

Head 182 – Ministry of Foreign Employment

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Foreign Employment for the year ended 31 December 2018 comprising the statements of financial position as at 31 December 2018 and statements of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. In terms of Sub-section 11(1) of the National Audit Act, No. 19 of 2018, the summary report including my comments and observations on the financial statements of the Ministry of Foreign Employment was issued to the Accounting Officer on 31 May 2019. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Ministry was issued on 30 May 2019 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Ministry of Foreign Employment as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of the Chief Accounting Officer for the Financial Statements

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

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

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

1.4 Auditor's Responsibility for the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 scepticism 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 relevant to the audit 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 Ministries 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 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 communicate 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 Requirements

As required by Sub-section 6 (d) & paragraph 38 of the National Audit Act, No. 19 of 2018, I state the followings.

- As there was no requirement of preparation of financial statements by the Ministry of Foreign Employment for the preceding year, I could not state that the financial statements of the year under review are consistent with the preceding year.
- As there was no requirement of preparation of financial statements by the Ministry of for the preceding year, recommendations on financial statements had not been made by the Ministry.

1.6 Comments on Financial Statements

1.6.1 Financial Statements Non-compliance with the provisions of the circulars

Even though financial statements should be prepared in terms of the Public Accounts Circulars No.267/2018 dated 21 November 2018, instances where deviations had been made from those requirements appear below.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
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The credit imprest balance amounting to Rs.443,209,027 including in the statement of financial performance had not been submitted along with the financial statements, by comparing with the imprest adjustment account.	The difference between the year end imprest balance stated in the financial performance statements and the balance of the Imprest Account should be submitted by comparing with the Imprest Adjustment Account in terms of the No.7(vi) of Public Accounts Circular No. 267/2018 dated 21 November 2018.	It had been informed that Imprest Adjustment Account would be furnished along with the financial statements in the following years, on that account not be prepared on not stating a format for the Imprest Adjustment Account as

per the circular.

1.6.2 Non-Income Receipts

Audit Observation	Recommendation	Comments of Chief Accounting Officer
----- According to the statement of the financial performance for the year ended 31 December 2018 amounting to Rs.3,193,431 had been included under receipts of the Ministry in the Advance 'B' account as well as included in the other receipts, while non-income receipts had been over calculated by that value.	----- When preparing financial statements management should pay the attention on recording the relevant transactions correctly.	----- When preparing the financial statements necessary actions being taking to not occur such faults again.

1.6.3 Recurrent Expenditure

Audit Observation	Recommendation	Comments of Chief Accounting Officer
----- A difference amounting to Rs.945,836 had been observed between the balances stated in the treasury prints and the total expenditure relevant to 5 objects as per monthly summaries.	----- When preparing the annual financial statements necessary adjustments should be made by comparing the expenditure balances relevant to each objects with treasury prints	----- When preparing financial statements actions being taking to not occur such faults again.

1.6.4 A Certification by the Chief Accounting Officer

Even though Chief Accounting Officer should certified regarding the following facts in terms of the section 38 of the National Audit Act, No. 19 of 2018, actions had not been taken accordingly.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
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(i) Even though the Chief Accounting Officer should ensure that an effective internal control system for the financial control exists in the Ministry and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for those such systems to be effectively carry out, those reviews should be in writing and a copy should be submit to Auditor General, statements of such review had not been submitted to audit.	Actions should be taken in terms of the section 38 of the National Audit Act, No. 19 of 2018.	Due to the prevailing vacancies in the Internal Audit Unit controls systems could not be able to evaluate from the Internal Audit and by strengthening that unit actions being taking to carryout the internal control systems effectively.
(ii) Although the Chief Accounting Officer should ensure that there is an effective methodology to carryout the functions of the Internal Audit duly, according to the observations stated in paragraph 4.1 of the report that requirements had not been achieved.	Actions should be taken in terms of the section 38 of the National Audit Act, No. 19 of 2018.	Necessary actions being taking to fill the vacancies existing in the internal audit unit and to carryout that unit strenthly.

1.6.5 Non – compliance with Laws, Rules and Regulations

The following observations are made.

Observation	Recommendation	Comments of Chief Accounting Officer
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Reference to Non Value Non-compliance – compliance with Rs. the Laws, Rules and Regulations	-----	-----
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(a) Financial Regulations of the Democratic Socialist Republic		

of Sri Lanka

Financial
Regulations 104

(i) Five vehicles of the Ministry had met with an accidents during the year under review. The relevant examinations to determine the total damages occurred to that vehicles and by whom should responsible for that had not been conducted.

When losses or damages occurred should act immediately in terms of the Financial Regulations 104(1). Examinations being occurring regarding those accidents.

(ii) Even though a vehicle assigned to the staff of the Deputy Minister had been met with an accident on 10 December 2017, it was revealed that the vehicle had been parked in a private garage without being repairing even by 15 May 2019. The necessary examinations relevant to the accident had not been carried out in terms of the Financial Regulations.

If any damage happened to the government due to not taking actions regarding the accident in terms of the Financial Regulations Management should pay the attention to cover the damage. It was informed that actions being taking to repair this vehicle immediately and to obtain the insurance claim.

(b) Paragraph 3 of the Public Finance Circular No.01/2014 dated 17 February 2014.

The facts which should be included in the action plan in terms of the circulars had not been included in the action plan prepared by the Ministry for the year

Action plan should be prepared in terms of the circulars and enable to achieve the objectives of the Ministry. Actions being taking to prepare plans formally.

under review.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Recommendation	Comments of Chief Accounting Officer
<p>-----</p> <p><u>Under utilization of provisions</u></p> <p>Amounting to Rs.30,895,152 or 99 percent had been remained saved out of the provisions totaling to Rs.31,280,000 made for 04 objects and the entire provisions amounting to Rs.13,000,000 made for 08 capital objects.</p>	<p>-----</p> <p>Annual expenditure estimates should be prepared provisions of Financial Regulations 50.</p>	<p>-----</p> <p>The activity of shifting the office building to another place had not been performed and expenses relating to the capital nature had not been generated for the machinery equipment which was economically non effective.</p>

3. Operational Review

3.1 Planning

Audit Observation	Recommendation	Comments of Chief Accounting Officer
<p>-----</p> <p>The key performance indicators relevant to the out come and overall impact had not been identified when deciding the annual key performance indicators by the Ministry, Accordingly, Corporate Plan or Master Plan had not been prepared based on goals and objectives.</p>	<p>-----</p> <p>The long term, midterm and short term plans should be prepared enabling to achieve the goals and objectives of the Ministry and actions should be done accordingly.</p>	<p>-----</p> <p>Necessary actions being taking so far to prepare a Strategic Plan targeting to achieve the overall institutional objectives.</p>

3.2 Not- performance of the functions

The following observation is made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
<p>(a) Five Programmes included in the Action Plan prepared by Ministry for the year under review which was directly affect to achieve the goals and objectives had not been able to implement as planned.</p>	<p>A procedure should be prepared to enable to prepare the Action Plan on realistic basis and to implement the programmes included it during the specific period.</p>	<p>Various reasons had been submitted for the inability of implementing the planned programmes while it was informed that actions had being taking to implement by including those programmes to the Action Plan in the following years.</p>
<p>(b) It was observed that re-reviewing or updating the Memorandum of Understandings agreed with the 03 Middle East Countries, Signing of Memorandum of Understandings with two countries, Conducting of Joint Committee Meetings annually with another four countries as per the agreements which was signed had not been done even by the end of the year 2018, As such the intervention to maintain the diplomatic level relationships with various countries in respect of the foreign employment market had not been properly done by the Ministry.</p>	<p>It is convenient to obtain solutions for the problems relevant to the field by continuing proper relationship with the countries joint with foreign employment market, As such, special attention should be paid by the management in this regard.</p>	<p>It was unable to intervene directly for the diplomatic activities to the Ministry and it was said that request letters had been submitted for the Ministry of Foreign Employment / Embassies in this regard.</p>

3.3 Delay in execution of Projects

Audit Observation	Recommendation	Comments of Chief Accounting Officer
----- Even though approval had been taken to start a pension scheme for migrated employees from the Cabinet Decision Paper No.අමප/16/2048/741/011 dated 09 November 2016, this scheme was level of draft even by 31 December 2018.	----- Management's attention should be paid to implement this pension scheme immediately.	----- It was informed by the Department of Legal Draftsman that the final draft had been submitted to the Department of Attorney General.

3.4 Funds released but not obtained progress projects

The following observations are made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
----- (a) Two hundred and seventy seven computers had been purchased in years 2016 and 2017 by incurring amounting to Rs.35,500,959 and distributed for the Divisional Secretariat offices by the Ministry with the objective of to maintain a data system computerizing the information relevant to family profiles of migrant workers and to send the updated information to the Sri Lanka Foreign Employment Bureau through online computer system. But actions had not been taken to submit the necessary information to Foreign Employment Bureau by maintaining the data system as expected.	----- Action should be paid to execute the programmes on comprehensive plan including the objective of executing of the programme, time to be complete, total cost and the methodology of the execution.	----- It was informed that necessary actions being taking to prepare a data system based on the financial assistance of the International Labour Organization, information being maintaining in the level of Divisional Secretariat until that system executed.

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| <p>(b) Even though system of giving information regarding the migrant workers though short messages to Development Officers had been implemented by the Bureau, due to the disrupted of this system by the end of the year under review there had been a obstacle of the follow up actions relating to the migrant families.</p> | <p>Management should be paid the attention to establish a information system enabling to exchange necessary information between all institutions and persons of performing duties in the field.</p> | <p>It is informed that the activities of the data system had been completed during the month of September in the year.</p> |
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3.5 Other Observations

Audit Observation

It was observed reasons such as having problems relevant to the attachments of 914 Development Officers who were recruited in the regional service, Necessary guide and Supervision had not been duly received to perform duties, Coordinating between with the Sri Lanka Foreign Employment Bureau, had been in weak level, not duly conducting the progress review meetings, the expected role of those officers had not been achieved.

Recommendation

Ministry should be prepared a programme which can be obtained the maximum contribution from the officers to achieve the goals and objectives.

Comments of Chief Accounting Officer

A programme which can be able to supervise those officers in a formal manner had being implementing so far.

3.6 Foreign Funded Projects

Audit Observation

The programme of 'Shrama Vigamana' had been implemented through a Non Governmental Organization from the year 2010 to year 2016 on aids of Government of Switzerland for the first and second stages amounting to US dollars 699,414 and US dollars 3,875,000 respectively with the objective of contributing the safety and well being of migrant works and their families in Sri Lanka. Even though the Ministry had the power of regulating the third stage which is implementing up to year 2020 with out consent about the project cost, contribution to the fund, purpose of the project or manner in which the project is implementing, on not duly conducted that activity it was observed that the financial and operational activities had being conducting without control of the government

Recommendation

Management's attention should be paid to implement this programme under the supervision of the Ministry.

Comments of Chief Accounting Officer

On the recommendation of the Committee of Public Accounts while being informed to the Cabinet in this regard and it was informed that in the cabinet decision stated that the facts are taken into consideration.

3.7 Management weaknesses

Audit Observation	Recommendation	Comments of Chief Accounting Officer
----- It was revealed that during the audit test checks the Divisional Secretariat offices had been issued family background reports in 07 instances disregarding the recommendations which had the situations of problems about the children's security and that the children of the women who were migrant abroad for foreign employment had been severely affected physically and mentally harassments, due to not attending due care by the appeal committee which was appointed in terms of the section 19 of the Ministry of the Foreign Employment No.2017/01 dated 16 January 2017.	----- The relevant officers should be responsible when giving approvals for the departure of foreign employments for the women of the children not to happen such incidents again and necessary disciplinary action should be taken regarding the officers who were performed negligently.	----- It was informed that an examination had not been conducted in this regard, accordingly a necessary procedure had been planned by the Ministry to prevent such deficiencies.

4. Good Governance

4.1 Internal Audit

The following observations are made.

Audit Observation	Recommendation	Comments of Chief Accounting Officer
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(a) The post of Chief Internal Auditor had been remained vacant from 15 May 2018 to 08 May 2019.	Actions should be taken to appoint a suitable auditor by the chief accounting officer in terms of the section 30 of No.19 of 2018 of National Audit Act.	Stated that requests had been made to appoint a officer for the post of Chief Internal Auditor.
(b) Investigation activities of 25 complaints out of 30 complaints received to the internal audit unit during the year had not been conducted by the audited date of 10 May 2019.	Investigations should be conducted immediately for the complaints.	Action being taking to recruit trained officers for the investigations.

5. Human Resources Management

Audit Observation	Recommendation	Comments of Chief Accounting Officer
----- Four posts out of 11 posts in the Execute Level remained as at the end of the year under review, in the Ministry, moreover, any officer had not been recruited for the 06 posts of Development Officers.	----- This condition could be an obstruction to achieve the goals and objectives of the Ministry, As such actions should be taken to fill the vacancies immediately.	----- Actions being taking to recruit Development Officers by removing the Assistant Development Posts from the approved carder and requests were submitted to fill the vacancies of the posts.