

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka Foreign Employment Agency Company. (“Company”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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. My comments and observations which I consider should be report 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 Company as at 31 December 2024, 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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Audit Scope

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:

- 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 Company's 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 Company'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 Company 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 Company, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Company has complied with applicable written law, or other general or special directions issued by the governing body of the Company.
- Whether the Company has performed according to its powers, functions and duties; and
- Whether the resources of the Company had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations regarding the Preparation of Financial Statements

1.5.1 Non-compliance with Sri Lanka Accounting Standards

Non-compliance with Reference to Relevant Standard	Comments of the Management	Recommendation
(a) Although the cash invested for a period of 3 months or less should be recognized as cash and cash equivalents as per Paragraph 07 of Sri Lanka Accounting Standards 07, due to being shown as fixed deposits, instead of presenting a sum of Rs.125.745 million invested for a period of 03 months under cash and cash equivalents in the statement of financial position, cash and cash equivalents and fixed deposits had been understated and overstated by that amount respectively.	Actions will be taken to classify and present investments as short-term and long-term.	Steps should be taken to certify the financial statements after confirming that it has been prepared in accordance with the standards.

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| (b) | Due to the exchange loss of Rs.0.95 million was not adjusted under operational activities as non-financial transactions in the net cash flow generated by operating activities in the statement of cash flows as per Paragraph 18(b) of Sri Lanka Accounting Standards 07, the net cash flow generated from operating activities had been understated by that amount. | It was noted for correction. | -do- |
| (c) | Although a revaluation should be performed every 3 or 5 years when the fair value of an asset changes materially from its carrying amount, in accordance with Paragraph 34 of Sri Lanka Accounting Standards 16, the revaluation had not been done in respect of lands and buildings valued at Rs. 74.37 million after 2013 . | the necessary steps will be taken to carry out the relevant revaluation in the year 2025 . | -do- |
| (d) | Due to the failure to review the residual value and useful life of its assets when calculating annual depreciation and also failure to annually review the useful life of 5 vehicles valued at Rs.16.64 million but further being used in accordance with Paragraph 51 of Sri Lanka Accounting Standards 16, the carrying value of it had become zero as at 31 December 2024 . | The motor vehicles have been revaluated at Rs.16.64 million. The calculation of depreciation of revaluated motor vehicles should be done under the depreciation policy of the institution until 20 July 2024, and only office equipment and furniture were given to the relevant institution to be revalued. | -do- |
| (e) | When revaluating the generator purchased in February 2023, as at 31 | Actions will be taken to correct in the future. | The accurate asset value should be included in the |

December 2023, the value and revaluation surplus of office equipment had been overstated by Rs.2.5 million due to overstatement of the revaluation value by Rs.2.5 million and as a result of the revaluation surplus being adjusted against accumulated profit, the accumulated surplus had been overstated by Rs.2.5 million. Further, information regarding the revaluation surplus had not been disclosed in the financial statements as per sub-paragraphs (a) to (e) of Paragraph 77 of Sri Lanka Accounting Standard 16 .

financial statements and steps should be taken to certify the financial statements after confirming that disclosures have been made in accordance with the standards.

1.5.2 Accounting Deficiencies

Audit Observation	Comments of the Management	Recommendation
<p>(a) When preparing the cash flow from operating activities in the cash flow statement although the interest income from investment activities should be adjusted as Rs.40.09 million and when calculating cash flow from investing activities, although the interest income received from cash during the year should be adjusted as Rs.51.20 million, the value had been shown as Rs.24.85 million when preparing the cash flow statement.</p>	<p>The interest income of Rs. 26.35 million, which was related to the year 2023 but received in the year 2024, has been adjusted through the interest income receivable under accounts receivable and the interest received in respect of the years 2023 and 2024 has already been adjusted against the interest income receivable.</p>	<p>Actions should be taken to ensure that the cash flow statement has been prepared accurately before certifying the financial statements.</p>

<p>(b) Actions had not been taken to disclose the total debit and credit balances of Rs.139.09 million remained as the intercompany (current) account balances as at 31 December 2024 .</p>	<p>These balances are between related party accounts with equal amounts of debits and credits and since these balances in the preparation of the consolidated trial balance (Agency. Medical/Insurance) have become zero, it was not included in financial statements.</p>	<p>Actions should be taken to ensure that financial statements are prepared completely and accurately.</p>
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1.5.3 Unauthorized Transactions

Audit Observation	Comments of the Management	Recommendation
<p>The Chairman and General Manager of the Company had travelled to Poland incurring a cost of Rs.2.25 million and the Agency Company had taken 10 applicants who were selected to obtain visas for the job order received, to Chennai for 14 days from April 9, 2024, and for a second time from May 14 to June 15. An office assistant, two drivers and an IT Assistant Manager of the Company had gone abroad on three occasions to New Delhi and Chennai, India, for the same purpose during the year under review, with the approval of the Board of Directors No. 08/2024 dated 24 January 2024 and the approval of the Chairman to reserve dates for obtaining new visas. Although Rs.6.52 million and the workers had spent nearly Rs. 8 million for that, the relevant</p>	<p>Answers have not been submitted.</p>	<p>Actions should be taken in accordance with the provisions of the Establishments Code regarding the failure of conducting a formal investigation into these 03 foreign trips and to deploy officers with sufficient knowledge and ability.</p>

task had not been completed. Further, the Chairman of the Company had also applied for official leave to travel to India during this period and information was not submitted that he had gone abroad. Accordingly, although a total of Rs. 8.77 million had been spent on two occasions to obtain visas for work orders, and the workers had spent approximately Rs.8 million, the expenditure incurred had been in vain due to the non-fulfilment of the relevant work. Separate files were not formally prepared for these three visits and it was not satisfactory in audit that doing this as an experiment, by knowing that obtaining a visa to Poland is a very difficult task and sending such staff for that task.

1.6 Accounts Receivable and Payable

1.6.1 Receivables

Audit Observation	Comments of the Management	Recommendation
<p>Even though Rs.7.29 million had been stated as receivable from the Foreign Employment Bureau in the statement of financial position of the Company for the year under review, there was a discrepancy of Rs.4.55 million thus the balance was Rs. 3.03 million according to the financial statements of the Bureau.</p>	<p>Arrangements will be made to take future steps by checking relevant information from the Foreign Employment Bureau.</p>	<p>The accuracy of inter-account balances should be verified before preparing financial statements and actions should be taken to maintain accounts and source documents up to date.</p>

1.6.2 Payables

Audit Observation	Comments of the Management	Recommendation
(a) From the amount collected from each person since 2006 as a refunding fee for traveling to South Korea, amounted to Rs. 50,000, the balance payable amounting to Rs.15.27 million had remained for 15 years.	The Board of Directors was asked for advice on the action to be taken regarding the outstanding balances for more than 5 years and the relevant actions are being taken based on the instructions given for that purpose.	Actions should be taken to promptly pay the relevant workers.
(b) It had elapsed two years since the total amount of Rs. 451.584 million was recovered from 175 people as a sum of Rs.2.580 million per migrant worker in February 2023, to cover all expenses of welders who were sent abroad to South Korea. Despite this, the total amount of Rs.34.23 million, consisting of Rs.200,000 each for each of those 77 welders, Rs. 15.4 million as coordination fees and Rs. 18.83 million as commission to a Korean company, had remained as an outstanding expense for two years.	The relevant invoices for making these payments have not been submitted to the Finance Division	Actions should be taken to conduct an investigation to identify the actual amounts and parties to be paid and make payments.
(c) Actions had not been taken to settle the balances of Rs. 0.62 million for more than 10 years and Rs.4.09 million for between 5 and 10 years remaining within the balance payable as at 31 December of the year under review.	It has been presented to the Board of Directors seeking advice on the action to be taken for outstanding balances that have been outstanding for more than 5 years and relevant actions are being taken based on the instructions given for that purpose.	-do-

1.7 Non-compliance with Laws, Rules, Regulations and Management Decisions, etc.

	Reference to Laws, Rules, Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a)	Chapter XXIV, Section 7.9.6, of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	Although it is not recommended to provide a loan for a motor vehicle that was owned by the officer's spouse, mother, father, sister, brother or the officer's spouse within the 6 years immediately preceding the application for the loan, a total of Rs.3.4 million in loans were provided for the purchase of motor vehicles owned by the officer or spouse for 4 officers	This vehicle loan facility has been provided as per the Sri Lanka Bureau of Foreign Employment.	Actions should be taken according to the provisions of the Establishments Code.
(b)	Article of Association dated 04 October 1996	I. Despite it is possible to send Sri Lankan workers for employment by this Foreign Employment Agency Company, which was established with full government ownership, relatively low cost and without restrictions on government security, although there were 2100 and 2556 job vacancies in 2023 and 2024 respectively, the number of foreign jobs provided was only 663 and 560 respectively. Out of the job orders received by the	Since our institution is a state-sponsored institution, it is an agency that strives to send workers abroad at the lowest recruitment fee and with reliable job security. The Foreign Employment Bureau grants approval for a job order for a period of 02 years. Accordingly, orders obtained in the year 2023 will be cancelled in the year 2025, and the first approvals obtained in the year 2024 will be valid until the year 2026. Accordingly, candidates are scheduled to be sent	Prepare Annual Action Plans and Strategic Plans to achieve objectives efficiently and effectively and actions should be taken accordingly.

Company, the number of people sent abroad was 460 and 419 respectively and the number of people registered with the Bureau for jobs found through external parties and sent abroad was 203 and 141 respectively.

Accordingly, the Company had failed to achieve the main objective of establishing the institution.

- II. The Ministry of Labour and Foreign Employment had conducted an island-wide programme called "Jayagamu Sri Lanka" to increase foreign employment opportunities, covering 24 Districts from January to July 2024 and the Bureau had provided the opportunity for the Foreign Employment Agency Company to participate in all 24 programmes at a cost of Rs.12 million, and in addition, the Agency Company had also spent Rs.1.359 million for it. Accordingly, although 24 mobile programmes were registered and
- As the only government foreign employment agency under the Sri Lanka Bureau of Foreign Employment, our institution participated in the Jayagamu Sri Lanka programmes and those who registered through those programmes, were sent for interviews and have now been sent abroad.
- Actions should be taken to plan and implement projects to achieve maximum progress.

participated in at a cost of Rs. 13.359 million, the Company had sent only 13 people abroad by 30 April 2025 .

III. Although the validity period of the job order received from the State of Cyprus in 2018 had expired on 08 November 2020, instead of directly registering with the bureau for jobs found by workers personally, the relevant visa was brought to the Agency Company and the company charged Rs.35,000 as an administrative fee from the workers and registered with the Bureau. Although the work order had not been extended since October 2024, it was further observed that the Company is charging Rs.35,000 as an administrative fee to send workers to the State of Cyprus and is taking steps to self-registration with the Bureau.

Our institution has been authorized, pursuant to a decision of the Management Meeting of the Foreign Employment Bureau, to carry out the insurance arrangements for the relevant applicants for visas issued without a representative office in the country. Bureau registration is carried out for workers going abroad through this job order, subject to a very reasonable administrative fee of Rs.35,000 and as the approval of AL/1500 /001/18 has not been extended by the Foreign Employment Bureau since October 2024, approval will be obtained for visas received through self-registration.

Actions should be taken in accordance with the Foreign Employment Bureau as a foreign employment agency.

(c) Special Resolution of the 1996 Convention of 28 September 2017

Although it has been more than 6 years since the special amendments were included in the constitution in 2017, the

Currently, we have a female employment promotion officer assigned to the airline ticketing department and

According to the objectives of the Article of Association, actions should be

agency company had not taken steps until 31 December 2024 to obtain the Air Transport Services License (IATA) and to appoint qualified staff to start a ticketing unit, and to prepare the necessary legal framework for that unit. Further, it was observed that there was no relevant position within the approved staff.

she has completed the relevant qualifications (IATA). The necessary steps are currently being taken to establish that position within the staff.

taken to prepare the necessary legal framework to start an airline ticketing unit

2. Financial Review

2.1 Financial Results

The operating result for the year under review was a surplus of Rs.145.304 million, and the corresponding surplus for the previous year was Rs.152.085 million. Accordingly, a deterioration of Rs.6.781 million was observed in the financial result. The decrease in income from recruitment of workers for expatriation by 69 per cent and interest income from fixed deposits by 25 per cent had mainly caused to this deterioration.

2.2 Trend Analysis of Major Income and Expenditure Items

- (a) Due to the 69 per cent decrease in overseas travel in the year compared to 2023, the income earned from sending workers abroad in the year under review had decreased by Rs. 128.96 million and it had been 20 per cent of total revenue.
- (b) The Foreign Employment Agency Company issues air tickets, compared to the year 2023, and the income earned from this increased by Rs.111.438 million to Rs.170 million. This had been 61 per cent of the total income.

3. Operational Review

3.1 Management Inefficiencies

Audit Observation	Comments of the Management	Recommendation
(a) Actions had not been taken to recover the advance Rs.600,000 paid for the building acquired on a rental	The proceedings in the Colombo District Court regarding the building acquired on a rental basis	Actions should be taken to make urgent arrangements to obtain the advance.

basis to operate the Insilab institution, which was established by the Company under an agreement with a private institution, even though it had been over 8 years since left the building.

for the Insilab Medical Centre concluded on 30 October 2024 and the case filed in the Western Province Civil Appeal High Court concluded on 20 November 2024. Accordingly, the necessary steps are currently being taken to obtain the relevant advances.

(b) Six savings accounts totalling Rs.465,650 had been inactive for a long time without any transactions being made and although the Board of Directors had approved on 29 October 2024, that 4 bank accounts totalling Rs.231,878 should be closed, actions had not been taken accordingly by 31 December 2024 .

Necessary steps will be taken to take necessary actions in the future.

Actions should be taken to close inactive bank accounts as approved by the Board of Directors.

(c) A total of Rs.56.345 million had been paid to the agency company in February 2024 by 191 workers expecting to go abroad for the agricultural sector of the State of Israel at Rs. 295,000 each for a plane ticket. However, a 79 of them had left for Israel on 29 December 2024 and the price of a ticket was only Rs.178,200. Accordingly, a sum of Rs.9.23 million for 79 people, as Rs.116,800 each had to be paid back to the workers on 29 December 2024. Accordingly, the ticket price had been purchased by

A sum of Rs.295,000 has been received for an air ticket and 48 of the emigrants in question had gone abroad in December. Therefore, since the price of a ticket was Rs. 178,200, the excess amount received has been returned to them.

A formal procedure should be developed for purchasing a ticket. Actions should be taken in this regard, to review in accordance with Section 38(c) of the National Audit Act and to issue written instructions by the Accounting Officer.

private institutions at a very high price.

- (d) At the request of the Agency Company, the Bureau had charged a fixed price of Rs.295,000 per ticket from 6,959 migrant workers sent abroad for work in the agricultural and construction sectors in Israel from January 2024 to November 13. Since the average price of a ticket from 13 November to 24 December 2024 had ranged from Rs.163,275 to Rs.156,000, approximately Rs.115,000 from each person, nearly Rs.800.29 million from 6,959 people had been overcharged.
- All purchases have been made in accordance with the Procurement Guidelines and there, the sealed bids are opened through the Tender Box before a Technical Evaluation Committee to select suitable suppliers. Here, the price of a passport is determined based on the stamped prices received.
- It should conduct an examination on this and if air tickets have been purchased at higher prices, recover the money from the responsible parties.
- (e) A job order was received in the construction sector in Israel through institutions called ENET and PIBA on 05 December 2023 and accordingly, the Bureau had approved the collection of Rs.1.63 million from one worker on 29 December 2023 . After the Company informed them to prepare for the sending of 22 workers abroad in January 2024 and to undergo medical examinations at Nawaloka Hospital, although medical examinations were conducted at a cost of Rs.36,500 per worker, totalling Rs. 803,000,
- Answers have not been given.
- A procedure should be developed to carry out recruitment for foreign employment and other essential services. In this regard, steps should be taken to review and issue written instructions in accordance with Section 38 (c) of the National Audit Act.

the expatriation had been cancelled. The reasons for its cancellation were not presented for audit and due to the fact that the money spent by the workers was paid from the money of the Company on 29 July 2024, upon their requests, it was revealed in audit that the expense was a loss to the Company.

3.2 Operational Inefficiencies

Audit Observation	Comments of the Management	Recommendation
<p>(a) The agency company has the ability to purchase Sri Lankan Airlines flight tickets directly and a total of Rs.5,500,000 had been deposited as security deposit since 08 March 2021, consisting of Rs.500,000 with the Civil Aviation Authority of Sri Lanka and Rs.5,000,000 with Sri Lankan Airlines for this purpose. Nevertheless, the Agency Company had purchased tickets at very high prices by calling quotations from private travel agencies for workers sent abroad by the Bureau to South Korea from 2023 to October 2024. Although the Auditor General's report of 2023 had pointed this out, tickets had been purchased as before until September 2024 without drawing attention to it.</p>	<p>Arrangements have been made to purchase all airline tickets currently purchased only through government agencies as directed by top management.</p>	<p>A formal procedure should be developed for purchasing a ticket. Actions should be taken to review and issue written instructions in accordance with Section 38(c) of the National Audit Act about this field.</p>

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| (b) | A sum of Rs.285,419 had been paid during the year under review for bills in the name of a private party other than the Company's name when paying for electricity expenses. | Water bills have been corrected, and the necessary steps are being taken to correct electricity bills. | Actions should be taken to make payments according to Financial Regulations. |
| (c) | Two vouchers valued at a total of Rs.30.46 million were certified during the year under review without being satisfied that the voucher is correct and complete in every detail, by the voucher certifying officer and documents were not submitted regarding those vouchers and no details had been mentioned on the voucher itself. | Answers have not been submitted. | -do- |

4. Accounting and Good Governance

4.1 Internal Audit

Audit Observation	Comments of the Management	Recommendation
Although the Board of Directors should appoint its own Internal Auditor, who shall be duly appointed, in terms of Section 40 (i) of the National Audit Act, No. 19 of 2018, when the company was established from the year 2009, until the date of the report, an Internal Audit Unit had not been established and an Internal Auditor had not been appointed.	The Foreign Employment Agency did not have an Internal Auditor since its inception, and the Ministry of Foreign Employment currently conducts internal audits. Since our organization is a very small unit with only 19 employees, it is difficult to establish an Internal Audit Unit.	An Internal Auditor should be appointed.

4.2 Audit Committee

Audit Observation	Comments of the Management	Recommendation
Although the Governing Council is required to establish an Audit and Management Committee to assist it in accordance with Section 41(2)(g) of the National Audit Act, No. 19 of 2018, it had not been so done.	Answers have not been given.	Actions should be taken to establish an Audit and Management Committee.