 766,258 had been issued for salary payment of Gampaha District Accounts Office, salary had been paid by cash in hand without cash the cheque.
- (ii) Stamp revenue had not been remitted daily and stamp revenue of Rs. 186,365 had been remained as at 25 June 2015 under the custody of Post Master.
- (iii) Even though daily cash sheets should be balanced daily, the cash sheet for 24 June 2015 had not been balanced even up to the audit date of 25 June 2015.

(c) Vehicle Control

Following Observations are made

- (i) Action had not been taken even up to 26 July 2016 as per Financial Regulations for 15 vehicles which were noted as disappeared in Jaffna in the war season.
- (ii) Without giving pool vehicles, vehicles had been reserved for each 8 officers and fuel limits also been approved for duties of the officers of head quarter of the Department of Posts. Accordingly, opportunity had been created to use vehicles as the officer's desire.

(d) Communication Centre

Following observations are made

- (i) Even though Communication Centres (postal shops) had been established near main post officer, while checking the activities of communication centres 45 shops out of 91 postal shops had been inactive as at 29 March 2016.
- (ii) Even though revenue of communication centre should be remit daily to the main Shroff, the revenue of Matara communication centre amounting to Rs.268,701 relating to August to November 2012 had not been remitted. Action had not been taken to recover this amount up to 26 May 2016 and one of the officers had been retired in March 2015 and action had not been taken to recover the amount before pay the pension gratuity.
- (iii) A 3 month had been delayed to remit Rs. 83,942 given by an officer who was on duty before the officer appointed to communication centre on 09 May 2013.

(iv) It was made opportunities to misuse public money by late remittance of daily receipts of the communication centre. A sum of Rs. 1,295,885 had been remitted with a delay of 1 month to 7 months.

(v) Following observations are made during the audit test check of the financial statements of communication centres.

- According to the provisions of the Circular of the Post Master General No.14/2000 dated 07 November 2007 a copy of financial statements of the 46 communication centres, which had implemented up to 30 April 2016, had not been sent before 10 of subsequent month to the Post Master General.
- Profit/Loss of each month had not been identified by preparing a profit and loss account for communication centres.
- According to the paragraph 06 of above circular ledger accounts such as cash account, capital account, purchase account, stock account, revenue account, Sales account, overhead account, fixed assets account which should be maintained by District Accounts Office, had not been maintained by Matara and Galle Communication Centres.
- Even though every communication centre should prepared their profit and loss account for disclose their financial results and financial status according to the paragraph 7 of the above circular, Communication centres of Matara and Galle had not been prepared their financial statements from the year 2002.
- Galle and Matara communication centres had not been maintained accounts, books, files and documents as per paragraph 8 of the above circular.

(e) Over time payment

Following observations are made.

(i) Overtime had been paid to officers for works which were done in their duty time considering as overtime contrary to the paragraph 3.2 Chapter VIII of Establishment Code of Sri Lanka Democratic Socialist Republic.

(ii) Even though it could be request for commuted over time allowance from Director General Administration as per paragraph 3.5 Chapter VIII of Establishment Code to prevent overtime allowance payment by an internal programme, recruiting an additional staff while overtime work needed daily in a Department, without following that overtime allowance had been paid as per casual amount by the Department.

(iii) According to the paragraph 3.6 of the above Chapter, approval for overtime of cover up duties should not be granted as soon as an officer on leave or vacancy of a post, vacancy overtime and cover up duty overtime allowances had been paid continuously by the Department of Posts.

- (iv) According to the paragraph 6.1, average overtime per hour should be 1/8 of daily salary. Even though overtime allowances should be calculated from monthly salary as 1/30 for an officer who gets salary monthly, bonus overtime allowances had been paid for officers of the Department of Posts by adding 25 per cent of overtime hours.
- (v) According to the paragraph 7.1 and 7.2 of the above Chapter, overtime allowances should not be paid more than 20 hours including hours of cover up duty in a vacant post and approval from Secretary to the Ministry should be obtained for extra ordinary instances. Without obtaining any special approval, overtime allowance for 40, 60, 80, 100 hours had been paid on transferring the power as per Financial Regulation 135. Overtime approval had been granted by officers such as Deputy Post master General, Chief Accountant and Internal Auditor.
- (vi) A sum of Rs. 878,743 had been paid as over time allowances for a group of officers ranged 12 to 17 attached to Information Technology Division from January to November 2015. An unusual overtime allowances had been paid for 6 officers in 23 instances for working of 02 and 03 days.
- (vii) Overtime allowances had been paid to the officers, without considering finger prints for doing extra duties rather than normal duties such as checking allowances and travelling expenses of the officers who were attended to election duties, issuing advance cheques for payments and supervision. Even though overtime allowances should be paid for extra hours worked as per the finger print machine, opportunities had been created by this approval to obtain overtime allowances within the duty hours without calculating extra hours.

3.15 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 is as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior level	121	87	34	-
(ii)	Tertiary level	147	55	92	-
(iii)	Secondary level	8,854	7,529	1,325	-
(iv)	Primary level	17,659	16,728	931	-
(v)	Causal	-	08	-	08
	Total	26,781	24,407	2,382	08