

## **Head 226 – Department of Immigration and Emigration**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Department of Immigration and Emigration for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. The summary report including my comments and observations on the financial statements of the Department of Immigration and Emigration was issued to the Accounting Officer on 16 July 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The detailed Annual Management Audit Report related to the Department of Immigration and Emigration was issued to the Accounting Officer on 06 January 2021 as per Section 11 (2) of the Audit Act,. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements prepared in terms of provisions in the State Account Circular No. 271/2019 of 03 December 2019 give a true and fair view of the financial position of the Department of Immigration and Emigration as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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

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

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

As per Sub- section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alternations as required for such systems to be effectively carried out.

#### **1.4 Auditor's Responsibility for the Audit of the Financial Statements**

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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 the report of the Auditor General 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 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 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 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 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**

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I express the following matters in accordance with Section 6(i)(d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are in compliance with the previous year.
- (b) The recommendations made with regard to the financial statements of the previous year had been implemented.

## 1.6 Comments on Financial Statements

### 1.6.1 Financial Position Statement

The following observations are made

Audit observation	Recommendation	Comments of the Accounting Officer
(a) The opening balance of Rs. 377,752,173 had not been shown in the computer printed Fixed Assets Register (BOS Report) furnished for audit instead of the Register of Fixed Assets.	Register of Fixed Assets should be correctly prepared as per instructions of the Circular.	<p>The opening balance of the year had been shown as follows in the computer printed Fixed Assets Register.</p> <p>Work in progress (9160) – 4,730,515,388</p> <p>Land (9153) – 66,945,000</p> <p>Construction of Building (9151) – 36,135,177</p> <p style="text-align: right;">– 37,247</p> <p>Machines and Machinery (9152) – 60,625,000</p> <p style="text-align: right;">-</p> <p>279,135,864</p>
(b) Although adjustments had been made according to the audit query of previous year through a transfer sheet dated 05 August 2019 while entering the closing balance of 2018 at commencement of 2019 in the financial position statement, a difference of Rs.271,300 was observed while entering the balance of Index No 9152 – Machines and Machinery.	Correct value of assets should be brought to account in the financial position statement.	The amount noted in the transfer sheet furnished to the treasury was Rs. 340,032,164. However, the treasury had adjusted Rs. 271,300 to equalize the departmental balance. However the balances of the department and the treasury as at 31.12.2019 (9152 – machines and Machinery) had been equalized as Rs. 376,270,173.

### 1:6:2 Balances of Advance Accounts

Audit observation	Recommendation	Comments of the Accounting Officer
Although the total of summary of classification of individual balances amounted to Rs. 160,309,261, the balance of control account of the department amounted to Rs. 160,790,054. The difference observed between those two balances amounted to Rs. 480,793.	Action should be taken to find out reason for differences and make rectifications.	There was no difference between the balance of individual account and the control account in 2019. But, the reason for difference shown in the audit query was the unadjusted balance of the previous year and the adjustments made to the control account based on the differences identified during the course of re-examination. The reason for difference had now been identified and noted for rectification while preparing the accounts for 2020.

### 1:6:3 Lack of Evidence for Audit

The following observations are made

Audit observation	Recommendation	Comments of the Accounting Officer
(a) Evidence to confirm Commitments and Liabilities shown in the liability statement originated as per F.R.194(2) and (3) in the liability statement amounted to Rs.2,114,031.Evidence to confirm this had not been furnished for audit.	Evidence to confirm value should be furnished	Copies of agreements concerned are furnished herewith as evidence to confirm the sum of Rs. 9,893,851
(b) The balance of purchases of 2019 amounting to Rs. 100,508,249 shown in the statement of non financial assets could not be clearly identified in the computer printed Fixed Assets Register (Bos Report).	Entries should be made in a manner so as to correctly identify the purchases of 2019.	The computer printed Fixed Assets Register (Bos Report) is being maintained by the Department as per instructions of the Treasury. All purchases of 2019 had been entered in it. Any differences between register of fixed assets and the

expenditure on acquisition of capital assets would be disclosed during reconciliation of accounts. However, there were no such differences.

#### 1.6.4 Non-compliance with Laws, Rules and Regulations

The following observations are made.

<b>Observation</b> <b>Reference to Laws, Rules and Regulations</b>	<b>Non-Compliance</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) Financial Regulation 371(5) Of the Democratic Socialist Republic of Sri Lanka.	Ad-hoc imprests granted should be settled in the accounts branch within 10 days of completion of work. However, 16 ad-hoc imprests granted to officers had been settled after a delay of 16 days to 8 months and 13 days.	Should act according to the Financial Regulation.	All advances obtained by officers had been settled before 31 December of the year concerned. Action had been taken to issue a circular instructing to settle advances in future within 10 days of fulfilment of the respective work in terms of amended F.R.371(5).
(b) Government Procurement Procedure - 2006	(i) Guideline 2.3.2(c) A CCTV camera system had been purchased for Rs. 899,184 for protection of detainees at the detention centre at Mirihana without furnishing specifications. This had become	Action should be taken according to the Government Procurement Guidelines.	Reply not furnished

inoperative by the end of 6 months of purchases.

(ii) Guidelines 6.1, 6.2.2 and 6.3.3	There was no evidence to confirm that the suppliers had been furnished with documents specifying time limit required for submission of quotations and the specifications needed for purchase of a CCTV camera, furniture and office equipment for Rs.5,058,663. Meanwhile, a committee to open quotations had not been appointed by the procurement committee. It was observed that the date of opening of quotations, date stamp of the committee opening the quotations and initials were absent in the documents forwarding quotations.	-do-	-do-
Guideline (iii) 8.9.1 (b)	Although it is required to sign proper contract agreements for goods and services exceeding Rs. 500,000 , action had not been taken with regard to the purchase of furniture and office equipment and CCTV camera for Rs. 4,829,278	-do-	-do-

Guidelines		Payments should be made after the issue of certificate by the officer in charge stating that the goods supplied are in conformity with the specification and other requirements.	-do-	-do-
(iv) 8.12.3 and (b)	(a)	However, a sum of Rs. 5,058,663 had been paid to five suppliers for purchase of furniture and office equipment and CCTV camera.		

## 2 Financial Review

### 2:1 Income Administration

The following observations are made

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The initial estimated income of the Department for the year ended 31 December 2019 amounted to Rs. 19,000,000,000. The income collected during the year under review amounted to Rs. 14,054,129,607 which was 74 percent of the initial estimated income. Accordingly, the difference between the estimated income and the actual income amounted to Rs. 4,945,870,393 which was 26 percent.	Income should be correctly estimated.	The income expected to be earned under the Electronic Travel Approval was Rs. 11,000,000,000. However, the arrivals of tourists were restricted due to the Easter attack of April 2019 and the actual income earned amounted to Rs. 5,859,993,331. Accordingly, the overall decrease in income amounted to Rs. 5,140,006,069. The income expected from visa was Rs. 1,500,000,000. But, it amounted to Rs. 1,169,537,414 due to the exemption of visa income as per decision of the Ministers of Cabinet. Accordingly, the decrease in income amounted to Rs. 330,462,586.

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| (b) | A difference of Rs. 862,500 was observed between the income statement obtained from the computer system of the citizenship division and the income of the citizenship division as per overall income statement of the Department. | Income should be correctly brought to account. | Instead of recovering Rs. 57,500 from each applicant requesting dual citizenship, Rs. 345,000 per person had been recovered. Refund of Rs. 287,500 per person had been made in this regard. However, dual citizenship certificate had not been printed in the computer system of the department yet. As a result, the respective amendment had not been made in the computer system. However, the refunds had been deducted in the overall income statement and the correct income had been accounted. |
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## 2:2 Expenditure Management

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The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer	
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(a)	Over provision had been made for two capital projects and two recurrent projects in the annual estimates. As a result, the sum of Rs. 82,450,000 which had not been spent had been transferred to four other objects.	Estimates should be correctly prepared by identifying the necessity.	The provision estimated in the annual budget had not been adequately made available in the Annual Appropriation Act. As a result, the expenditure was managed within the provision made and the unexpected as well as necessary expenditure that cannot be postponed and which could not be to earned earlier had been incurred by transferring provision as per financial regulations.
(b)	The reason cited for savings in the account with regard to Object 1409 (other) was 11 non- payment of bank commission as a result of exemption of visa fees under the Electronic Travel Approval (ETA). However,	-do-	Provision had been made for bank commission in ratio with 1409- Electronic Travel Approval (ETA). Income estimate. However, the expected income had decreased by 46 percent under the Electronic Travel Approval as per state policy. As a result, the commission payable to the bank had also decreased accordingly.



even after transferring 27 percent of the provision amounting to Rs.60.25 million, 23 percent remained further.

- (c) According to the National Budget circular No.5/2019 of 24 September 2019, a compulsory savings of 25 percent should be made from the annual provision made up of 15 percent and 10 percent each in order to meet the capital expenditure of 2019.

However, the total net provision of 09 Capital Objects of the Department amounted to Rs.704,700,000 and the total expenditure amounted Rs. 642,236,363. Accordingly the savings amounted to Rs.62,463,637 and as such only 8.8 percent of net provision had been saved

Action should be taken in terms of the National budget circular

In addition to the provision of Rs.457 million made under 2509 Capital Object an additional provision of Rs. 68.7 million, that is, a total provision of Rs.525.7 million had been made for purchase of blank passport. even at the time of issuing the National Budget circular No 5/2019. Of this, Rs.523.8 million had been spent. As such, the remaining capital provision of Rs.179 million only could be considered as savings of 25 percent of the overall capital provision of Rs.704.7 million. Although 25 percent of this amounting to Rs.44.75 million should have been saved, Rs.62.4 million (34.8 percent) had been saved according to the budget circular.The Ministry had been informed of this

### 2:3 Liabilities and Commitments

The following observations are made.

Audit observations	Recommendation	Comments of the Accounting Officer
(a) The liabilities of Rs.8,177,478 for 2019 which had been settled during the year under review had not been show in the Statement of Liabilities and Commitments under notes No (iii) and (iv)	All liabilities should be entered in the Liabilities Statement.	This could not be entered as liabilities as it had not been presented even at the time of preparation of financial statement. But, the payments made had been included in this.

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| <p>(b) Action had not been taken in terms of Paragraph 1 of the State Accounts circular No 255/2017 of 27 April 2017 with the objective of utilizing the provision made by Appropriation Act since 2017 in a best level and to avoid occurrence of commitments and obligations exceeding the approved provision. Accordingly commitments and liabilities amounting to Rs.26,367,692 had occurred in excess of the approved limits of provision.</p> | <p>Commitments and liabilities should not occur exceeding the approved limit of provisions</p>   | <p>The list of liabilities within the limit of provisions as per F.R.94(1) had been shown in the statement of commitment and liabilities (Note -03). Accordingly, except Object 1101, other liabilities had not exceeded the year's provision</p>                      |
| <p>(c) According to paragraph (c) referred to in paragraph (b) above , liabilities of the year should be settled during the year itself by paying cash. It had been instructed not to carry forward any liability with the intention of settling it in the ensuing year. However, action had not been taken to settle liabilities of Rs.488,132 during the year under review. Instead , it had been carried forward to 2020.</p>                    | <p>Action should be taken in such a manner so as to avoid carrying forward any liability with the intention of settling it in the ensuing year</p> | <p>Payment identified as liabilities which had not been presented in 2019 had been carried forward to 2020 for settlement in terms of FR 94(2). Of this, bills for Rs 367,422 had not been furnished so far. As such, the voucher could not be produced for audit.</p> |

## 2:4 Deposit Balances

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### Audit observation

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Action had not been taken in terms of F.R 571 regarding security deposits amounting to Rs 75,000 existing for over 2 years in the Security Deposit Account. The account had not been renewed too.

### Recommendation

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Action should be taken to renew the accounts.

### Comments of the Accounting Officer

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Although the respective institutions had been requested to forward the requisitions concerned and the receipts for deposits in order to release the security deposits, those had not been forwarded. As a result, it is unable to release the deposits. However, action will be taken to settle this while entering into agreements in 2020

## 2:5 Reconciliation statement regarding Advance to Public Officers' Account

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### Audit observation

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Loan balances of Rs.386,950 over 2 years due from 6 officers had not been recovered yet.

### Recommendation

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Action should be taken to recover arrears of loan balances.

### Comments of Accounting Officer

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Action had been taken to recover loan balances due from officers who had died/retired from the gratuity due to them and the recovery of loan balances from officers who had been suspended will be referred to the legal branch.

## 3. Operating Review

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### 3.1 Planning

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### Audit Observation

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According to the State Accounts circular No.01/2014 of 17 February 2014 , the action plan of an institution for the ensuing year should be prepared for the financial year concerned within a 3 years mid term budgetary framework. However; the action plan prepared for 2019 had been revised on 6 occasions

### Recommendation

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The action plan should be prepared to as to use it practically.

### Comments of the Accounting Officer

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Reply not furnished

### 3.2 Procurement

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The following observations are made

<b>Audit observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(a) The Controller of Visa Division had obtained an air ticket from Hemas Travel (Pvt) Ltd for Rs.105,000 to participate in a conference in Nepal. Out of the 3 institutions which had forwarded quotations, date and name had only been denoted in the quotation of the Hemas Travel (Pvt) Ltd. Names of the remaining 2 institutions had not been mentioned.	The supplier should be correctly selected by calling for competitive quotations as per circular	It is kindly informed that errors and shortcomings referred to in the audit query regarding purchase of air ticket will be rectified and in future, quotations for air tickets will be called for as per proper procurement procedures and payments would be made accordingly.
(b) Air tickets for participation in conferences in Brazil, France, Nepal, Thailand and England valued at Rs.2,141,000 had been purchased from an individual institution without calling for competitive quotations.	-do-	-do-
(c) The letter awarding procurement relating to laying of data cabling between the head office of the Department and the Bandaranayke Air port (laying CAT 6 a data cabling) for Rs.1,203,300 had been issued without obtaining proper approval of the departmental procurement committee showing that there was no regularity in this quotation.	Procurement procedure should be correctly adopted	Reply not furnished

### 3.3. Loses and Damages

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Audit observation	Recommendation	Comments of the Accounting Officer
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A sum of Rs.251,000 had been paid to the BOC Travels on behalf of a person not belonging to the Department for participation in SITA conference and exhibition held in Thailand and England from 10 to 19 December 2018	Payment should only be made to officers of the Department	The technical specifications furnished by the SITA, boarder institution was required to be examined and a technology report to be furnished to our Department as per Cabinet approval No.17/2628/7491023/DNTDI. As such, a person with better technical knowhow of specifications and necessities was required to be participated for observing the technical system of the respective institution in United Kingdom from 15.12.2018 to 19.12.2018 , as agreed with that institution. As such, an information technology consultant had been allowed to participate and payments had been made for his air ticket.

### 3.4 Assets Management

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The following observations are made

Audit observation	Recommendation	Comments of the Accounting Officer
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(a) Seven types of blank passports valued at Rs.6,472,571 had been stored at the stores without being used during the required period. Those had been disposed of causing a loss and 04 types of passports valued at Rs.3,889,685 had been set aside for about 15 years without being used.	Should be used without wa the government funds.	These stocks of passports are to be used only once to allow refugees in Indian camps to visit Sir Lanka.
(b) The additional secretary to the ministry of Internal and Home affairs and provincial councils and Local Government had approved the disposal of 02 vehicle of the Department on 02 October 2019 in terms of State Accounts Circular No .02/2015 of 10 July 2015. However, action had not been taken for the disposal of these 2 vehicles which were lying unused since 2019.	Proper disposal activities should be carried out	Reply not furnished

### **3:5 Management Weaknesses**

The following observations are made

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) An agreement had been entered into with the Informatics International (Pvt) Ltd for the computer system of the Department such as software and allied data and global control system, Visa preparation, passport system citizenship ensured system etc., and a sum of Rs.135,154,160 had been paid to that institution from that day up to the year 2019. It had been informed that reports could not be furnished by this computer system maintained at such a lost to identify and furnish reports regarding differences among registration of passports and issue of passports and computerization of passports.	Necessary information should be provided by the computer system.	Request had been made to furnish details of the number of applications received for passport and the number of passports issued from 01 January 2018 to 30 December 2019 with regard to foreign missions as shown in the annexure to the letter. This division had issued 72,768 passports from 01 January 2018 to 30 June 2019. The information regarding 72,768 passports as per specimen furnished by you could be obtained from the computer data system. So far necessary action had not been made to obtain the information of each division as per specimen furnished by you.
(b) The agreement entered with the Informatics International Ltd ,since 16 June 2003 continues without changes for 16 years .While renewing the agreement, the Controller (information technology) furnishes a report after 2 or 3 months of the date of expiry of the agreement, stating that the department is satisfied with the services supplied and the agreement is renewed accordingly. While renewing, Rs.9,800,000 had been added to the monthly charges as arrears of service charges during 2017 to 2019.	Fees should be paid for the agreed period only.	This situation had occurred due to the delay while furnishing the agreement and exchange of letters. A committee has also been appointed at present to update the agreement. This committee has now prepared a schedule for all agreements. As a result, necessary action had been taken to update the agreement before the date of expiry. As such, the above delays will be avoided in future.
(c) The documents required to be furnished by the foreign missions branch while applying for new passports had been stated in paragraph 9.1.7 of the operating handbook issued in 2019 by the passport division. Accordingly, a photocopy of the original of the birth certificate, a photocopy of the	Action should be taken according to the instructions in the operating handbook.	The information appearing in the passport and the information appearing in our data system are compared .The Assistant Controller or Deputy Controller who order the issue of passport gives such order provided he is satisfied of passport. Whenever a

national identity card, a photocopy of the receipt obtained for payment and other matters of the applicant were needed in terms of paragraphs 6,8, and 12. However, 72 instances were observed where passports had been issued without obtaining these certificates.

(d) The income obtained during the year under review for issue of passports by the foreign mission branch of the Department. could not be separately identified. As such, it could not be confirmed whether the income earned by issue of the passports, were actual. This could not be confirmed even by the computer system maintained at an annual cost of Rs.8.4 million.

(e) A test check of 54 passports received through foreign missions revealed that the delay in issue of passports ranged from 10 to 74 days.

A method to separately identify the income from the passport issued by the foreign mission branch should be introduced.

Passports should be issued without delays.

passport with the issue gets misplaced, the birth certificate and the copy of the identity card ,if any, is compulsorily obtained from the applicant for issue of passport. if the photocopy of the passport is not annexed to the application

This branch had issued 72,768 passports from 01 January 2018 to 30 June 2019. The information needed in your specimen could be obtained from the computer system. As such, the access to obtain the divisionwise information needed in your specimen has not been prepared yet. Therefore, the information required for audit and the information that could be obtained from the data system of the Department had been certified by the Assistant Controller (Technology Information) and forwarded to the Superintendent of Audit as required by the above letter.

Applications registered in the computer system are accepted and the passport are prepared by following miscellaneous steps and sent to the respective missions.

#### 4. Human Resources Management

The following observations are made

Audit observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Five officers were required be named as responsible for issue of passports for the educational tour to be conducted in Thailand. However, the officer holding the posts of Passport Assistant, Development officer and the Computer Data Processor (a post not included in the organizational chart) had participated in this regard.	Officers delegated with responsibility alone should be named for issue of passports	Preparation of passports is a function which functions as a module through the computer software. As such, the previous Comptroller General had named the Development Officer and the Passport Assistant who deals with the computer system for the

educational tour organized by the international organization.

- (b) The Department of Management services had approved 6 posts of Rest Room Assistants by its letter No Dms/1177/vol – 1 of 24 November 2017. However, these vacancies had not been filled up to end of the year under review. As such, it is contentious whether these posts are needed for the performance of the Department. The Department of Management Services had approved 50 posts of Operating Assistants in 2018 and 50 more posts in 2019 totalling 100 for assisting the competent authorities in their duties, by its letter No Dms/1183 of 05 July 2017. However, these vacancies had not been filled from 2017 to end of the year under review.

Vacancies in the cadre should be filled by finding out the necessity .

Reply not furnished

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