

Sri Lanka Bureau of Foreign Employment - 2018

1.1 Qualified Opinion

The audit of financial statements of the Sri Lanka Bureau of Foreign Employment for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 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 and a summary of significant accounting policies and other explanatory 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 and the 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 financial statements give a true and fair view of the financial position of the Bureau as at 31 December 2018, and of its financial performance and 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 determines 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 matters related to going concern and using the going concern basis of accounting unless management either intends 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 Sub-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 Auditor's Responsibility 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 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 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 Bureau'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 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 of the Bureau had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 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

The following observations are made.

| Non Compliance with the reference to particular Standard | Comments of the Management | Recommendation |
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| (a) The investments retained from 01 January 2018 up to the maturity should be brought to account in terms of Sri Lanka Financial Reporting Standard (SLFRS) 09- Financial Instruments. Nevertheless, the financial statements had shown that Sri Lanka Financial Reporting Standard (SLFRS) 07 and Sri Lanka Accounting Standards (LKAS) 32 and 39 had been followed in this connection. | The relevant accounting has been done as per SLAS 39. The relevant investments have been shown and disclosed in the financial statements as per SLAS 32 and SLAS 07. | Investments should be brought to account as per Financial Reporting Standards. |

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| (b) | Approval of the Board of Directors for the payment of a surcharge amounting to Rs.6,261,168 payable to the Employees Trust Fund pertaining to the period from the year 2006 to 2016, has been received after the reporting period and before the presentation of financial statements. Nevertheless, the necessary adjustments had not been made thereto in the financial statements in terms of Sri Lanka Accounting Standard 10 - Events after the reporting period. | I expect to make the relevant adjustments in the year 2019. | The financial statements should be prepared in compliance with the Accounting Standards. |
| (c) | The balance of asset maintained pertaining to the Long Term Service Benefit Fund by the Bureau amounted to Rs.151,637,722 as at 31 December 2017. It had been decreased to Rs.137,976,269 in the year 2018 without the approval of the Board of Directors. These assets had not been maintained in terms of Sri Lanka Accounting Standards (LKAS) 19- Employees benefits so as to achieve the objective of maintaining assets relating to a Long Term Service Benefit Fund. | According to the standard, it is not compulsory to make investments for gratuity. The relevant liability has been identified and adjustments of liquid assets and non-liquid assets have been made to settle the said liability in the year 2018. | According to the Actuarial Assessment Report, it was not confirmed that the relevant liability has been identified and adjustments of liquid assets and non-liquid assets have been made to settle the said liability. As such, the write off of asset should be reconsidered. |
| (d) | Source documents and detailed schedules pertaining to a sum of Rs.1,702,912 shown in the financial statements as receivables to the Bureau for the purchase of air tickets in respect of workers migrated for employments, had not been made available to audit. | I expect to examine the relevant account and adjust the foreign exchange gain of Rs.11,024,393 which was shown in the Audit Report, in the year 2019. | In terms of Sri Lanka Accounting Standard 21, foreign exchange gain/loss should be computed and brought to account in respect of the Advance Payment Account which subject to the audit test check and other relevant accounts as well. |

1.5.3 Accounting Deficiencies

 The following observations are made.

| Audit Observation ----- | Comments of the Management ----- | Recommendation ----- |
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| (a) Out of the fee charged from the workers migrated for employment, the balance of Rs.2,615,836 remained after buying air tickets in respect of relevant workers, had been brought to the income of Bureau instead of showing as payables to the relevant workers. | As the Bureau incurs an overhead expenditure therefor, this income can be considered as a reimbursement of the said expenditure incurred. | According to Section 17(3) (d) of the Act of Bureau, the income collected to the Bureau, should be utilized on overhead expenditure. As such, the Bureau cannot charge various fees without a formal approval for services provided to migrant workers. If the funds collected are not adequate enough for the overhead expenditure of the Bureau, necessary formal approval should be obtained to collect the income. |
| (b) Even though the foreign exchange gain included in the ledger accounts totalled Rs. 176,892,642 as per the computerized accounting system of the Bureau, it had been shown as Rs.167,445,298 in the statement of financial performance. As such, the profit of the year had been understated by Rs.9,447,344. | I expect to make the necessary rectifications in the year 2019 after having examined the relevant Adjustment Accounts. | Financial statements should be prepared utilizing the balances in ledger accounts. |
| (c) Accounting policies in the financial statements had disclosed that the investments retained until maturity are being amortized on the Effective Interest Rate. Nevertheless, the interest computed on Coupon Interest Rate had been identified as investment income. | Investment income was amortized on the Effective Interest Rate and shown in the financial statements while relevant computations have been submitted to the Government Audit Branch. | The reply is not acceptable. According to Schedule No. 7 presented with the final accounts, treasury bond interest computed on Coupon Interest Rate had been shown. |

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| (d) | Ten fixed deposits amounting to Rs.328,071,264 which were placed by the Bureau as security deposits in financial institutions pertaining to various loan schemes, had not been duly disclosed in financial statements. | The relevant disclosures have been shown under Note 24. Nevertheless, the total of Rs.328,071,264 has not been disclosed in the financial statements. | Information of relevant fixed deposits should be stated to the financial statements clearly and accurately. |
| (e) | Even though the provision of income tax of the year amounted to Rs. 486,647,581 as per the financial statements relating to the year under review, it had been Rs.476,881,608 as per the computations performed in audit. As such, the tax expenditure of the year had been overstated by Rs.9,765,973. | Taxes for the periods from 01.01.2018 to 31.03.2018 and from 01.04.2018 to 31.12.2018 had been computed in terms of the old Inland Revenue Act and new Inland Revenue Act respectively. Accordingly, the tax expenditure amounted to Rs.476,881,608. The amendments made as per the said new tax computation will be rectified in the ensuing year. | Provision for tax relating to the period should be made accurately in terms of the Inland Revenue Act. |

1.5.4 Unauthorized Transactions

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| Description of Unauthorized Transactions | Comments of the Management | Recommendation |
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In addition to the professional allowances, annual insurance allowances, bonus, special bonus, transport allowances, reimbursement of loan interest, reimbursement of medical bills etc. which are granted to the officers of the Bureau, action had been taken by the Bureau to pay the staff allowances totalling Rs.86,399,621 under 06 methods on criteria formulated by the Bureau without obtaining the approval of Secretary to the Treasury.

Action is being taken to obtain the necessary approval therefor.

Prompt action should be taken to obtain the approval for the payment of allowances.

1.5.5 Lack of Documentary Evidence for Audit

The following observations are made.

| Item | Amount Rs. | Evidence not made available | Comment of the Management | Recommendation |
|---|---------------|---|---|---|
| (a) The amount shown in the financial statements as receivable to the Bureau for the purchase of air tickets in respect of workers migrated for employment. | 1,702,912 | Source documents and detailed schedules | It has been identified as an accounting error and I expect to examine it further and make the relevant rectifications during the year 2019. | Action should be taken to examine the relevant information and rectify the accounting error occurred. |
| (b) Fees of air tickets payable | 2,777,784 | Relevant source documents | It has been initially identified as an accounting error and I expect to make the relevant rectifications in the year 2019. | Action should be taken to examine the relevant information and rectify the accounting error occurred. |

1.6 Accounts Receivable and Payable

1.6.1 Payables

| Audit Observation | Comments of the Management | Recommendation |
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| The Bureau had not taken action even by the end of the year under review to settle expenditures payable such as Korean Visa fees amounting to Rs.6,640,400 received from migrants, a sum of Rs. 149,826,492 payable out of the registration fees of foreign employment agencies, rentals totalling Rs.39,060,000 payable in respect of Training Centre at Tangalle and a sum of Rs. 1,776,569 payable to food suppliers, which were being brought forward in the financial statements since the year 2015. | Necessary action is being taken to settle these balances. | Action should be taken without delay to settle these balances brought forward over a long period. |

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

The following observations are made.

| Reference to Laws, Rules, Regulations etc. | Non-compliance | Comments of Management | the Recommendation |
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| (a) Sri Lanka Bureau of Foreign Employment Act, No. 21 of 1985 | | | |
| (i) Section 52(1) | Even though a cess calculated at the rate of five per centum of every commission received by a licensee shall be charged and levied, a cess of Rs.5,000 had been charged in respect of a migrant housemaid disregarding the commission received from the foreign employers to the housemaids migrated without a formal approval. | Even though this levy is being charged in terms of provisions in the Act of Bureau, these commissions are not revealed by the foreign employment agencies in most occasions and there was no method of detailed examination in this connection. As such, the said amount is being charged on the basis of receiving a commission of Rs.100,000 to the female workers in domestic service. | The Bureau cannot determine a charge at various rates without a formal approval and contrary to the provision in the Act of Bureau. Further, attention is needed in respect of the failure in collecting the revenue receivable thereby to the Government properly. |
| (ii.) Section 42(2) | A sum totalling Rs. 499,473,516 had been paid as salaries and allowances to the employees of the Bureau during the year under review contrary to the objectives of establishing the Workers Welfare Fund. Additionally, a sum of Rs. 12,018,115, equivalent to 5 per cent of the general expenses incurred by the Bureau annually, had been debited to this Fund. | A staff sufficient to provide services for the expatriate Sri Lankans, should be employed whilst incurring the overhead costs. A certain amount of the Workers Welfare Fund is allocated annually on the expenses relating thereto. | The main objective for the establishment of Sri Lanka Bureau of Foreign Employment is to provide security and welfare for the migrant workers. Section 13 (7) d of the Act states how funds should be provided for the payment of salaries and allowances to the employees appointed to fulfill the said |

objectives. As such, the salaries, allowances and overhead costs of the employees should not become a burden of expenditure for the Workers Welfare Fund.

- (iii.) Section 48 (c) The Workers Welfare Fund should be made use of for training and orientation of Sri Lankans recruited for employment outside Sri Lanka. However, no amount whatsoever had been incurred in that connection during the year under review. Only 22 per cent of the total expenditure amounting to Rs. 1,308,838,726 had been spent on the welfare of the migrant workers.
- In order to provide services for the migrant Sri Lankans, the Bureau should attach an adequate staff to the workers welfare divisions with necessary facilities. As those expenses relate to the objectives for the establishment of Workers Welfare Fund, such expenses had been brought to accounts as expenses of the Welfare Fund.
- In terms of Section 48(1) of the Act, only the expenses applicable to the Workers Welfare Fund should be incurred therefrom.
- (iv.) Sub-section 3 of Section 17 of Part II of the Act. Contrary to the objectives for which funds of the Bureau could be spent and without formal approval, an insurance scheme had been established for the staff of the Bureau from the year 1995 to reimburse the medical bills and granting compensation for accidents. A sum totalling Rs. 44,287,888 had been spent from the revenue of the Bureau in the year under review for the reimbursement of medical bills under this insurance scheme.
- Action is being to obtain approval in this connection.
- The provisions set out in the Act should be adhered to. A formal approval should be sought prior to implementation of welfare schemes.

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| (v.) Section 46 (1) | A separate bank account under the name of Workers Welfare Fund, should have been established with the concurrence of the Minister in charge of the subject of Finance. Nevertheless, it had not been done so. | Three bank accounts are being maintained for collecting the general funds of the Bureau. Funds in those accounts are accurately and separately brought to accounts with relevance to the objectives of the Bureau and welfare activities. | As mentioned in the Act of the Bureau, a separate bank account should be maintained for the transactions relating to the Workers Welfare Fund. |
| (b) FR 103 (1) (b), 104 (1) and PED/RED/2015 /08 Paragraph General (i) 04.1 (b) | Twenty Six (26) vehicles owned by the Bureau had to face accidents in 43 occasions for the period of 19 months during January 2017 up to 31 July 2018 and investigations in terms of financial regulations had not been carried out in this regard. As disclosed from the audit test checks carried out on 20 files for requesting insurance claims, drivers had not informed the institution in writing regarding 14 accidents out of 34 accidents occurred during the aforementioned period and 27 accidents had not been reported to the Police. | Audit observations are accurate and action will be taken in the future to rectify the shortcomings. | Necessary action should be taken in relation to vehicle accidents in terms of the Financial Regulations. Likely, it is not possible to decide that the institution had not incurred a loss through the receipt of insurance cover and attention should also be paid on the payment of insurance premiums, deprivation of unclaimed bonuses, damage occurred to the useful life of the vehicle. |
| (c) Public Administration Circular No. 30/2008 of 31 December 2008. | The Bureau had paid distress loans exceeding the limit stipulated in the Circular and the total of the loan balances as at the end of the year under review was Rs. 325,149,295. One hundred thirty seven (137) distress loan balances more than 500,000 and four (04) loan balances exceeding 1,000,000 has been included to the aforementioned balance. | Letters have been sent to the Department of Public Enterprises through the Secretary of the Ministry by requesting the approval for this. The letter of reply bearing No.PE/NEB/SLBFE/GEN/2018 of 15 October 2018 had been received in relation to that letter. | Approval for paying distress loans by exceeding the limit of the Circular had not been granted by the relevant letter and action should be taken in relation to the loans of the employees in compliance with the provisions of the Circulars. |

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| (d) Public Finance Circular No. 02/2015 of 10 July 2015. | The Bureau had not taken action to dispose 15 vehicles out of 27 vehicles, for which recommendations had been made to dispose in the year 2015, even by 01 November 2019, the date of audit. | 05 vehicles out of these vehicles had been sold and disposed and one vehicle had been repaired and consumed. Action is being taken to dispose the rest of the vehicles. | The Disposal process has to be carried out without any delay. |
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2. Financial Review

2.1 Financial Results

The operating result of the Bureau in the year under review amounted to a profit of Rs. 1,166,607,206 and the corresponding profit in the preceding year amounted to Rs.882,369,779. Therefore, an improvement amounting to Rs. 284,237,427 of the financial result was observed. The increase in Staff expenditure by Rs. 162,037,987 when compared with the increase in the income by Rs. 443,408,908 was the major reason for this improvement.

2.2 Trend Analysis of Major Income and Expenditure Items

The increase in the income of Foreign Missions by Rs. 329,906,466 had been the major reason for the increase in the income of the Bureau by 32 per cent during the year under review in comparison to the previous year. Likely, increase in the Cess Income by Rs. 35,677,209, increase in the income from trainings by Rs. 33,656,127 and increase in foreign currency profit by Rs. 164,663,032 in comparison to the previous year had been the reasons for the aforesaid trend. The Expenditure of the Bureau had increased by Rs. 322,921,859 in comparison to the previous year and increase in the Staff cost by Rs. 162,037,987, overhead cost by Rs. Rs.72,939,927 and operational expenditure by Rs. 62,022,190 had been the reason for the increase in the expenditure of the Bureau.

3. Operational Review

3.1 Identified Losses

Audit Observation

In computing Employees Provident Fund in relation to the period of the year 2006 up to January 2016, The Cost of living allowance had not been taken in to consideration. As a result, The Bureau itself had to pay contributions of both the employers and employees as per the instructions of the Labour Commissioner. Accordingly, a loss totaling to Rs. 47,912,231 had been incurred to the Bureau.

Comments of the Management

The Observations mentioned in the Audit Report are accurate. The cost of living had been omitted in the computation of the Employees Provident Funds as there was no clear mentioning that the cost of living should be taken in to consideration in the computation of Employees 'Provident Fund.

Recommendations

This loss had been incurred to the Bureau due to the negligence on the part of the officers and necessary action should be taken to recover the loss by identifying the officers responsible for this.

3.2 Management Inefficiencies

The following observations are made.

| Audit Observation | Comments of the Management | Recommendations |
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| (a) One hundred and thirty five officers (135) had been employed in the service as at 31 December 2018 in the 16 Workers' Welfare Divisions of the Foreign Missions operated under the Bureau without an approved cadre or a scheme of recruitment. A total of Rs. 663,811,831 had been incurred during the year under review for the payment of salaries, allowances and the other facilities of those officers and only a sum of Rs. 80,771,306 had been incurred on the provision of the other infrastructure facilities and direct expenditure of the detainees. Accordingly, 89 per cent out of the total expenditure of the Missionary Boards had been incurred on the expenditure of the staff. | Action has been taken to submit the new scheme of recruitment prepared in relation to the appointment of diplomats of the foreign missions for the approval of the Department of Management Services. Staff had been attached to the foreign missions with the priority of providing security and welfare of the Sri Lankan Workers in foreign countries and necessary facilities for the officers should be provided by the Bureau. | According to the Act of the Bureau, overhead costs, salaries and allowances of employees should be incurred by using the funds of the Bureau and a formal approval should be obtained to incur the expenses from Workers' welfare funds. Likely, arrangements should be taken to accomplish the objective of initiating the workers' welfare fund. |
| (b) Any written information was not available with the Bureau to clarify the objective of initiating the Migrated Employees Contribution Fund and there was a balance of Rs.7,954,452 belonged to 1,573 migrant workers as at 31 December 2018. However, the total of investments and receivable values of it was only Rs.5,775,029 and as a result, the Fund had not sufficient assets to settle those liabilities. The Fund had become inoperative as there was no formal procedure pertaining to the management of this Fund. | I would like to state that there is no definite condition that a similar investment value should be available for every liability mentioned in the balance sheet. Even though a sum of Rs. 5.2 billion had to be paid under current and non-current liabilities of the Bureau, there are assets amounting to Rs.16.5 billion in comparison to that. Accordingly, it is not possible to agree with the declaration that there were no adequate funds to settle the assets of the aforementioned fund. | Necessary action should be taken to pay the contribution and benefits to the workers, who had contributed to this Fund. |
| (c) The Balance as at 31 December 2018 in the Fund Account related to the | Interests, earned by temporarily depositing the amount received | Necessary action should be taken to settle the |

compensations received from the United Nations Compensation Commission for paying compensations for the Sri Lankans who had been employed in the Gulf Region due to the Gulf War in 1990/1991 was Rs. 3,184,109,533 and the amount to be paid to the claimants of compensations was Rs. 251,453,848. Arrangements had been made by the Bureau to earn income by investing the compensation amounts without taking action to identify the beneficiaries and to pay them the compensation even though a period of 20 years has already lapsed after receiving the amount to the Bureau. Likely, the Management had not taken any decision on the surpluses of Funds.

- (d) Under the Housing Loan Scheme operated for the migrated workers in collaboration with the Sri Lanka Samurdhi Authority, Loan amount of Rs. 3,557 million had been provided by the Samurdhi Bank for 12,078 migrants. Repayment of loans amounting to Rs.360.27 million provided to 1,573 migrants in contrary to the Conditions of providing loans and without securing any bond had been defaulted. The Loan Scheme has already been inoperative the Bureau had deposited Rs. 100 million in favour of Samurdhi Authority of the Bank of Ceylon instead of depositing Rs. 100 million in favour of the Bureau. Therefore, the Bureau had not received the interest related to that from the year 2014.

- (e) Workers who are unable to substantiate in writing that they had been employed in a foreign job, but

from the United Nations Compensation Commission until the payment activities of the amount is started, had been credited to the Relevant fund. The value of Compensation to be further paid to 948 claimants of compensation was Rs. 251 million. The amount is further saved for paying if claims for compensation are submitted by the rest of the persons who should be paid compensations.

The Department of Samurdhi Development had been informed in writing to obtain the amount of Rs.100 million deposited in the Bank of Ceylon and the interest related to it. Likely, an approval had been granted to recover, the loan balances of persons who had obtained Rataviru loans and later deceased and had become totally disabled and from whom loans cannot be recovered, from the interest paid to the aforesaid amount. Necessary action is being taken to recover the remaining balance.

This Training Programme has already been suspended as a policy decision by taking in ot

funds by confirming that there are no more claimants for compensation.

The programmes have to be designed after considering the possibility of implementing those Programmes. Immediate steps should be taken to settle these amounts.

Since the Functioning of the Bureau as per the requests made by the

are willing to emigrate again, had been provided the opportunity to Register with the Bureau and to go abroad after the completion of a training for 10 days by testing their fluency in speaking the language used in the Country where they had been employed before. The Bureau had cut down the period of the courses in 02 occasions up to 07 days and 02 days on the requests made by foreign employment agencies. The following matters were further revealed at the audit test checks carried out on the Course conducted at the Pannipitiya Training Centre.

- (i) Rather than the participation of an Officer in the Training Division of the Bureau for the Board of Interviews, the Working Director of the Bureau had participated for 18 Boards of Interviews.
- (ii) Five (05) persons out of 20 persons participated in the training programme conducted on 11 July 2019 and undergone the physical audit test could not speak Arabic Language. However, the Board of Interview had provided a false certificate that the persons could speak Arabic Language.
- (iii) It had been substantiated that 67 migrated workers out of 77 migrants who had migrated after following this course had not been pre migrants according to the system of information available in the Department of Immigration and Emigration.

consideration the matters stated in the report related to the investigation done by the National Audit Office and as this Programme is an unsuccessful Programme there are occasions which violate the provisions of conducting such programmes duly and transparently only within the administration of officers.

foreign Employment Agencies without considering the security and welfare of the migrated workers is a harm to objectives of establishing the Bureau, the situation should be changed. Action should be taken to commence disciplinary action against the offices who are responsible for the irregularities taken place in the selection of workers for this training programme and in the conduct of programme which had undergone an audit test.

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| (f) | The Rental totalling to Rs.67,568,640 that should be recovered from the Ministry of Foreign Affairs for the Oman Embassy conducted in a building of the Bureau from the year 2013 had been written off from the Income without getting the approval of the Board of Directors. | It had not been brought to accounts as income as overstatement of income might take place on the uncertainty prevailed in relation to the receivable income. The attention of the Board of directors had been drawn to this matter. | The required approval should be obtained for writing off the income by submitting the reasons for not charging the rentals. |
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3.3 Operational Inefficiencies

The following observations are made.

| Audit Observation | Comments of the Management | Recommendations |
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| <p>The Special Investigation Unit of the Bureau had been initiated on a decision of the Cabinet of Ministers for controlling various irregularities that take place in the Foreign employment filed and a staff of 36 officers including 17 police officers had been attached to it by 31 December 2018. The Unit had received 274 complaints related to the financial frauds at the value of Rs.108,463,384 by giving promises that foreign employments would be provided, within 13 months in the years 2017 up to 2018, when audit tests were conducted. The complaints had been referred to the police stations in the relevant areas as the promises on the provision of foreign employments could not be substantiated in writing. It was revealed in an audit test check carried out that it was not possible to resolve 19 complaints out of 20 complaints referred in that manner.</p> | <p>An Assistant Superintendent of Police had been appointed by the Department of Police for following up the duties of the Special Investigation Unit. It is not required to follow up regarding the said complaints as the inquiring the complaints referred to the divisional Police Station is under the direct supervision of the Officer in Charge of the relevant Police Station and Assistant Superintendent of Police in charge of those police stations.</p> | <p>Therefore, the Unit should do following up activities as to whether a fair solution has been received by the relevant victims subsequent to referring those complaints to the relevant police stations after lodging complaints to the Bureau on the financial and other irregularities that had taken place.</p> |
| <p>(b) Even though it is not possible for the Bureau to earn income through training the workers who go abroad seeking employment opportunities in accordance with the Bureau Act, the Bureau had earned a profit of Rs.74,985,198 through that source during the year under review. Likely, there had been instances where</p> | <p>In terms of the Provisions stipulated in Bureau Act, it is allowed to charge fees for training and the fees had been charged by following a basis. The final conclusion here is that the Bureau further charges fees</p> | <p>As indicated in clarifications made by the Bureau, it is not stipulated in the Act that it is allowed to charge fees for training the migrated workers in each Section of the Bureau Act.</p> |

fees fro training had been charged exceeding the requirement as there was no formal methodology to determine the charges for training.

required to maintain the Workers' Welfare Fund.

However, it is provided in Section 48 (c) of the Bureau Act that all expenses incurred in training and orientation of Sri Lankans recruited for employment outside Sri Lanka shall be paid out of the Welfare Fund by the Bureau. Likely, it is also not possible for the Bureau to train by charging a fee or to earn income.

(c) The Amount of Rs. 23,000,00 transferred to the Current Account of the Bank of Ceylon from a Bank Account of the National Savings Account had been credited to the relevant Account with a delay of 07 days. It was revealed at the Audit that this amount had not been indicated in the relevant two accounts during the period. However, the Bureau had not taken any action in this regard and the requirement of transferring money in this way was not clear as there was a balance exceeding Rs. 43 million in the relevant current account during that period.

A minimum of about Rs.20 – 25 million should be constantly maintained as a large number of transactions take place through the current account maintained at the Branch of the Bank of Ceylon.

The reason for not crediting this amount to the relevant account on the due date should be examined and a strong internal control should be carried out in relation to the operation of bank accounts.

3.4 Transactions of Contentious Nature

Audit Observation

In directing workers for the employment opportunities in Kuwait and Qatar, arrangements had been made to obtain police clearance reports, which had to be submitted to the Ministry of Foreign Affairs with the certification of the Sri Lanka Bureau of Foreign Employment pertaining to the workers, from the Foreign Employment Agencies and to certify them and submitting them to the Ministry of Foreign Affairs without getting them from the relevant police stations following the normal procedure. Later, it was revealed that 35 fake police clearance certificates issued from a police report writing book recorded as

Comments of the Management

Discussions were held among officers of the Bureau, the Ministry of Foreign Affairs and the Police Department in this relation and arrangements have been made to send Police clearance reports directly to the Ministry of Foreign Affairs. Granting approval for employment orders of the Agency had not been suspended as the Bureau

Recommendations

Action should be taken in relation to this foreign Employment Agency in terms of Section 31 of the Bureau Act.

misplaced from the Ratnapura Police Station had been certified by the Bureau and submitted to the Ministry of Foreign Affairs as mentioned above. Even though the Bureau had been aware of the Foreign Employment Agency which had submitted fake police clearance certificates on 17 January 2019, the Bureau had not taken any action against the Agency even by 20 November 2019, the date of Audit.

had not received information relating to the foreign Employment Agency connected to this incident.

3.5 Idle or underutilized Property, Plant and Equipment

Audit Observation

It had been informed to the Audit that the construction activities of the Kataragama Holiday Resort, started in the year 2016 and scheduled to be completed by April 2017, had been completed by incurring a cost of Rs. 119,617,558 and it had been handed over on 28 August 2019. However, the Holiday resort could not be used even by 01 November 2019, the date of Audit due to the lack of adequate water facilities.

Comments of the Management

The keys of the Kataragama Tourist Bungalow had been taken over by the Bureau on 24 August 2019. However, the State Engineering Corporation has not yet provided the documents and plans related to the handing over of the building to the Bureau in writing. Likely, necessary action is being taken to supply water.

Recommendations

The current defects in this building should be expeditiously completed and used.

3.6 Resources Released to Other Organizations

Audit Observation

Eight (08) officers of the Bureau comprised of Two officers to the Ministry of Telecommunication, Foreign Employment and Sports and four officers to the Sri Lanka Foreign Employment Agency and two officers to Provincial Governor's Office had been released to other institutions in the year 2018.

Comments of the Management

The Bureau had attached the staff to those institutions by considering the exigencies of the Service.

Recommendations

The officers should be attached again for discharging duties of the Bureau as releasing the approved and recruited staff to other institutions hinders the discharge of functions of the Bureau