

Report of the Auditor General on Head 226 - Department of Immigration and Emigration - Year 2016

The audit of the Appropriation Account, Revenue Account and the Reconciliation Statements Including the Financial reports, Books, Registers and other Records of the Head 226 –Department of Immigration and Emigration for the year ended 31 December 2016 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Controller General of the department on 14 September 2017. The Audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the Accounts and reconciliation statements presented to audit and test of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and the Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, Preparation and fair presentation of the Appropriation Account, Revenue Account and Reconciliation Statements in accordance with the provisions in Article 148, 149, 150 & 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Finance and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs. 2,161.79 million and Out of that a sum of Rs. 1,981.53 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department amounted to Rs. 180.26 million or 8.34 per cent of the total net provision. Details are given below.

Expenditure	As at 31 December 2016			
	Net provision	Utilization	Savings	Savings as a Percentage of Net Provision
	Rs. millions	Rs. millions	Rs. millions	
Recurrent	1,045.32	1,038.52	6.80	0.65
capital	1,116.47	943.01	173.46	15.54
Total	2,161.79	1,981.53	180.26	8.34

2.2 Revenue Account

Estimated and Actual Revenue

The Department had prepared Revenue Estimates totaling Rs. 15,000.00 million in respect of Revenue Code 20.03.02.07 for the year 2016 and the revenue totaling Rs.15,604.07 million had been collected. Accordingly, Rs. 604.07 million or 4.03 per cent of the over estimated revenue had been collected details are given below.

Revenue Code	As at 31 December 2016			As a percentage of the excess estimate
	Estimated Revenue	Actual Revenue	Excess	
	Rs. millions	Rs. millions	Rs. millions	
20.03.02.07	15,000.00	15,604.07	604.07	4.03

2.3 Advance Account for public officers

Limit Authorized by Parliament

The limits Authorized by the Parliament for the Advances to Public Officers Account of item number 22601 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum limit	Actual	Minimum limit	Actual	Maximum limit	Actual
Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
36.00	35.99	29.00	29.14	154.00	131.89

2.4 Imprest Account

The balance of Imprest account No. 7002/0000/00/0032/0016/000 of the Department as at 31 December 2016 amounted to Rs. 6.39 million.

2.5 General Deposit Accounts

The balances of four Deposit Accounts of the Department as at 31 December 2016 totalled Rs. 10.86 million. Details are given below.

Deposit Account Number	Balance as at 31 December 2016
	Rs. Millions
6000/0000/00/0001/0082/000	0.10
6000/0000/00/0002/0112/000	0.11
6000/0000/00/0016/0059/000	10.47
6000/0000/00/0008/0071/000	0.18
Total	10.86

2.6 Audit observation

The Appropriation Account, the Revenue Account and the Reconciliation statements for the year ended 31 December 2016 of the Department of Immigration and Emigration has been prepared satisfactorily subject to the observations appearing in the Management Audit report referred to in paragraph 1.1. The material and significant audit observations appeared in the management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non- maintenance of Registers and Books

It was observed during audit test checks that the Department of Immigration and Emigration had not been maintained the following registers, in the proper and updated manner.

Type of register	Relevant Regulations
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(i) Register of Fixed Assets Computers, Accessories and Software	Treasury Circular No. IAI/2002/2 dated 28 November 2002
(ii) Register of losses	Financial Regulations 110
(iii) Register of Liabilities	Financial Regulations 214
(iv) Register of Electrical Equipment	Financial Regulations 454(2)

3.2 Appropriation Account

Budgetary Variance

The following observations are made:

- (a) The total provision of Rs. 100,000 which was provided for two expenditure objects had been saved.
- (b) Excess Provisions had been made for 08 objects and as such the savings there under after utilization of the provisions ranged between 15 per cent to 100 per cent of the net provisions of the respective objects.

3.3 General Deposits Account

Action had not been taken in terms of the Financial Regulations 571 with regard to the 33 deposits totalling Rs. 304,851 older than 2 years.

3.4 Revenue Accounts

The duties relating to the preparation of Revenue Estimates, Collection of Revenue, Accounting and presentation of Accounts relating to revenue code 20.03.02.07 had been assigned to the Head of the Department as the Revenue Accounting officer. The following observations are made during the course of the test audit of those revenue codes.

- (a) According to the cash book of 2016 and computer system the amount of visa income. There was a net difference of Rs. 154,815.
- (b) The income of the Citizens Division and the income of the Citizenship Computer system of the Department had a net difference of Rs.50, 000 among the citizens income.
- (c) Even though the sum of Rs. 31,978,040 recovered from the persons remaining without visa in the year had been entered in the cash book, it had not been confirmed by the computer system.
- (d) The revenue of Rs. 39,345,806 (ETA Commission) for the period from October to December of 2016 was not accounted for during the year under review.

3.5 Reconciliation statements of the advances to public Officers Account

According to the reconciliation Statement as at 31 December 2016 of the advances to public officers account item No.22601 the balances that remained outstanding as at that date totaled Rs.834,692. That remaining balances outstanding from 01year to 12 years the department was unable to recover it.

3.6 Non-compliance

3.6.1. Non-compliance with Laws, Rules and Regulations

Instance of non – compliance with the provisions of the laws, rules and regulations observed during the audit test checks are analyzed below

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non-compliance -----
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulations 94 (1)	-	Liability had been entered into exceeding a sum of Rs. 45,732,804 of savings after utilization of the provisions made available for of objects.
(ii) Financial Regulations 104 (3)	7,400,000	Even though a preliminary report should be furnished with immediate effect on the instance where furnishing a complete report is being delayed over 07 days, the preliminary report relating to a vehicle accident had been furnished after a delay of 5 months.
(iii) Financial Regulations 1104 (4)	7,400,000	Officers were appointed to submit the full report after a delay of six months after the vehicle accident.
(iv) Financial Regulations 210 (2)	133,570	The Department had paid late payments to the Ceylon Electricity Board due to non-payment of electricity bills on the due date.
(v) Financial Regulations 1645(a)	-	When the vehicle was in accident, the date, place, driver's name, description of the loss, etc. were not recorded in the vehicle log books.
(b) Inland Revenue Act No.10 of 2006 -----		
Section 114 of the Act and Inland Revenue Department circular No.SEC/2015/05 dated 06 July 2015		PAYE taxes had not been deducted as earnings paid to committee members and departmental officers who have been appointed to submit recommendations on granting dual citizenship.

(c) National Salaries and Cadre Commission

(d) Circular bearing No. NSCC/ 6,697,955 2/4/3/2/2/13 dated 04 January 2010 Even though overtime allowances or any other allowances whatever should not be paid to officers who are entered to the benefits of the incentive scheme, payments had been made to the officers of the Department in that manner.

3.7 Implementation of Projects under Domestic finances -----

Following are the examples of detected failures in the audit test checks and delays in projects

(a) **Project Abandoned without commencing**

Even though provisions of Rs.60 million had been made for the construction of the centre for enactment of law, no utilization whatever had been carried out whatever and the relevant purpose as well had not been commenced as well.

(b) **Delay in the performance of projects**

Delays in completing the following projects were observed by the Department.

- (i) The construction of a rest room at the Bandaranaike International Airport at Katunayake is scheduled to be completed by June 2016, but by 31 December, 2016, its physical progress was 85 per cent.
- (ii) Even though it had been planned to wound up the implementation of the queue management of the passport and visa division by October 2016, its physical progress had been 95 per cent even by 31 December 2016.

3.8 Performance -----

The audit observations revealed about the performance of the Department are as follows.

- (a) Observations on the progress of the department as per the annual budgetary estimates and the action plan 2016 are as follows.

- (i) The following activities had not included in the Annual Action Plan were included in the Annual Procurement Plan.

Type of the procurement -----	Estimated Expenditure ----- Rs. millions
- Data Center and Infrastructure Development	14.4
- Battaramulla New Building Partition	120.0
- Implementation and Supervision of Computer Networking	10.8
- Establishment of Research Unit for New Building	0.5
- Dash Boards & Queue management (1 st to 7 th floor branches) for new building at Battaramulla	12.0
- Purchase of tires and Vehicle Repairs	3.5
- Furniture and related work in the new building (Computers, passports, amendments and OM Section 1, 2 floors and 3,4,5,6,7 floors)	90.90
- CCTV cameras linked for Battaramulla new building.	23.14
- Furniture & Office Equipment	1.2
- Telephone Connection and Lease Line for the New Building	36.28
- Hardware items for new building at Battaramulla	60.0
- Machine Tools and Equipment	4.0

- (ii) To refurbish the old hostel building of the Katunayake Airport Officials' Officers not included in the Annual Procurement Plan or annual Action Plan. The work was completed at a cost of Rs. 0.3 million.

b) Passing of the following observations regarding the issue of passports:

- (i) Defects had not been identified at the time of accepting passports. Therefore, it was observed that 108 complaints had been delayed due to shortcomings in accepting applications only in the month of September 2016 due to the shortcomings taking place during the past couple of months. by 27 November 2016, those passports had not yet been prepared.
- (ii) Although 1,350 passports had been cancelled in the Kandy Regional Office, there was no record as to why there was no record of them being invalidated. A number of

canceled passports were sent to the headquarters, but they were not identifiable by those passport numbers. The regional office has cancelled 248 passports for various reasons from January 2016 to September 2016.

- (iii) In the case of issuing blank passports to the regional offices, the document had not been recorded in the documents and the documents to hand over the empty passports obtained from the head office had not been recorded.
 - (iv) There were instances where the receipts paid for the passport were cancelled after payment of passport applications. The cancelled receipts date should be indicated in the record, although there were instances not mentioned. The receipt number of the inbox, the number of the cancelled receipts, the final receipt number, the total number of receipts, the cancellation of the receipt book, and the number of invalidated receipts appear on the receipt book.
- (c) Each vessel arriving in Sri Lanka will be provided with two copies in one book, which will be issued to the ship member, and the duplicate should have been filed as office copy. However, these licenses were not issued to the serial numbers of the Trincomalee office. Further, all licenses should be recovered at the departure of these licenses, in accordance with the Operating Manual, and the original copies of all licenses issued have not been properly accepted and filed.
- (d) Entered into an agreement with the private sector institute on 16 June 2003 with the computerized system of the Department of Immigration and Emigration, namely software and related data and bench control system, visa processing, passport system, and citizenship granting system. According to the agreement, a private institution had paid Rs.116,954,160 as service charge to obtain revenue reports from the data in relation to Passport, Boarder, Visa and Citizenship systems. However, it was observed that there were shortcomings in the past 5 years income accounts.
- (e) A sum of Rs.217,702 had to be recovered as at 31 December 2016 from 03 officers who were interdicted.

3.9 Losses and damages

On 24 March 2015, a vehicle obtained for Rs.7,400,000 had been incurred a full loss from the accident on 27 October, 2016 but was not recovered from the insurance company.

3.10 Uneconomic transactions

A sum of Rs. 167,115 had been saved in the postal printing machine which remained previously on obtaining passport numbers from 16 February from the central post office, Kandy for posting passports and action had not been taken to obtain that amount to the Department.

3.11 un-resolved Audit paragraphs

The follow-up procedures for the Audit paragraphs including the Auditor General's Reports relating to the Department of the Department have not been completed. Details are given below.

Reference to Report of the Subject under Reference
Auditor General

Year Paragraph number

2010	6.5 (a)	}	According to the computer Reports bearing number 7.6.7 B of the Department, 2,789 foreigners had stayed in the country without visa during the period from 01 January to 31 December, 2016 From the investigation carried out for roundup and arrest those foreigners, only 159 people had been extradited. It was 6 per cent out of the total foreigners who were staying without visas.
2011	6.7		

3.12 Human Resource Management

Approved cadre and actual number of employees

The number of employees as at 31 December 2016 was as follows.

Employee Type	Approved Cadre	Actual cadre	Number of vacancies
-----	-----	-----	-----
(i) Senior Level	61	50	11
(ii) Tertiary Level	398	349	49
(iii) Secondary Level	439	431	08
(iv) Primary Level	139	136	03
(v) Other (casual / temporary / contract basis)	10	05	05
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 Total	 1,047	 971	 76
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