

Sri Lanka Bureau of Foreign Employment - 2022

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Bureau of Foreign Employment for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance act No. 38 of 1971. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Bureau as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bureau's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bureau's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Bureau 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 Bureau

1.4 Responsibility of the Auditor on Audit 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 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bureau's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bureau to cease to continue as a going concern.
- 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.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of

information to enable a continuous evaluation of the activities of the Bureau and whether such systems, procedures, books, records and other documents are in effective operation;

Whether the Bureau has complied with applicable written law, or other general or special directions issued by the governing body of the Bureau;

- Whether the Bureau has performed according to its powers, functions and duties; and
- Whether the resources had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the Preparation of Financial statements

1.5.1 Internal Control over the Preparation of Financial Statements

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that, transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards, and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-Compliance with Sri Lanka Accounting Standards

Non Compliance with the Reference to Particular Standard	Comment of the Management	Recommendation
(a) In accordance with paragraph 32 of Sri Lanka Accounting Standard 1, an entity shall not offset assets and liabilities unless required or permitted by a standard, but the unfavorable balance of Rs.25,932,669 in the current account as on 31 December 2022 had been deducted from cash and cash equivalents, as such, Cash and cash equivalents were understated by that amount.	As this account is covered by the balance in the fund management account, the relevant balance is made on the basis of the existing funds in the same account. Therefore, no understated in value of cash and cash equivalents had been made.	Financial statements should be prepared in accordance with Sri Lankan accounting standards and in such a way as to show the true and fair value of the items included in the financial statements.
(b) Although according to paragraph 60 of Sri Lanka Accounting Standard 01 current assets and non-current assets should be presented separately, receivable interest income of Rs.2,089,671,823 as on	Interest income receivable is a part of financial assets and not another receivable income. Therefore, interest income receivable has been shown as a part of	According to the provisions of the Sri Lanka Accounting Standard, current assets and non-current assets should be shown

31 December 2022 and the value of financial assets in this separately. fixed deposits amounting to manner in all previous Rs.21,038,312,191, were shown as years as well. Accordingly, total fixed deposits of the Bureau has made a Rs.23,127,984,014 under non- correct presentation in the current assets without being accounts. presented separately in current assets and non-current assets in the statement of financial position.

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| <p>(c) As per paragraph 28 of Sri Lanka Accounting Standard 7, although unrealized gains and losses arising from changes in foreign currency exchange rates should only be identified as cash inflows, in calculating the cash flows generated from the operational activities by the Bureau, the total foreign exchange gain (exchange gain) including the realized foreign exchange gain amounted to Rs.1,606,547,459 had been adjusted to the profit before tax.</p> | <p>The observations pointed out by the audit will be rectified and cash flow statements will be prepared in the year 2023.</p> | <p>Only the unrealized foreign exchange gain should be adjusted to the profit before tax while preparing the cash flow statement.</p> |
| <p>(d) In adjusting change in working capital in cash flow generated from operating activities, an amount of Rs.209,375,755 had been adjusted which was not included in other creditors in the statement of financial position.</p> | <p>The observations pointed out will be rectified in the preparation of cash flow statements.</p> | <p>In preparing the cash flows statement, the changes in the working capital should be recognized and the correct adjustments should be made.</p> |
| <p>(e) Purchases and sales of investments under investing activities in the cash flows statement should be shown as cash inflows and cash inflows, but the difference between the opening and closing balance of the year of investment was stated.</p> | <p>The observations pointed out will be rectified in the preparation of cash flow statements.</p> | <p>The inflows and outflows of cash during the year should be properly identified and the cash flow statement should be prepared.</p> |
| <p>(f) Due to non-calculation of deferred tax as per the tax rate at the end of the reporting period as per paragraph 47 of Sri Lanka Accounting Standard 12, Deferred tax assets in the statement of financial position were understated by Rs.4,010,206. Accordingly, although the income tax related to</p> | <p>This is an error of provision for tax in the current year and will be rectified in the next year.</p> | <p>The relevant tax rate should be identified correctly and the deferred tax value should be calculated.</p> |

the year was Rs.1,700,711,809, the calculated tax value was Rs.1,704,722,015.

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| (g) | According to paragraph 34 of Sri Lanka Accounting Standard 16, although property, plant and equipment items should be revalued in every 03 or 05 years, the Bureau had not done a revaluation of assets after 2010. As such, the fair value of fixed assets was not reflected in the financial statements | That the procurement process has been started and the procurement activities are in progress to carry out the asset revaluation by a reputed institution. | Fair value of assets should be shown in financial statements in accordance with Sri Lankan accounting standards. |
| (h) | Since useful life time and residual value of the assets had not been reviewed annually in terms of Paragraph 51 of the Sri Lanka Accounting Standard 16, assets costed for Rs. 1262.16 million were further in use despite being fully depreciated. As such, action had not been taken to revise the said estimated error in the financial statements in terms of Sri Lanka Accounting Standard 08. | That the relevant accounting adjustments will be made after the revaluation as above. | Financial statements should be prepared based on the accurate value of the assets owned by the Bureau in accordance with Sri Lankan accounting standards. |

1.5.3 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
(a) An amount of Rs.2,846,025 payable to the Tertiary and Vocational Education Commission for the period from 2017 to 2022 for the printing of National Vocational Qualification Certificates (NVQ) issued to migrant workers was not accounted for.	Action will be taken to account for in the year 2023.	Liabilities should be properly identified and accounted for in the relevant year.
(b) Although retentions money payable as per the financial statements as on 31 December 2022 was shown as Rs.44,490,054, as per the schedule in the procurement department, the balance was Rs.3,172,467, as such, the retention money was overstated by Rs.41,317,857 in the statement of financial position.	That necessary action will be taken to remove the overstated amount from the accounts in the year 2023.	Retention money should be identified correctly and necessary adjustments should be made in the accounts.
(c) Due to non-recognition of foreign exchange gain or loss on maturity and	That the foreign exchange	The profit or loss should be calculated

- reinvestment of fixed deposits relating to Labour Welfare Fund and Kuwait Compensation Funds as per prevailing foreign exchange rate on that day, the foreign exchange profit in the year under review was understated by Rs.5,581,297 and the surplus of the year was also understated by the same amount.
- (d) According to paragraph 4 of the agreement entered with the Sri Lanka Insurance Corporation for the free insurance scheme provided to the workers going overseas by registering with the Sri Lanka Foreign Employment Bureau, a commission of 15 percent should be received by the Bureau as administrative expenses. The insurance commission amounted to Rs.60,267,876 receivable from the Sri Lanka Insurance Corporation had not been accounted for the paid premium amount of Rs.444,490,978 paid for the year 2022, as such, the income and the receivable income of the year were understated by that amount.
- (e) The air fares amounted to Rs.2,951,091 incurred by the Bureau for 14 expatriates who worked in Kuwait in the year 2020 was stated in the statement of financial position as payable, instead of adjusting to the consolidated fund during the reimbursement from the Gulf Insurance Company in the year 2021.
- (f) An amount of 3,708,962 already paid in the balances of the Welfare Fund in the statement of financial position had been again included in the Repatriation deposits, as such, accruals and other payable balances were overstated by that amount. Deposit.
- accounted for by the Bureau is correct.
- The amount of commission due for the year 2022 was confirmed by the insurance company on 05.07.2023. Hence, it had not been shown as income and receivable balance in the financial statements.
- Two Thousand Four Hundred Eighty-Eight Dinars received in 04 cheques to the Welfare Section of the Embassy of Kuwait on 31.08.2021 (Rs. 1,737,256.95 value on that date) was received from GIC Insurance Company as reimbursement of air fares incurred by the Bureau on behalf of 14 workers.
- That the necessary arrangements are being made with the Foreign Relations Division to correct the accounting errors.
- and accounted for on the basis of the exchange rate prevailing on the relevant dates.
- The income of the Bureau should be accurately identified and accounted for.
- When collecting funds from missions, the relevant period should be properly identified and accounted for.
- Accounting errors should be corrected and necessary adjustments should be made in the accounts.

1.5.4 Documentary Evidences not made available for Audit

	Item	Amount (Rs.)	Evidence not available	Comment of the Management	Recommendation
(a)	Creditor balances payable to foreign employment agencies (relating to 1576)	376,748,580	Balance confirmation letters	The balance confirmation letters have been sent on 30.09.2022.	Action should be taken to verify the balances at the end of every year.
(b)	Receivable deposit balances coming from before the year 2012	1,000,000	Certificate for the deposit	The relevant parties had not made any comments about these balances. But the relevant balance has been maintained as a receivable balance in the financial statements. Arrangements will be made to make an inquiry about the settlement of this balance again in the future.	A balance confirmation should be obtained from the concerned party and the accounts should be rectified.
(c)	Receivable balance from the General Treasury	869,955,802	Balance confirmation letter		
(d)	Receivable balance from Welfare Fund to the Bureau	1,512,657,528	Schedules and balance confirmation letters related to the receivables	Since the inception of the Bureau, money has been remitted by the Bureau Fund to the Welfare Fund whenever necessary and the above amount can be considered as the unsettled balance to the Bureau by the Welfare Fund.	Receipts and payments only for labour welfare should be identified and accounted for.

1.6 Receivable and Payable Accounts
1.6.1 Accounts Payables

Audit Observation	Comments of the Management	Recommendation
(a) After investigating the complaints received by the Special Investigation Unit of the Bureau in relation to the period from 2012 to 2022, an amount of Rs. 21,649,779 recovered from the persons who defrauded the money and from the employment agencies to be paid to the complainants was retained in the Bureau account without being paid to the complainants. Out of that, there were balance of Rs.20,079,603 which existed between 2 years and 09 years. The audit revealed that the reason for this was that the soon after the complaint process was completed, the file was closed without informing the complainants that the money had been received.	This amount is maintained as a balance payable after settlement of the complaints of the complainants. Out of the above balances, the unsettled balances up to the year 2018 have been approved by the Board of Directors to be taken in to the income of the year 2023. That the necessary arrangements are being made with the investigation department to settle the other balances.	A proper mechanism should be prepared to pay the recovered money to the respective complainants soon after the relevant complaints are resolved, and proceed accordingly.
(b) A sum of Rs. 47,995,092 received from Sri Lanka Insurance Corporation as death compensation to 157 expatriate workers who died from the year 2016 to year 2022 were not paid to them but shown as payable in the welfare fund. Furthermore, due to the lack of coordination between the Accounts Division and the Welfare Division, the Welfare Division did not have information related to Rs. 22,539,765 for 81 claims received by the Accounts Division for the period from 2018 to 2022 and there was no information in the Accounts Division related to Rs. 4,282,435 for 9 death compensations received by the Welfare Division.	No reply was made.	Death compensation files should be properly maintained and compensation claimants should be properly informed about the required documents. A proper mechanism should be prepared to complete the payment of the compensation soon after the insurance compensation is received.
(c) At the time of acceptance of the workers to the safe house, the money they own and received from the residents they worked for should be deposited in the safe account (Safe Account Deposit) and paid after arrival in Sri Lanka. However, a balance of Rs. 81,728,897 had not been paid and	The amount of Rs.81,728,897 stated in the audit query as the balance due on 31.12.2022 agrees with the final accounts.	The relevant parties should be informed and take necessary measures to make the payment before taken into the income.

retained in that account as of 31 December 2022.

- (d) An amount of Rs. 1,451,490 unspent and saved from the amount deposited in the Bureau on 08 November 2019 to bring back a worker who met an accident in South Korea to Sri Lanka should be paid back to them, but 3 years have passed, the amount has not been paid. No reply was made. A proper arrangement should be made to settle this due amount within a short period of time.

1.6.2 Non-compliance to Laws, Rules, Regulations and Management Decisions etc.

Reference to laws, rules, regulations	Non compliance	Comment of the Management	Recommendation
(a) Sri Lanka Bureau of Foreign Employment Act No. 21 of 1985			
(i) Section 17 (2) and Section 45 (2).	In contrary to the provisions of the Act, the revenue which should have been collected in to the Bureau Fund had been collected to the Labour Welfare Fund and a total revenues of Rs.3,494,022,254 had been collected in the year under review.	According to the requirement of following a formal action regarding the safety and welfare of female expatriate workers, the Foreign Workers Welfare Fund was established with Cabinet approval No. 98/783/32/017 dated 03 June 1998. The revenue collection and expenses have been incurred as per the above Cabinet Orders and the Accounts Circular dated 01/1999 issued by the Ministry of External Affairs.	According to the provisions of the Act, only the income related to the Labour Welfare Fund should be included
(ii) Section 17 (3) and Section 48 (1).	Although the Salaries and other Allowances relating to Bureau staff employed in foreign missions should be paid from the Bureau Fund, a total sum of Rs.684,351,761 had been paid from the Labour Welfare Fund contrary to the provisions in the Act during the year under review.		According to the provisions of the Act, only the expenses related to the Labour Welfare Fund should be included.
(b) Public Administration	According to the decision of the Board of Directors	According to the powers vested in terms of sub-	The Bureau had been informed that

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| Circular No. 30/2008 dated 31 December 2008 and Department of Public Enterprises letters dated 14 October 2021 and 10 February 2022 | taken in the year 2002 to pay 12 times of the gross salary as distress loan, contrary to the circular, a total sum of Rs. 67,673,231 had been paid as distress loan for 525 officers exceeding the circular limits during the year under review. Also, a total sum of Rs.3,826,900 had been paid as quick loan to 107 officers at an interest rate of 4.2 percent, equivalent to one month salary of an officer as of 31 December of the year under review. | sections 16(2) e and f of the Act, the distress loan amount will be paid to the staff from 01.05.1995 on the approval of the Board of Directors. That a letter has been sent to the Ministry of Public Administration on 26.10.2022 to provide an explanation as to whether Public Administration Circular No. 30/2008 issued on 31.12.2008 can be applied to public corporations and statutory bodies. | loans cannot be provided beyond the limit mentioned in the circular by the Public Enterprises Department, so it should be followed accordingly. |
| (c) Section 12 of Chapter XLV(III) of the Establishment Code | Although disciplinary actions were being conducted against two officers who were working in the Bureau, contrary to the provisions of the Establishment Code, they were recruited for the positions of Consultant and First Secretary in Dubai and Kuwait respectively for the welfare department of the foreign missions in the year 2021. | The two concerned officers were assigned for mission service as there was no disciplinary charge against them at the time of their assignment. | The existing regulations and circulars should be followed and qualified staff should be recruited formally. |
| (d) Chairman's Circular No. 01/2020 dated 14 January 2020 | i. Based on the circular provisions, applications of the staff of the Bureau had been rejected for the foreign mission service, but a female officer of the Bureau, who was served as a member of the interview panel and even had not met the circular requirements, was appointed for the position of a consultant | She did not serve as an interview panel member in the year 2018. The concerned officer selected in the year 2018 had been assigned for foreign mission service under the approval of the Board of Directors on 22.06.2022. That she has completed the period of 03 years after return to Sri Lanka for the first time in mission service by the date of obtaining the | Recruitment should be done after getting the recruitment procedure approved. |

in the labour welfare approval of the Board of section of the Dubai Directors. Embassy.

- ii. According to the circular, an applicant who did not fulfill the minimum age requirement to apply and did not meet the required qualifications was recruited for the post of Consultant in the Welfare Section of the Singapore Embassy. That Mr. N.M. Thibbutumunuwa, who was selected for the position of Consultant in the Employment of the Welfare Department of the High Commission of Sri Lanka in Singapore, had completed his minimum age limit on the date of his appointment for that position (date of appointment letter 2021.05.21). Recruitment should be done after getting the recruitment procedure approved.

1.7 Financial Management

Audit Observation	Comments of the Management	Recommendation
<p>Although nine years had passed since the irregularity of money amounting to Rs. 1,149,258 by a staff member of the Labor Welfare Section of the Abu Dhabi Embassy and the misuse of money amounting to Rs.3,638,368 by a manager of the Bureau, action had not been taken to recover the amounts even by the end of the year under review.</p>	<p>Indictment sheets have been prepared against the concerned persons and the file has been forwarded to the Colombo Magistrate Court. After the completion of the formal disciplinary investigation against Mr. Suresh Kumar, the Disciplinary Authority of the Bureau dismissed him from the service of the Bureau by the letter dated 10.01.2022, taking into account the recommendations of the investigation report. Accordingly, since an amount of Rs.3,638,368.10 has to be charged from him, the legal division of the Bureau has directed the Attorney General department on 23.02.2023 to take legal actions to recover the amount, and related legal actions are being taken in this regard.</p>	<p>Disciplinary investigations should be expedited as preliminary disciplinary inquiry and formal disciplinary inquiry regarding financial irregularities are at a very weak level.</p>

2. Financial review

2.1 Financial results

As per the financial statement presented, the financial result of the group and the Bureau of the year under review had been a profit after tax of Rs. 6,123,303,917 and Rs. 6,085,612,304 respectively as compared with the corresponding financial result of the preceding year had been a profit after tax of Rs. 880,154,212 and Rs. 895,481,128 respectively, thus observing

an improvement of Rs. 5,243,149,705 and Rs. 5,190,131,176 respectively in the financial result in the year under review of the group and the Bureau. The increase in foreign mission income, expatriate registration income, CESS tax income and fixed deposit interest income and increase in foreign exchange profit had mainly attributed for this improvement.

2.2 Trend Analysis of major Income and Expenditure items

- (a) Due to expatriation in the year under review compared to the year 2021 had improved by 154 percent, the revenue from missions in the year under review had increased by Rs. 2,730 million and it was 31.5 percent of the total income.
- (b) An amount of, Rs. 23,251 million and Rs. 10,603 million had been invested in the years 2022 and 2021 respectively and interest income of Rs. 1,859 million and Rs. 504 million had been earned respectively and it was 16 and 17 percent of the total income respectively.

3. Operational review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Although a total sum of Rs.47,719,684 was spent, a sum of Rs.46,000,000 as an advance and a sum of Rs.1,719,680 as other expenses to acquire land in Homagama and Kahagolla on lease basis, other institutes were trying to reacquire the said land due to the land was idle, But the Bureau had not taken any action to recover the advance amount paid.	Kahagolla land was temporarily given to the Sri Lankan Army to set up a Covid treatment center. Requests have been made to the Secretary, Ministry of Telecommunications, Foreign Employment and Sports to inform the State Resource Management Corporation to reimburse the advance amount paid before handing over the land. The Homagama Mahenwatta land was acquired on lease basis on 26 February 2010 for a period of 50 years and an amount of Rs. 26 million was paid out of the estimated lease value of Rs. 52 million on that date.	Arrangements should be made to take over the Land to the Bureau or recover the advance amount paid.
(b) Although a sum of Rs.302,112,904 and Rs.153,686,495 had been spent for the construction of	In order to transfer this land to the Ministry, the Additional Secretary (Development) of the	Prompt action should be taken to acquire the land.

buildings in Tangalle and Matugama Migrant Resource Centers respectively, the Bureau had unable to legally take over the ownership of the land.

Ministry through the letter No. MFE/DEV/PL/03/01/02 and dated 2021.02.01 informed the Divisional Secretary at Tangalle to carry out the necessary activities to transfer the land to the State Ministry of Foreign Employment Promotion and Market Diversification.

3.2 Operational Inefficiencies

Audit Observation	Comments of the Management	Recommendation
<p>(a) Although the officer who served as third secretary of the labor welfare section of the Embassy of Oman was suspended due to irregularities and arrived in Sri Lanka on 29 November 2022, a qualified third secretary was not appointed until 20 June 2023. Furthermore, the ambassador had informed the chairman on 31 January 2023 that the care home warden, who had been accused in the embassy, had not maintained the documents related to the care home, but no immediate action was taken to appoint another official in her post.</p>	<p>According to the charges against the care home warden, arrangements have been made by the Bureau to appoint a successor officer in her place and to bring back the officer to Sri Lanka as soon as possible on the recommendation of the ambassador.</p> <p>Accordingly, the new Safe House Warden assumed duties on 02.07.2023 and, letters have been sent to the Ambassador informing to return the Safe House Warden who has been working so far to the head offices after completion of 14 days from that date.</p>	<p>A suitable staff should be selected for the service of the mission office.</p>
<p>(b) The period of the Memorandum of Understanding signed with the intervention of that government regarding the sending of Sri Lankan workers to South Korea under the Employment Permit System had expired on 29 September 2019. According to the agreement, if the renewal is delayed without a reasonable cause even after 06 months after the expiration of the agreement period, there will be</p>	<p>As per the recommendation of the Cabinet of Ministers, the updated Memorandum of Understanding had been sent to the Attorney General's Department on 03.02.2023 by the Ministry of Labour and Foreign Employment. Since the Attorney General's recommendations have been received by now, the Ministry of Labour and Foreign Employment has forwarded the amended agreement to the</p>	<p>The reasons for the delay in updating the agreement related to this employment program between two states should be investigated and the necessary measures should be taken to complete the work as soon as possible.</p>

a possibility of cancellation or suspension of the agreement. However, the agreement had not been renewed even by 27 June 2023. 20,667 workers had been sent for employment by the Bureau under this agreement during the last 6 years.

- Ministry of Foreign Affairs to get the concurrence of the Korean party by inserting the relevant recommendations into the agreement.
- (c) Although the compensation payments in the compensation fund granted to Sri Lanka by the United Nations Compensation Commission to compensate those who lost their employments in the Gulf War in the years 1990 and 1991 should have been completed by 31 December 1994, compensations amounting to Rs. 251,453,848 had to be paid for 948 people even by 31 December 2022. This compensation fund had been invested in fixed deposits and an income of Rs.4,960,937,306 had been earned for the period from 1997 to 2022 and the balance of the compensation fund as at 31 December 2022 was Rs.5,212,391,154. However, compensations had not been paid to those who were entitle for compensated.
- Presently, only 948 compensation beneficiaries are left for further payments and the compensation value will be Rs. 251 million. Although the Bureau informed claimants through press releases and letters in several times, people have not been able to get compensation. out of the rejected compensation claimants, payments have been made for 1692 compensation applicants on 25.09.2002 on the Cabinet approval.
- Action should be taken to check about the applicants and paid to them promptly.
- (d) An expatriate worker applied for compensation from the Kuwait Compensation Fund on 19 November 2007 and despite all documents being approved by the Compensation Recommendation Committee and submitted proof of having served in Kuwait during the 1991 Kuwait War, even though 15 years have passed, no action has been taken in this regard.
- The period for which the worker has claimed compensation does not fall within the relevant period. Therefore, there is no possibility of payment by this fund for such requests.
- Compensation should be made to the applicant as recommended by the Bureau.

- (e) Although the bureau stated that the housing loan schemes are being implemented by keeping 07 fixed deposits worth of Rs.397,366,435 as bank guarantees, information about its progress was not submitted for audit.
- The cabinet has approved the implementation of a new loan scheme by getting the views of the representatives of the Central Bank and the representatives of the commercial banks. The above loan scheme was implemented in accordance with the recommendations given in the Committee on Public Enterprises for the implementation of a program for the welfare of expatriates using the Kuwait Fund.
- As the existing housing loan scheme is actively running, the management of the bureau should focus on it and reactivate it and provide the necessary welfare facilities to the migrant workers.
- (f) According to the decision of the Cabinet of Ministers on 24 January 2013, a Memorandum of Understanding was signed for 05 years for jointly implement of the “Rataviruwo” housing loan scheme with the collaboration of Sri Lanka Samurdhi Authority. The Bureau had paid an amount of Rs. 100,000,000 to the Samurdhi Authority on 08 March 2013 and it was deposited in a fixed deposit in the name of Samurdhi Authority. The validity period of the Memorandum of Understanding was ended on 07 March 2018, but the information about provides loans according to the project was not submitted to the audit and no interest income was received even from the year 2014 to the year under review.
- The Rataviru housing loan project has now ended and no new agreement has been entered into. An amount of Rs.100,000,000 has been deposited in Samurdhi Bank as per (c) 38 (ii) of Cabinet Paper No. 130086/544/002 dated 02/01/2013. They have invested this amount in a fixed deposit but had not invested in the name of the Bureau. But that the balance verification letters related to our deposit have been given to the bureau in every year.
- According to the Memorandum of Understanding, it should be verified whether this money has been used for the project, and efforts should be made to recover the relevant amount.
- (g) In the Committee on Public Enterprises meeting held on 18 January 2023, although it was recommended to prepare a formal procedure according to the instructions of the Department of Management Services regarding the method
- The recruitment procedure for the recruitment of staff required for foreign missions has been approved by the Department of Management Services on 17.01.2023 and given to the Bureau. However, the opportunity for applying of JM
- The deficiencies in the approved recruitment procedure for the foreign missions should be rectified and recruitment of officers should be done.

of selecting officers for foreign missions, the procedure approved on 17 January 2023 was rejected by the Bureau citing deficiencies.

1-2 grade officers had been lost under the approved recruitment procedure. Accordingly, an employee's protest was raised about it and letters have been sent to the Management Services Department in several occasions through line ministries to resolve the issue.

(h) According to Sections 15 (a), (l), (m) of the Sri Lanka Foreign Employment Bureau Act, a data bank containing all the information was not established and maintained.

A data base is maintained by the Bureau.

A data base containing all information of expatriates should be maintained so that relevant information can be obtained in case of requirement.

(i) Four licensed agencies have been blacklisted during the period from 2015 to 2022 and 315 complaints have again been received against these agencies, even though, it was possible to cancel the licensed agencies which do not act according to Section 31 (1) of the Bureau Act, the management had not taken actions to cancel the licenses of those agencies.

No reply was made.

Actions should be taken to cancel the licenses of blacklisted agencies.

3.3 Funds Under Utilization

Audit Observation	Comments of the Management	Recommendation
<p>Although the Labour Welfare Fund had allocated a sum of Rs.9,600,000 in the period from 2019 to 2022 to build a house worth of Rs.1 million each for fully disabled emigrants and started the construction of 04 houses, construction of 03 houses had not been completed even by 31 December 2022 and a sum of Rs. 2,222,650 had been spent.</p>	<p>In view of the continuous delays in the construction of houses by the National Housing Development Authority, action had been taken to construct 02 houses under the supervision of the District Secretaries with the support of the Technical Officers of the respective Divisional Secretaries and the supervision of the Development Officer (Foreign Employment) and the Senior Manager of the Bureau.</p>	<p>Action should be taken as per the action plan.</p>

4. Accountability and Good Governance

4.1 Submission of Financial Statements

Audit Observation	Comments of the Management	Recommendation
Although according to Public Enterprises Circular No. 01/2021 dated 16 November 2021, the financial statements should be submitted to the Auditor General within 60 days of the end of the financial year, the bureau had submitted the financial statements to the Auditor General on 21 April 2023, with a delay of 52 days.	The accounts were presented on 06.04.2023 when the first Board of Directors meeting was held after the preparation of the final accounts for the year 2022 and then submitted to the Government Audit Division on 21.04.2023 with the necessary documents.	Circular provisions should be followed.