

## **Head 226 - Report of the Auditor General on the Department of Immigration and Emigration - Year 2017**

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The Appropriation Account, Reconciliation Statement, and the Revenue Account for the Revenue Code included in the Table, 3.1.2 of the annual budget estimate relating to Head and Item stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Department of Immigration and Emigration under the Head 226. The financial and physical performance reflected by those accounts and reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Management and Accountability**

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The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1) (a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

### **1.3 Scope of Audit**

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The audit of the Department of Immigration and Emigration- Head 226 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Controller General of Department on 23 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

#### 1.4 Audit Observation

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The audit observations of the Department of Immigration and Emigration for the year ended 31 December 2017 revealed in audit, appear in the Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.14 of this report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

General responsibilities of the Accounting Officers in terms of Financial Regulation 128	Non-compliance of the Accounting Officer to the Provision	Reference to the Paragraph of the report Containing Observations
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128 (1) (a) The work of his department is planned and carried out with due despatch , having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorised and that an endeavour is made to complete the programme of work laid down for the year and / or attain the targets specified.	<ol style="list-style-type: none"> <li>1. Failure to accurately prepare the Action Plan.</li> <li>2. Failure to adequately plan the procurement activities.</li> <li>3. Projects without progress despite the release of funds.</li> <li>4. Deficiencies in the execution of procurement process.</li> </ol>	<p>2.1.2 (a)</p> <p>2.2 (a)</p> <p>2.2 (a)</p> <p>2.2 (b)</p>
128 (a) (b) The organisation for financial control and accounting in his department is effective, and provides adequately for the correct ascertainment, where necessary, of dues to Government, the systematic, complete and prompt collection of dues, and bringing to account of monies received, the authorization of	<ol style="list-style-type: none"> <li>1. Failure to achieve the expected level of output.</li> <li>2. Deficiencies in the execution of procurement process.</li> </ol>	<p>2.2 (a)</p> <p>2.2 (b)</p>

commitments, on behalf of the Government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefor from public funds.

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| 128 (1)<br>(c) | The Financial Regulations and other supplementary instructions of the Government are adhered to in his department, and that they are supplemented by departmental instructions where necessary.   | 1. Non-compliances.   | 2.13         |
| 128 (1)<br>(d) | An adequate system of internal check for receipts, payments, and issues is maintained and tested from time to time.   | 1. Deficiencies in the Revenue Account.<br>2. Deficiencies shown in the Advances to Public Officers Account.      | 2.9<br>2.10  |
| 128 (1)<br>(e) | Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment, and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions. | 1. Deficiencies in the assets management.   | 2.3          |
| 128 (1)<br>(f) | Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.  | 1. The Action Plan had not been prepared accurately.<br>2. Failure to adequately plan the procurement activities. | 2.1.1<br>2.2 |
| 128 (1)<br>(h) | Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their  | 1. Recovery of outstanding loan balances in the Advances to Public Officers Account.                              | 2.10         |

recovery.

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| 128 (1) (m) | An Appropriate Account is rendered to the Chief Accounting Officer at the end of the financial year in respect of each Program of a Head of Expenditure for which he is responsible as Accounting Officer (See F.R. 150) | 1. Deficiencies shown in the Appropriation Account. 2.8 (e) |
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Financial Regulation 128 (2) – Duties and responsibilities of the Revenue Accounting Officers.

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| 128 (1) (a) | The estimates of revenue are prepared completely and as accurately as possible for the revenue code. | 1. Failure to revise the revenue estimate in the event of an increase or decrease of the expected revenue. 2.9 |
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## **2. Material and Significant Audit Observations**

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### **2.1 Performance**

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#### **2.1.1 Planning**

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The Action Plan for the year 2017 had been prepared in terms of Public Finance Circular, No. 01/2014, dated 17 February 2014. Accordingly, there had been 31 key functions to be discharged by the Department in the year under review. The following deficiencies were observed in the Action Plan prepared in that connection.

- a) The Action Plan had not been prepared ensuring the discharging of key functions expected.
- b) The Activity Plan with priorities based on the annual budget relating to the year under review, the timeline of execution, and the output/outcome expected from those activities, had not been estimated and prepared.
- c) The collection of revenue under the Revenue Codes had not been included in the Action Plan by the Department.

## **2.1.2 Failure to Discharge Functions**

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The following observations are made.

- a) According to the Annual Action Plan, there had been 31 key functions to be discharged by the Department, but only 20 had been discharged therefrom. Provision totalling Rs. 319.5 million had been made for the functions that had not been discharged .
- b) In compliance with the Immigrants and Emigrants Act, No. 20 of 1948 and the Regulations imposed thereunder in the year 1956 along with international Laws, action had been taken during the year under review in respect of 392 instances such as, monitoring the activities of foreigners arriving and staying in Sri Lanka, and taking legal action and conducting investigations to apprehend, detain, or extradite the foreigners staying in Sri Lanka by violating the immigrant and emigrant laws. Nevertheless, no action had been taken on 2,739 persons stayed without Visa.
- c) During the period 2015 – 2017, a number of 21,342 applications had been received requesting for dual citizenship through embassies, but 7,308 certificates had not been issued representing 35 per cent of those applications.
- d) A number of 17,273 applications had been received requesting for citizenship during the period of 2015 – 2017 excluding embassies. However, 5,823 certificates relating thereto had not been issued up to 31 December 2017. As such, processing of 34 per cent of the applications received had not been completed.
- e) As for the registration of children born outside Sri Lanka either of whose parent is or was a citizen of Sri Lanka, 34,924 applications had been received during the period of 2015 – 2017 in terms of Section 5 (2) of the Citizenship Act, No. 18 of 1984. However, 11,092 applications therefrom had not been registered indicating 32 per cent.

## **2.2 Obtaining Supplies and Services through the Procurement Procedure**

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### **(a) Planning the Procurements**

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Provision amounting to Rs. 952.35 million had been made for the Department in order to obtain supplies and services through the Government Procurement procedure in the year under review, and provision amounting to Rs. 585.28 million had been utilized therefrom.

- (i) Ten activities worth Rs. 248.5 million expected to be carried out in the year under review as per the main Procurement Plan, had not been carried out by the Department.

- (ii) A sum of Rs. 54.11 million had been spent in the year under review on 02 activities that had not been included either in the Action Plan or the Procurement Plan.

(b) Execution of the Procurement Procedure

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- (i) **Passports** had been purchased on approval of the Cabinet without following the competitive bidding in terms of Section 3.1 of the Government Procurement Guidelines.
- (ii) Approval had been obtained from time to time to make purchases through repeat orders since the year 2003 in terms of sections 3.6.1 (a), (c), & (d) of the Government Procurement Guidelines.
- (iii) Minimum period of bidding time shall be maintained in terms of Section 6.2.2 of the Government Procurement Guidelines, but bids worth Rs. 474,747 had been called for phases XVII, XVIII, and XIX of awarding certificates on dual citizenship without specifying the period of bidding.
- (iv) In terms of Section 6.3.3 (a) of the Government Procurement Guidelines, the responsibility of opening of Bids is vested with the Procurement Committee. The Procurement Committee may delegate such authority to a "Bid Opening Committee". The said Committee should sign the documents by placing the date stamp. However, the bids worth Rs. 1,076,091 submitted with respect to meals and other printing activities relating to 04 stages had not been signed, nor had the date stamp been placed. Selecting the lowest bidder from the 03 bids submitted had been problematic.
- (v) Deviations should be considered when evaluating bids in terms of Sections 7.8 and 7.8.4 (d) of the Government Procurement Guidelines. However, unsigned bids or not signed by an authorized person/s should be considered as major deviations. Nevertheless, having evaluated the institutions that had submitted the unsigned bids when organizing the ceremony of the stage XVI, thus selecting the lowest bidder, the bid valued at Rs. 159,500 had been selected by favoring that supplier.

**2.3 Assets Management**

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The Department had used a vehicle belonging to the Ministry of Tourism without taking over properly.

**2.4 Commitments and Liabilities**

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The following observations are made in this connection.

(a) Entering into Commitments by Exceeding the Annual Budget

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- (i) Contrary to Section 02 (a) of the State Accounts Circular, No. 255/2017, dated 27 April 2017, liabilities valued at Rs. 25.56 million had been entered into by exceeding the provision of Rs. 315.02 million made for 07 Objects.
  
- (ii) Within the limits of the annual budget, the commitments have to be identified at the beginning; based on commitment thus identified, the value of goods and services procured and the certified quantum of work completed should be recorded as liabilities in terms of the State Accounts Circular, No. 255/2017, dated 27 April 2017. Nevertheless, without receiving the goods and services valued at Rs. 15,647,381 relating to the identified commitments, the value of uncertified works relating to the contracts for which agreements had been entered into, was shown as a liability.

**2.5 Losses and Damages**

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Observations on losses and damages revealed in the audit test checks, are as follows.

- (a) The motor vehicle obtained on 25 March 2016 at a sum of Rs. 7,400,000, and brought under complete losses in the year 2017, had not been eliminated from the Register of Fixed Assets made available to the Audit. Those monies had not been recovered through the insurance even up to 31 August 2018.
  
- (b) The **blank passports** worth approximately Rs. 09 million purchased in the years 2003 and 2008, had not been recorded in the stock books, and a period of over 10 years had elapsed by 06 September 2018. Those **passports** had not been used, but no action had been taken in that connection.

**2.6 Unresolved Audit Paragraphs**

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References to the paragraphs that the Ministry had not rectified in respect of the deficiencies pointed out in the audit paragraphs included in the reports of the Auditor General relating to the Department, are shown below.

Reference to the Report of the Auditor General      Subject Referenced

Year	Paragraph No.	Subject Referenced
2016	3.6.1 (c)	Overtime, or any other allowance should not be paid to the officers entitled to the benefits of incentive scheme. However, such payments had been made to the officers of

the Department.

2016 3.9 A vehicle obtained at the sum of Rs. 7,400,000 on 24 March 2015, had met with an accident on 27 October 2016 resulting in a complete loss. However, that loss had not been recovered from the insurer.

2016 3.11 Raiding and arresting 2,789 persons staying without Visa.

## 2.7 Management Weaknesses

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The vehicle costing Rs. 7,400,000 granted to the Department by the Treasury in the year 2016 under financial and operating lease, had been brought under complete losses and damages in the year 2017. Owing to that reason, the Treasury had informed that the registration of vehicle be cancelled. Action had not been taken even up to October 2018 for the recovery of indemnity in full from the insurer.

## 2.8 Utilization of Provision Made by Parliament for Discharging Functions

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Information relating to the utilization and saving of provision made for the Department during the year ended 31 December 2017 and the preceding year, and the audit observations thereon, are given below.

<u>Year</u>	<u>Type of Expenditure</u>	<u>Net Provision</u> Rs. Million	<u>Utilization</u> Rs. Million	<u>Saving</u> Rs. Million	<u>Saving as a Percentage of the Net Provision</u>
2016	Recurrent	1045.32	1038.53	6.79	0.64
	Capital	1116.47	943.01	173.46	15.53
	<b>Total</b>	<b>2161.79</b>	<b>1981.54</b>	<b>180.25</b>	<b>8.34</b>
2017	Recurrent	1240.53	1235.03	5.51	0.44
	Capital	928.20	561.55	366.65	39.50
	<b>Total</b>	<b>2168.</b>	<b>1796.</b>	<b>372.1</b>	<b>17.1</b>



The following observations are made.

- a) A cost estimate totalling Rs. 2,116.23 million had been prepared for the functions scheduled to be discharged during the year under review. However, due to short provisioning contrary to that estimate, such functions had not been discharged. As such, the provision of Rs. 372.16 million had been saved.
- b) Although the provision required for discharging functions had been made in full for the Department as per the cost estimate, the entire provision could not be utilized after the execution of activities relating to feasibility study and the procurement process by the end of the year under review. Thus, 38 per cent of the total provision made of Rs. 55.7 million had been saved.
- c) Although a sum of Rs. 10 million had been allocated on process re-engineering of DIE to identify the carder positions, that sum had been revised to Rs. 4 million in the progress report. However, an approval therefor had not been made available to Audit, and the financial progress thereof was 22 per cent as the actual expenditure amounted to Rs. 2.15 million.
- d) Although estimates worth Rs. 126.59 million had been planned in respect of 06 activities expected to be completed in the year under review, the provision made had been saved due to the failure in completing those activities in spite of incurring a sum of Rs. 29.02 million therefrom.

e) Appropriation Account

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The following observations are made.

- (i.) The total net provision of Rs. 117 million made for 02 Objects had entirely been saved with no utilization whatsoever being made.
- (ii.) Due to failure in the execution of 04 activities on which provision amounting to Rs. 421 million had been made, 55 per cent of the provision had been saved.

## 2.9 Estimated and Actual Revenue

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Revenue totalling Rs. 15,000 million had been estimated by the Department for a Revenue Code relating to the year 2017, whereas a revenue totalling Rs. 15,298.92 million had been collected in the year under review, representing 102 per cent of the revised estimated revenue.

The following deficiencies were observed.

a) Revenue Code 20.03.02.07

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- (i.) The Letter, No. DIE/FIN/12/2018 of the Controller General of the Department of Immigration and Emigration, dated 31 July 2017 had requested to revise the revenue estimate of the year 2017 amounting to Rs. 17,000 million, to Rs. 15,000 million. But, the approval of the Department of Treasury Operations in that connection, was not made available to Audit.
- (ii.) In the comparison of recovery from the overstaying persons without valid Visas during the year under review, with cash book and the computer system, a net difference of Rs. 206,228 was observed.
- (iii.) The sum approved as the fee for the Merchant Commission & TT relating to the quarter of April – June, 2017 , amounted to Rs. 30,316,386 though, a sum of Rs. 19,182,060 had been accounted as the revenue. Therefore, a difference of Rs. 11,134,327 was observed.
- (iv.) Of the revenue amounting to Rs. 15,298,923,375, a sum of Rs. 924,021 should have been deducted as repayments in the year under review, but that sum had been deducted from the revenue of the year under review due to delays in sending letters.

**2.10 Advances to Public Officers Account**

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The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No. 22601 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
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Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
39.00	39.00	30.00	30.08	143.00	140.97

## Recovery of Outstanding Loan Balances

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According to the reconciliation statement made available to Audit, the total of the balances in arrears as at that date, amounted to Rs. 380,007. Even though those balances had continued to exist over periods ranging from 01 to 14 years, the Department had failed to recover them.

### 2.11 General Deposits Account

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The balances of 04 General Deposits Accounts belonging to the Department totaled Rs. 6.64 million as at 31 December 2017. Action had not been taken in terms of Financial Regulation 571 on 37 deposits totalling Rs. 414,852, that had continued to exist over 02 years (excluding land deposits)

### 2.12 Operating Bank Accounts

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In terms of Financial Regulation 395 (a), the schedules relating to the unidentified deposits or payments either added or deducted, should be presented along with the bank reconciliation statements. However, the bank reconciliation statements prepared in the year 2017 included unidentified receipts and payments amounting to Rs. 93,218,720 and Rs. 251,290,357 respectively for which schedules had not been furnished.

### 2.13 Non-compliances

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#### 2.13.1 Non-compliances with Laws, Rules, and Regulations

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Instances of non-compliances with Laws, Rules and Regulations observed in the audit test checks are analyzed below.

Reference to Laws, Rules, and Regulations	Non-compliance
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
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(i.) Financial Regulation 118 (5)	Action had not been taken in terms of Financial Regulations on a sum of Rs. 558,711 that had been recovered from the revenue.
(ii.) Financial Regulation 571(c)	Deposits continued to exist over 02 years from the date of deposit are considered as being lapsed deposits, and such deposits

shall be credited to the Government revenue. However, the monies deposited in refundable deposits on 08 and 09 February, 2017 had been credited to the Government revenue 17 February 2017.

- (b) The Circular, No. NSCC/2/4/3/2/2/13 of the National Salaries and Cadre Commission, dated 04 January 2010 titled : implementation of an incentive scheme for the Department of Immigration and Emigration, and the Circular, No. EST - 8/ALLOW/04/125/2, dated 05 September 2012 relating to the revision of incentive scheme of the Department of Immigration and Emigration.
- Despite being stated that the officers eligible for the incentive scheme are not entitled to overtime or other allowances other than the statutory provisions of the Establishments Code, a sum totalling Rs. 1,886,000 had been paid in the year 2017 as allowances to the Deputy Controller, Assistant Controller, and other staff except the Committee members.

## 2.14 Human Resource Management

### Approved Cadre, Actual Cadre, and Expenditure on Personnel Emoluments

The position of the approved cadre, actual cadre, vacancies and excess cadre as at 31 December 2017 in the performance of functions of the Department is as follows. The Department had spent a sum of Rs. 580.19 million for the Object of Personnel Emoluments for the year under review.

	<b>Category Employees</b>	<b>of Approved Cadre</b>	<b>Actual Cadre</b>	<b>Vacancies</b>
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(i)	Senior Level	61	52	9
(ii)	Tertiary Level	498	342	156
(iii)	Secondary Level	439	397	42
(iv)	Primary Level	145	132	13
(v.)	Casual / Contract	10	7	3
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		1153	930	223
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The following observations are made.

- (a) There had been 223 vacancies existed by the end of the year under review, and the provision made in the Appropriation Account prepared for the year 2017 had been saved without being utilized ; however, the vacancies in the staff had not attributed to that saving. As such, it was observed in audit that the approved cadre had been overestimated.
  
- (b) Of the provision amounting to Rs. 5.00 million made in the year under review to provide training for the staff of the Department, only a sum of Rs. 3.11 million representing 62 per cent had been utilized.