

Head 226 - Department of Immigration and Emigration

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of Head 226 - Department of Immigration and Emigration for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 30 May 2023 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report relating to the Department in terms of Sub-section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 10 July 2023. This report will be presented in Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 give a true and fair view of the financial position of the Department of Immigration and Emigration as at 31 December 2022, and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). 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 opinion.

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

The 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 provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management determines 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 Department of Immigration and Emigration 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 of Immigration and Emigration exists, and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka 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 skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Department of Immigration and Emigration.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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

I express the following matters in accordance with Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The following recommendation made by me on the financial statements of the preceding year, had not been implemented.

Reference to the Paragraph of the Preceding Year	Recommendation not Implemented	Reference to the Paragraph of this Report
Paragraph 1.6.2	Presentation of accurate information in the accounts.	1.6.2 (b)

1.6 Comments on Financial Statements

1.6.1 Non-compliance of Financial Statements with Provisions of Circulars.

Although the financial statements should have been prepared in accordance with State Account Guidelines No. 2022/05 dated 13 December 2022, there were following deviations.

Audit Observation	Comment of the Accounting Officer	Recommendation
According to State Account Guidelines No. 2022/05 dated 13 December 2022, the revenue statement for the year ended 31 December 2022 should have been prepared by including only the revenue code relevant to the reporting entity. Nevertheless, a sum of Rs. 44,538,163 had been included as revenue collected by the Department of Immigration and Emigration in respect of other Ministries and Departments.	Revenue collected for other Accounting Officers disclosed in the ACA-1 Format annexed to the final accounts, was not necessary for the Treasury in terms of State Accounts Guidelines 2022/05. As such, action will be taken accordingly in due course.	Financial statements should be prepared with attention being brought on State Accounts Guidelines.

1.6.2 Accounting Deficiencies

(a) Receipt of Revenue

The following deficiency was observed in accounting for the receipts of the Department.

Audit Observation	Comment of the Accounting Officer	Recommendation
A sum of Rs. 8,480,000,000 had been approved as the annual budget estimate for fees on Visas, passports, and obtaining dual citizenships. However, that value had been shown as Rs. 8,730,000,000 in the financial statements.	The revenue estimate for this Department for the year 2022 amounting to Rs. 8,730,000,000 had been presented to the Treasury, and the Treasury had given an estimate valued at Rs. 8,480,000,000. A targeted revenue of Rs. 23,500,000,000 had again been given by the Treasury as the revised revenue estimate for the year 2022, and it was stated that a revenue of Rs. 23,840,584,558 had been collected in excess of that limit.	The estimated value should be correctly disclosed in the accounts.

(b) Reconciliation Statement on the Advances to Public Officers Account

Audit Observation	Comment of the Accounting Officer	Recommendation
A sum of Rs. 143,230,188 remained receivable by the end of the year as per the reconciliation statement of the Public Officers Advance "B" Account, but total balance of the summary of the classification of individual balance amounted to Rs. 143,017,996, thus observing a difference of Rs. 212,192. Although the Auditor General had reported on this difference even in the years 2019, 2020, and 2021, no corrective measures had been taken even in the year under review.	The difference of Rs. 260,983.95 existed between the balance of control account and the total of the summary of individual balances shown in the reconciliation statement of the Public Officers Advance "B" Account prepared in the year 2018, had increased to Rs. 480,793.16 in the year 2019. The difference had decreased to the value shown in the observation due to action taken continuously in the years 2021 and 2022. It was stated that special duty assignments would be made in order to fully correct the error.	Reasons for the difference should be looked into, and the correct value should be brought to accounts.

(c) **Non-maintenance of Registers and Books**

Audit Observation	Comment of the Accounting Officer	Recommendation
The sum of Rs. 1,050,419 comprising the retention monies valued at Rs. 2,298 received on 15 December 2022 and the sum of Rs. 1,048,121 received on 30 December 2022, had not been shown in the ledger for recording the retention monies. The deposit ledger had not been maintained properly.	Those two balances that had not been recorded in the deposit ledger by mistake, were included correctly in the summary of individual balances of the year 2022. The closing balance including those balances, had been shown in the financial statements of the year 2022. It was stated that the said balance had been brought forward correctly in the deposit ledger of the year 2023.	The deposit ledger should be updated properly.

2. Financial Review

2.1 Revenue Management

Audit Observation	Comment of the Accounting Officer	Recommendation
According to Section 07 of the Circular No. 01/2015 of the Fiscal Policy Circular dated 20 July 2015, tri-monthly revenue reports should be sent to the Director General of the Department of Fiscal Policies by the Accounting Officer within 15 days after the end of the relevant period. Nevertheless, it had not been so done.	By avoiding the mistake occurred in the year 2022 when reporting the quarterly revenue, instructions had been given to the relevant officers that the quarterly revenue should be reported to the Director General of the Department of Fiscal Policies on time soon after the reconciliation with effect from the year 2023.	Action should be taken to send the revenue reports on time in accordance with the Circular.

2.2 Expenditure Management

Audit Observation	Comment of the Accounting Officer	Recommendation
Provision amounting to Rs. 2,000,000 had been transferred as per Financial Regulation 66 to the item of expenditure relating to	As a considerable expenditure is incurred annually for posting the passports issued under normal service, additional provision had	Provision should be utilized with optimum efficiency.

postal and communications services (Object No. 226-1-1-1402) in addition to the provision of Rs. 50,000,000 allocated in the annual estimates for the year under review. Nevertheless, a sum of Rs. 782,278 equivalent to 39 per cent, had saved by the end of the year.

been obtained with respect to the Object, 1402 by taking into account the increased postal charges. However, issue of passports under normal service had been limited due to scarcity of blank passports; and hence, it was stated that 39 per cent of the additional provision obtained under Financial Regulation 66, had saved.

2.3 Incurring Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>According to Paragraph 04 of the State Accounts Circular No. 255/2017 dated 27 April 2017, every unit of expenditure should report information on its liabilities and commitments to the CIGAS website daily. However, liabilities and commitments of the Department of Immigration and Emigration had not been so reported.</p>	<p>As this Department had not sent applications for monthly imprests to the Treasury even up to the end of the year 2022, it was stated that the Treasury was not reported through CIGAS at the time of incurring liabilities for bills at hand.</p>	<p>It is necessary to make sure that Circulars are followed.</p>

2.4 Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Observation Value Rs.	Non-compliance	Comment of the Accounting Officer	Recommendation
(i) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. Financial Regulation 565 (5)		Action had not been taken to present the Auditor General with a summary statement of monthly deposits prepared on the Form General 71 in terms of Financial Regulations.	It was stated that instructions had been given to present the Auditor General with summary statement of monthly deposits prepared in the Form General 71 prior to the end of the ensuing month.	Action should be taken in accordance with the Financial Regulations.
Financial Regulation 563(3)		Balance accounts had not been maintained in the deposit ledger in terms of the Financial Regulation.	As mentioned in the observation, control accounts relating to each month had not been prepared in the last pages of the deposit ledger, and it was stated that instructions had been given to comply with the observation.	Action should be taken in accordance with the Financial Regulations.

Financial Regulation
447(1)

Information had not been provided in the column for liabilities accounted for the preceding years in the Form General 138 of the departmental appropriation ledger prepared by the Department. The liabilities incurred had not been mentioned in a manner that the remaining balance could be identified.

This deficiency had occurred due to the instances in which liabilities and commitments had been incurred in the year 2022 not being reported. It was stated that such deficiencies would not occur under the procedure followed in the year 2023.

Information on liabilities and commitments should be accurately shown in the Form General 138.

Financial Regulation
447(4)

Subject to Section (5) of the Financial Regulation, all the liabilities should be recorded on the left side of the votes ledger soon after incurrence. However, it had not been so done with respect to liabilities of the Department.

This deficiency had occurred due to the instances in which liabilities and commitments had been incurred in the year 2022 not being reported. It was stated that such deficiencies would not occur under the procedure followed in the year 2023.

Action should be taken in terms of Financial Regulations with respect to the liabilities.

(ii) Non-compliance with other Regulations and Guidelines.

Cabinet Decision No. CP /09/2101/3/07/010 dated 19 January 2010 and Letter No. NSCC/2/4/3/2/2/13 of the National Salaries and Cadre Commission dated 04 January 2010.

The incentive scheme should have been reviewed annually and approval of the Director General of the Institution should have been obtained under instructions of the National Salaries and Cadre Commission. However, it had not been so done after the year 2014.

The incentive scheme had been reviewed annually and as per instructions of the National Salaries and Cadre Commission, approval of the Director General of the Institution had been sought thereon even in the year 2021. However, no reply has so far been received in that connection. It was mentioned that action would be taken by appointing a Committee in the year 2022.

The incentive scheme should be reviewed annually and approval of the Director General of the Institution should be obtained under instructions of the National Salaries and Cadre Commission.

2.5 Operating Bank Accounts

The deficiency revealed in the audit test checks on operating bank accounts, is given below.

Audit Observation	Comment of the Accounting Officer	Recommendation
According to the bank reconciliation statement prepared on the current account of the Department as at 31 December 2022, there existed unidentified payments totalling Rs.2,136,922, and payments of Rs.350,837 not identified over 03 months included therein. Reasons for such unidentified payments, were not explained to the Audit.	It was stated that instructions had been given to identify and settle those payments.	The relevant payments should be identified and brought to accounts.

3. Operating Review

3.1 Delays in Implementing Projects

The following observation is made.

Audit Observation	Comment of the Accounting Officer	Recommendation
Physical progress of 05 projects scheduled to be implemented in the year under review remained 0-30 per cent. Those projects had not been implemented as scheduled.	It was stated that the tasks could not be completed due to reasons such as, lack of provision considering the prices presented by the service supplier, Procurement Committee of the Ministry would purchase the application server, as that item would be imported the time was not adequate since the preliminary activities had begun in August 2022, problems occurred in reviewing the activities relating to the development of software, and busyness in the working environment.	Attention should be brought on executing the works as scheduled.

3.2 Management Inefficiencies

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
a) Action had not been taken up to the end of the year under review to recover a distress loan balance of Rs. 54,757 receivable from deceased officers, a distress loan balance of Rs. 23,228 receivable from retired officers and a distress loan balance of Rs. 475,252 receivable from interdicted officers as at 31 December 2022.	It was informed that recovery was delayed as the deceased officer had not death gratuity, and action would be taken to recover the loan balance of Rs. 72,496 receivable from an officer who had been interdicted due to inefficiency from his pension gratuity. Letters had been sent to the other two officers dismissed from	Measures should be taken for the expeditious recovery of loan balances.

service informing to settle the loan balances of Rs.107,526 and Rs. 179,628.

- b) A period of 04-09 months had been taken to settle the loan balances of 10 officers who had been transferred in terms of Paragraph 03 (a) of the Public Finance Circular, No. 05/2019 dated 27 June 2019 whereas a period of 04-07 months had been taken to settle the loan balances of 09 officers transferred in.
- It is acknowledged that a delay had occurred to settle the loan balances of officers belonging to the provincial Government service and zonal education offices. Although miscellaneous reasons had affected the delay, instructions had been given to settle the loan balances as per Circulars in due course.
- Attentions should be brought to settle the loan balances as per Circulars.
- c) When presenting the annual reconciliation statement in terms of State Accounts Circular No. 256/2017 dated 25 July 2017, the Chief Accounting Officer should certify before being presented to the Auditor General that the department books have been reconciled with the Treasury books monthly. Nevertheless, it had not been so done.
- Action has been taken to present the annual reconciliation statement as per the Format introduced by the Department of State Accounts. It was stated that instructions were given to comply with the matters mentioned in the observation.
- Action should be taken in accordance with State Accounts Circular No. 256/2017 dated 25 July 2017.
- d) Since 29 August 2016 up to this day, the Head Office of the Department of Immigration and Emigration has been established on lease basis on the first to seventh floors of the Suhurupaya building in Battaramulla and part of the "Piyasa" premises. Although a sum of Rs. 1,947,036,851 has been paid to the Ministry of Defence as rentals and maintenance expenses since 2016 up to the present, no agreement has been entered into in that connection.
- The draft agreement sent to the Department on 2018.07.25, had been forwarded to the Legal Division, and no further action has been taken thereafter. Following the relevant Cabinet Decision, the building rent had been paid to the Ministry of Defence through the Heads of Expenditure by the Finance Division. The amount payable monthly had been informed through the letters issued under the title "recovery of fees on ground rent of the
- Attention should be brought on entering into an agreement.

Suhurupaya building” of the Ministry of Defence.

- (e) Space of the first floor of Suhurupaya building, Battaramulla of which the rental is paid by the Department of Immigration and Emigration, has also been allocated to several banks (Bank of Ceylon, National Savings Bank, People’s Bank, Sampath Bank) whilst 02 courier institutions have been allowed to use the second floor. Nevertheless, rentals or any other fees have not been recovered from those institutions.
- It has been informed that action was being taken to charge fees based on space being used by those institutions.
- Action should be taken to charge fees under a proper methodology .
- (f) Carpets had been laid on the floors of the divisions of the Department of Immigration and Emigration in the Suhurupaya building in Battaramulla instead of laying tiles. Those carpets had become damaged and unfixed, but it was not clear as to how the repairs be done since no agreements had been entered into.
- It has been informed that a letter had been sent on 2022.12.12 to the Ministry of Defense requesting to repair the vinyl carpet laid in the areas of Suhurupaya building being used by the Department.
- Action should be taken for expeditious repairing.
- (g) According to Paragraph 4.2 of Chapter XIV of the Establishments Code, a duty allowance should be paid instead of combined allowance in respect of nights being spent at the place of work. Nevertheless, combined allowances totaling Rs. 5,640,908 had been paid instead of paying duty allowances to authorized officers who had performed their duties at their places of work during the first quarter of 2022.
- Whether the permanent place of work of the authorized officers is the airport or the Head Office remained a matter of discussion over a certain period of time. However, it was observed as per the file that no agreement thereon had been reached. As such, it was stated that replies would be given in due course after further examination.
- Attention should be brought on provisions of the Establishments Code.

- (h) Although the applicants had been informed through email on deficiencies identified by the Citizens Division, there were instances in which evidence for sending the email had not been included in the file. As for instances where no replies had been received despite the email that had been sent, action had not been taken to increase the revenue of the Department by taking follow-up action.
- The information system of the Citizens Division only facilitates sending emails to the applicants at present. As a low tendency is observed among applicants in responding to emails, it has been informed that a request had been made to the Information Technology Unit of the Department to use an alternative method for informing the applicants (Whatsapp)
- Follow-up action should be taken as to whether the deficiencies in passports have been properly communicated to the applicants.
- (i) There existed 2,160 applications received during the period from 2015 to 30 June 2022 in which the applicants had been informed to make payments after being approved by the Committee recommending the dual citizenship. Except for the email automatically sent initially for collecting the approved revenue by issuing the relevant certificates to those applicants, no other action whatsoever had been taken.
- There were applicants who had not made the payments although a reminder had been sent through email after improving the information system in the year 2021. As such, the Information Technology Division had been requested to allow alternative means of communication for the applicants (Whatsapp)
- Attention should be brought to provide an efficient service by avoiding the existing deficiencies.
- (j) Detainees had fled due to reasons such as, the rear wall of the Welisara detention camp was low in height, remained unobservable to the security guards, and non-functioning of the camera system. However, the officers responsible had not looked into the issue.
- The Controller (Admin) had been requested through letters dated 2022.07.19 and 2022.08.26 that rear wall of the Welisara detention center be repaired using Amano sheets whilst correcting some security related deficiencies. It was informed that Divisional Secretary, Wattala had been informed to take further action in that connection as per the estimate of the Divisional Secretariat, Wattala.
- Security measures should be properly put in place, and follow-up action should also be taken in that regard.

- (k) Thirteen officers of the Civil Security Department had been deployed per shift, and except for recording the detainees arriving and leaving the camp, the security officers had not counted the number of detainees in the camp thus failing to verify in a timely or daily manner.
- The Director (Operations) of the Civil Security Department had informed through the letter dated 2021.05.22 that this Department should count the number of detainees in the camp daily but they had not agreed in that connection. As entering into the detention center building would pose a risk to the security of officers, it had been stated that this Department alone could not take daily counts.
- Officers of the Civil Security Department should count the number of detainees in the camp, and a verification should be done in a daily or timely manner.
- (l) The civil security officers agreed in terms of the Letter No. CSD/08/76/2021 dated 22 May 2021 that the detainees would be body checked at the time of their arrival into the camp, their belongings would be checked, and cash, voluble items, mobile phones, computers or other communication equipment or items detrimental to the safety of camp and the detainees, if any would be retained. However, such items had not been retained, and a register on personal belongings of the detainees had not been maintained in the center.
- The Civil Security Department had agreed to inspect the personal belongings of the detainees when they arrive at the center, but such items had been forcefully taken in by Nigerians during a commotion occurred on 2021.11.02. Having informed the Secretary of Defense on 2021. 11.09 in that connection, the Special Task Force was requested to be deployed. As the situation could not be made under control since then, the detainees use their personal belongings, and security can not be provided for the officers to go into the building and record the items so used. As such, it was informed that preparing and maintaining such a register would be difficult.
- Action should be taken in accordance with the Letter No. CSD/08/76/2021 dated 22 May 2021.

- (m) The Civil Security Department agreed in terms of the Letter No. CSD/08/76/2021 dated 22 May 2021 to provide security when the detainees were taken out of the center for miscellaneous purposes and for the detainees outside the center. However, it was observed in audit that such a security was not provided by that Department.
- The Controller (Admin) of the Department had sent a letter on 2022.01.25 to the Director Operations in that connection, and responding to that letter, the Director Operations had informed the Controller General that such duties could not be performed by them on legal grounds. It was stated to have informed that providing security for detainees when they were outside, was mandatory when selecting a security service anew for the year 2023.
- It is mandatory for the new security service to provide security for the detainees when they are detained outside.

4. Human Resource Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The approved cadre of the Department of Immigration and Emigration stood at 1,292 whereas the actual cadre was 1,040 as at 31 December 2022. There were 275 vacancies with 23 excess employees in the year under review. All the approved number of posts of Operations Assistant and Rest house Assistant remained vacant.	In order to absorb into the approved cadre of the Department the 24 officers appointed to the post of Development Officer in the year 2022 after being attached to this Department as graduate apprentices in the years 2020, 2021, and 2022, approval of the Department of Management Services had been sought. As new recruitments were suspended, it was stated that recruitments to the post of Operations Assistant had been temporarily suspended and recruiting to the post of Rest House Assistant had been temporarily suspended in terms of Management Services Circular	Substantial measures should be taken to fill the existing vacancies.

No. 02/2020 of the Ministry of Finance dated 2020.10.26.

- (b) A crucial post of the Department, Immigration and Emigration Controller (Investigations and Operations) remained vacant over years. This post of the Department is an executive post. It was stated that there were no qualified officers for this departmental executive post requiring seven years experience as a Grade II Executive. Substantial measures should be taken to fill the existing vacancies.

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