

Sri Lanka Foreign Employment Bureau – 2017

The audit of consolidated financial statements of the Sri Lanka Bureau of Foreign Employment and its Subsidiary for the year ended 31 December 2017 comprising the consolidated statement of financial position as at 31 December 2017 and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended 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 Section 13(1) of the Finance Act, No.38 of 1971 and Section 18(3) of the Sri Lanka Bureau of Foreign Employment Act, No.21 of 1985. My comments and observations which I consider should be published with the Annual Report of the Bureau in terms of Section 14(2) (c) of the Finance Act appear in this report.

1.2 Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bureau’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion - Group

In my opinion, except for the effects of the matters described in paragraphs 2.2 and 2.3 of this report, the consolidated financial statements give a true and fair view of the financial position of the Sri Lanka Bureau of Foreign Employment and its Subsidiary as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Qualified Opinion – Bureau

In my opinion, except for the effects of the matters described in paragraph 2.3 of this report, the financial statements give a true and fair view of the financial position of the Sri Lanka Bureau of Foreign Employment as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on financial statements - Group

An unqualified opinion was expressed in respect of financial statements for the year ended 31 December 2017 of the Sri Lanka Foreign Employment Agency (Pvt) Ltd, which was the subsidiary Company of the Bureau.

2.3 Comments on financial statements – Bureau

2.3.1 Sri Lanka Accounting Standards

The following non-compliance were observed.

(a) Sri Lanka Accounting Standard – 19

In terms of paragraph 83 of the Standard, instead of the computation of cost of interest, based on the discount rate determined for the year under review for making provision for employee gratuities, the cost of interest had been calculated based on the discount rate relevant to the previous year and as a result, the cost of interests had been overstated by Rs.1,070,732 and the actuarial profit had been under stated by that amount.

(b) Sri Lanka Accounting Standard – 20

Even though, a sum of Rs.357,964,043 spent for the construction of Ratnapura Training Centre under the government capital grants had been capitalized the depreciation of Rs.21,850,722 relevant to the year had not been accounted. Furthermore, the value, equivalent to the depreciation had not been recognized and accounted as well as differed income relating to the government grants in terms of paragraph 12 of the Standard.

(c) Sri Lanka Accounting Standard – 37

As the cost of living allowance had not been considered in the calculation of contributions to the Employees Trust Fund for the previous years, the Bureau had made an appeal to the Fund in respect of under payment amounting to Rs.6,261,168 for previous years, no conclusion had been reached even up to 01 October 2018. The relevant liability had not been disclosed in the financial statements in terms of paragraph 16 of the Standard.

(d) Sri Lanka Accounting Standard – 39

In terms of paragraph 63 of the Standard, in amortizing financial assets held to maturity, the interest income should have been recognized as investment income calculated at effective interest rate. However, the interest calculated on coupon interest rate had been recognized as the investment income by the Bureau.

2.3.2 Accounting Deficiencies

The following observations are made.

- (a) Without being identified the interest income of Rs.986,240 directly credited to the bank account in respect of a fixed deposit of Rs.8,000,000 invested in a state bank, it had been accounted under sundry income and again it had been brought to accounts under the interest income receivable and investments. As a result, interest income receivable and the sundry income had been overstated by Rs.986,240 each in the financial statements of the year under review.

2.3.3 Unexplained Differences

A difference of Rs.2,453,137 between the balance as per the ledger account and the advance register was observed.

2.4 Accounts Receivable and Payable

(a) Accounts Receivable

- (i) Action had not been taken to recover the cess commission of Rs.493,250 receivable relating to the period 2000 – 2012 even in the year under review.

- (ii) A sum of Rs.67,568,640 was receivable from the Ministry of Foreign Affairs as at 31 December 2017 for the Oman Embassy operated in a building belonged to the Bureau since 2013. However, it had not been recovered even by 30 August 2018.
- (iii) A sum of Rs.11,055,416 paid by the Bureau for the settlement of mobile telephones bills of 2017 of the Development Officers attached to the Divisional Secretariats who were appointed to the Ministry should have been reimbursed and as such it had been shown in the financial statements as a receivable balance. However, the payment of that money had been refused by the letter dated 16 January 2018 of the Secretary to the Line Ministry.

(b) Accounts Payable

- (i) A sum of Rs.19,301,089 recovered from the immigrants in the year 2015 as Korean recruitment charges and a sum of Rs.207,272,792 refundable from the registration fees of foreign employment agencies, relating to the years 2015 and 2016 had not been settled even by the end of the year under review.
- (ii) A sum of Rs.34,720,000 payable as rents to the Divisional Secretariat, Thangalle in respect of the land where Thangalle Training Centre was located relating to the period from 2015 to 2017 and a sum of Rs.1,419,703 payable to the food suppliers relating to the previous years had not been settled.

2.5 Non-compliance with laws, rules, regulations and management decisions

Ad-hoc sub-impressts issued in the years 2012, 2014 and 2015 in 4 instances totalling Rs.6,141,754 in excess of the limits stated in the Financial Regulation 371 of the Democratic Socialist Republic of Sri Lanka had not been settled even by 15 August 2018 the date of audit.

2.6 Transactions not supported by adequate authorities

The following observations are made.

- (a) According to the provisions of the Sri Lanka Bureau of Foreign Employment Act No.21 of 1985, at a first registration of persons in the Bureau who immigrate for foreign employment, only a sum of Rs.15,200 and for a re-registration, a sum of Rs.3,200 can be recovered as charges. Nevertheless, without a proper approval and absence of a systematic methodology, charges following by various methods had been recovered from emigrant-workers and a total income of Rs.405,694,585 was earned during the year under review.
- (b) In terms of Section 45(1) of the Sri Lanka Bureau of Foreign Employment Act No.21 of 1985, a Labourers Welfare Fund should be established for the benefit of Sri Lankans, employed abroad and the money collected therefor should be credited to that Fund, in terms of Section 45(2) of the Act. In addition, all expenses incurred in respect of training and acquainting of Sri Lankans, recruited for foreign employment

in terms of Section 48(c) of the Act should be met by that Fund. However, without incurring expenditure from that Fund, a total sum of Rs.143,272,642 had been recovered in the year under review from emigrant workers as separate training charges.

- (c) Without obtaining the approval of the Secretary to the Treasury in terms of Section 9.7 of the Public Enterprises Circular No.PED/12 of 02 June 2003, a total sum of Rs.83,174,556 had been paid as staff allowances in the year under review under 9 methods based on criteria determined by the Bureau itself.

3. Financial Review

3.1 Financial Result

According to the financial statements presented, the operation of the Group and the Bureau for the year under review had resulted in a profit of Rs.882,473,057 and Rs.882,369,779 respectively as compared with the profit of Rs.1,153,737,001 and Rs.1,151,728,485 for the preceding year respectively. Accordingly, the financial results of the group and the Bureau had deteriorated by Rs.271,263,944 and Rs.269,358,706 respectively. Decrease of revenue earned from charges recovered from emigrant workers departed to Korea in the year under review by about 50 per cent had mainly attributed to this deterioration.

In analyzing the financial results of the year under review and the preceding 4 years, the profit after tax of the Bureau amounting to Rs.243,148,771 in the year 2013 had increased in the year 2014 but decreased again in the year 2015. However, it had increased again since the year 2016. After being re-adjusted the employees remuneration, taxes paid to government and depreciation on non-current assets, to the financial results, the contribution of the Bureau in the year 2013 amounting to Rs.1,427,222,753 had increased up to Rs.2,977,630,270 in the year 2017.

4. Operating Review

4.1 Performance

4.1.1 Operations and Review

The number of workers departed for foreign employment in the year 2016 amounted to 242,930 and it had decreased to 212,162 in the year 2017, representing 12.66 per cent. According to the statistics of the Bureau, the female and male workers composition who departed for foreign employment in both years 2016 and 2017 had indicated 34 per cent and 66 per cent respectively.

4.2 Management Activities

The following observations are made.

- (a) The rent agreement entered into with a private entity selected in the year 2015 by the Bureau for obtaining 9 vehicles on rent basis had terminated on 10 October 2015. However, the period of rent agreement had been extended in 06 occasions, stating that action would be taken to provide transport facilities to officers by selling the dilapidated vehicles belonged to the Bureau and purchasing new vehicles and obtained the vehicles continuously from that entity without calling for fresh bids. The rent of those vehicle so obtained had been increased by 10 per cent in the year 2017 and the number of rented vehicles had also been increased up to 22 and a sum of Rs.26,879,520 had been spent therefor.

Twelve vehicles recommended as dilapidated by the Bureau had been presented for auction in the year 2018 out of which 07 vehicles had been sold. However, action had not been taken to purchase new vehicles in place of rented vehicles even up to 18 June 2018, the date of audit.

- (b) The Bureau had opened a special investigation unit with the objectives of ensuring law abiding and discipline within the foreign employment field and a staff consisting of 37 persons had been attached thereto by 31 December 2017. Even though, 4,311 complaints were received by the Bureau in the year 2017 relating to various issues, only 2,815 complaints therefrom or 65 per cent had been referred for investigations.

According to the procedure manual of the Bureau, action should be taken to give solutions within 14 days from the date of registration of such complaint submitted to the investigation unit and it should be referred to the legal division, if such solutions could not be given. However, 345 complaints had existed in the investigation unit by the end of the year 2017 which could not be resolved or referred to the legal section.

- (c) Out of 805 public complaints subjected to audit test check of 2017 and 2 prior years, the entities relating to 180 complaints had been black listed and remained not examined for more than one month and 4 complaints had remained unresolved for more than one year. Out of foreign employment agencies, black listed during the year 2017, two agencies in 6 occasions and one agency in 7 occasions had been black listed.

- (d) According to a policy of the government, a scheme of obtaining family background with the objective of limiting mothers emigration for the wellbeing of children had been implemented by the Government. According to an internal audit carried out by the internal audit division of the Line Ministry in that regard, discrepancies such as the issue of 6,420 family background reports prepared fraudulently during the year 2016, issue of 60 family background reports without field inspections, preparation of deceitful documents, illicit earnings, issue of family background reports for one lady from 2 Divisional Secretariats etc., were revealed.

For the purpose of controlling this position, a Committee headed by the Divisional Secretary had been appointed for the approval of family background reports and a special Committee had also been appointed to make appeals. However, on the contrary of this method, 100 family background reports had been issued by 2 officers who represented the top management of the Bureau within 10 months of the year 2017.

- (e) During the last successive 3 years, out of Sri Lankan Women came to foreign missions on various grounds who had emigrated for foreign employment, 10,324 women had been referred to the detention camp. By the end of the year 2017, 20 out of 250 detainees available therein had spent more than 6 months of those camps. Apart from that, the Bureau had spent a sum of Rs.43,300,824 for the rent of those camps, food and medical aids during the year 2017.
- (f) The Bureau had set up an emigrant workers Contribution Fund since the year 1988 and a balance of Rs.7,708,918 was available in that fund as at 31 December 2017 belonging to 1602 emigrant workers. Any written documents whatsoever were not available to clarify the objective of the commencement of this fund in the Bureau and the fund had become dormant as there was no proper procedure in respect of the management of the Fund.
According to the financial statements its members contributions of Rs.7,708,918 as at 31 December 2017 had been shown as a liability but the value of investments and receivables belonged to it totalled only Rs.6,051,145. In addition, as accounting records relating there to had not been properly maintained, it was not established that the investment income had been correctly credited to the Fund.
- (g) The balance of staff loans amounting to Rs.429,837,611 by the end of the year under review had included the following loan schemes implemented only on the approval of the Board of Directors.
 - (i) In terms of paragraph 2 of the Public Administration Circular No.30/2008 dated 31 December 2008, the maximum distress loan to be given to an officer was limited to Rs.250,000. On the contrary 12 times of a gross salary of an officer had been granted as distress loan. According, to the list of loan balances at the end of the year under review, 632 loan balances totalling Rs.279,543,713 exceeding Rs.250,000 limit, 149 loan balances, exceeding Rs.500,000 loans and a loan balance exceeding Rs.1,000,000 had existed.
 - (ii) Even without the approval of the Board of Directors, a loan scheme limited to one month salary of an officer had been implemented by the Bureau as a quick loan and a balance of Rs.1,305,975 related thereto had existed by the end of the year under review.
- (h) Without the approval of the Department of Public Enterprises, a scheme of reimbursement of medical bills and an insurance scheme for accident compensation had been implemented for the employees of the Bureau since 1995 and the full amount of compensation had been paid by utilizing the revenue of the Bureau annually. A sum of Rs.45,088,783 had been spent therefor in the year under review.

According to the sub-section 3 of section 17 of part II of the Sri Lanka Bureau of Foreign Employment Act, this type of expenditure could not be incurred from the funds of the Bureau.

- (i) A compliant had been referred to the Criminal Investigation Department on 17 June 2014 to conduct a formal inquiry in respect of a financial discrepancy amounting to Rs.1,058,276 occurred in June 2014 in the Abu Dhabi Office of the Sri Lanka Bureau of Foreign Employment. Even though, more than 3 years had elapsed after being referred the complaint a progress in this regard had not been reported and the Bureau had not taken follow-up action thereon.

4.3 Operating Activities

The following observations are made.

- (a) Action had been taken to operate a job bank including the information of persons who expected to emigrate for foreign employment as an strategy in order to achieve the objective of the marketing Division of the Bureau. In the year 2016 and 2017, 17,663 persons had been registered therein and the employment agencies had checked the information of registered persons in 120,462 occasions. However, 1,368 persons only who had registered there had got the foreign employment opportunities. Number of persons registered in the job bank had increased by 8,405 (182 per cent) in the year 2017 as compared with the year 2016. However, out of registered persons in the year 2016 only about 9 per cent had gone abroad and it had dropped up to 7 per cent by the year 2017. Attention had not been paid to formulate a methodology for the registration of Skilled applicants selected from the Vocational Training Institutions to suite the foreign labour demand as an alternat to the method which was failed.
- (b) A loan of Rs.2,998 million had been granted by the Samurdhi Bank for 10,264 migrant workers as at 31 December 2016 under the housing loan scheme implemented for the migrant workers in collaboration with the Sri Lanka Samurdhi Authority and the Bureau. Of this loan scheme, a sum of Rs.360.27 million had been granted to 1,573 migrants, contrary to the conditions of loans and without obtaining any security. Furthermore, the repayment of loans of Rs.610.14 million granted to 2,674 migrants had been evaded and this loan scheme had become inactive by now. Updated information was not available with the Bureau by the end of the year under review and the interest relevant to the deposit of Rs.100 million made in the Bank of Ceylon by the Bureau in the name of Samurdhi Authority was not received by the Bureau since the year 2014.
- (c) An officer who had invented the computer system established within the Bureau for the ascertainment of family background reports had also been assigned the duties of obtaining such reports without any internal control. He had given fraudulent recommendations for 9 family background reports through the computer system. According to an examination carried out by an entity expertised in that field it was identified 5 fundamental errors in the creation and implementation of that system and as such it was observed that an environment enabling to issue fake family background reports had been created.

As a solution, the above expertised entity had made recommendations on action to be taken to operate the existing computer system in a proper manner by minimising frauds and errors. However, action had not been taken to implement those recommendations made by the expertised entity, even though about 6 months had lapsed by the date of audit on 10 April 2018.

- (d) An officer recruited to the labour welfare division of the Sri Lanka Bureau of Foreign Employment in Lebanon, on temporary basis had vacated his service since 27 July 2017 without being settled the revenue of US\$ 680 received for official purposes and US\$ 400 given as petty cash imprest. Without keeping any kind of security important functions and duties such as collection of revenue and accounting, record keeping as well as maintaining the petty cash imprest etc., without proper supervision and control had been assigned to him who had been recruited on temporary basis. However, any attempt whatsoever had not been made by the Bureau to recover this financial loss from that person.

4.4 Irregular Transactions

A total sum of Rs.10,423,267 between Rs.27,500 and Rs.28,000 per annum had been paid to officers in the Senior Management Level of the Bureau as uniform allowances in the year under review on the approval of the Board of Directors. However, a specific set of uniform had not been introduced to those officers.

4.5 Identified Losses

As the computation of EPF contributions during the period from 2006 to 2016, the cost of living allowance had not been taken into consideration, and a financial loss had been incurred as a result of paying employees contributions, in addition to the Bureau's contributions totalling Rs.42,859,186 in the year under review for a period of 10 years.

4.6 Resources of the Bureau given to other government institutions

According to the paragraph 8.3.9 of the Public Enterprises Circular No.PED/12 of 02 June 2003, resources of the entity could not been released to the other entities. However, the Bureau had employed 17 officers of the Bureau in several instances during the year 2017 and the salaries of Rs.5,762,530 paid to 15 of them had not been reimbursed.

4.7 Personnel Administration

The following observations are made.

- (a) Of the approval cadre of 1,251 as at the end of the year under review, 83 staff grade officers and 31 Non-staff grade officers had fallen vacant. However, 21 non-staff grade officers and 28 primary level employees had been recruited on contract basis in excess of the approval cadre.
- (b) The scheme of recruitment adopted to appoint the officers for the welfare divisions in foreign missions had not got approved by the Department of Management Services.

The scheme used at present does not include such information as description of duties, appointing authority, salary code, salary scale, method of recruitments, employment conditions etc.

The Cabinet of Ministers had granted approval by cabinet paper No.04/1607/027/027 for the matters and qualifications to be considered in selecting persons for Sri Lanka Foreign missions as diplomatic officers. However, it was observed that considerable mismatches had existed between the qualifications so approved and the scheme of recruitments presented to audit.

- (c) Audit examination carried out in respect of the appointment of consultants who had been appointed 5 persons as Heads of Missions, by 31 December 2017 revealed the following matters.
- (i) Even though, the maximum age limit for the recruitment was 50 years, an officer, more than 53 years of age had been recruited to the Singopure foreign mission as a consultant.
 - (ii) A degree of a recognized University or service experience of 15 year with a Senior Executive Post for 10 years should possess for the post of consultant but the officer who had been appointed to the Quarter Mission as the consultant had not acquired such qualifications.
 - (iii) Documentary evidence required to ensure whether relevant educational and other qualifications had been acquired by the consultants who were appointed to the Singopure and Lebanon foreign mission as consultants was not included in their personnel files.
- (d) The following observations are made in respect of the recruitment to the post of Senior Manager, internally.
- (i) Three officers who had not fulfilled the minimum qualifications stated in the approved scheme of recruitments and one officer who had been punished under disciplinary grounds due to serious misconduct in 2 occasions had included in 9 senior managers recruited to 9 provincial offices of the Bureau.
 - (ii) In absorbing in accordance with the approved scheme of recruitments, a female officer who had been appointed to the Post of Manager Grade M(iv) on 03 April 2012 was at the salary step of Rs.31,310. However, in terms of Management Services Circular No.30 this salary had been 9th step of the Manager MM 1-1 (Grade ii) post. Disregarding this matter she had been absorbed in to the Post of Manager MM 1-1 (Grade I)
 - (iii) Information such as whether they had passed the Efficiency Bar Examinations relating to them and the confirmation to establish their professional qualification certificates from the related professional institutions was not contained in their personnel files.

- (e) Without the approval of the Department of Management Services 10 co-ordinating officers had been recruited on contract basis on the approval of the Board of Directors on 30 June 2016.
- (f) Without being recruited qualified permanent offices for 12 Managers posts and 19 Assistant Managers posts appointments had been made on Acting basis. Twelve such instances were observed in awarding acting appointments, lapsed for over 5 years.

5. Sustainable Development

5.1 Achievement of Sustainable Development Goals

Every public entity should act in accordance with the 2030 “Agenda” of the United Nations on Sustainable Development but the Sri Lanka Bureau of Foreign Employment was not aware about how the Bureau should perform its functions come under the purview of its scope.

6. Accountability and Good Governance

6.1 Presentation of Financial Statements

In terms of paragraph 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, the financial statements should be presented to the Auditor General within 60 days after closure of the year of accounts but the financial statements for the year ended 31 December 2017 had been presented only on 04 June 2018.

6.2 Procurements and Contract Process

6.2.1 Procurements

The following observations are made.

- (a) Rents totalling Rs.21,926,000 had been paid by the Bureau by the end of the year under review in respect of a building obtained for its Branch Office on rent basis since 2014. Audit observations thereon are given below.
 - (i) According to the Provincial Valuer’s report in October 2014, in which it was decided to get the building on rent, the monthly assessed rent amounted to Rs.500,000 and the annual rent amounted to Rs.5,660,000. However, the Bureau had increased the monthly rent up to Rs.550,000 the approval of the Secretary to the Line Ministry and a sum of Rs.6,226,000 had been paid as the annual rent on 13 February 2015 and obtained that building on rent.
 - (ii) Even though, the beginning day of the lease period according to the rent agreement was 01 December 2014, the approval of the Ministry had been given on 22 December 2014 subject to the approval of the Board of Directors. However, the approval of the Board of Directors had been granted therefor on 20 November 2014.

- (iii) According to the newspaper advertisement relating to this procurement, there should be a vehicle park which can be parked 10 vehicles. However, it was observed at the field inspection carried out by auditors on 07 September 2017 that facilities were available only for 3 vehicles in the vehicles park.
 - (iv) A total sum of Rs.2,560,758 comprising a sum of Rs.455,000 for an air conditioner stand and to stall a new transformer amounting to Rs.2,105,758 had been incurred by the Bureau for works to be carried out by the owner of the building in accordance with the rent agreement. That expenditure had been incurred baselessly and after 5 months and 1 ½ years, the owner of the building had been given the opportunity to settle that expenditure by installements. Accordingly, out of the expenses incurred on transformer a sum of Rs.852,892 was due by November 2017, had not been recovered the date of audit. However, as the assessed value of the building had increased due to improvement of building made by the Bureau, the monthly rent recovered by that time had increased by another sum of Rs.200,000 and the management had taken action to pay a monthly rental at Rs.750,000.
- (b) Under the program for awarding annual uniforms to the officers of the Bureau sums of Rs.1,912,500 and Rs.432,000 had been spent by the Bureau for the purchase of 450 sarees at Rs.4,250 per saree for 75 Junior Executive Grade Female Officers and sewing charges respectively. However, a letter with 42 signatures of relevant officers had been referred to the Chairman of the Bureau stating that those, uniform materials were very poor quality and could not be used.

According to the physical verification carried out in audit on 02 November 2017 in this regard, it was revealed that 29 officers subjected to audit had not worn uniforms, but the Bureau had not conducted a formal inquiry in this regard.

6.2.2 Delayed Projects

According to a Board decision in 2015, it was planned to construct 8 emigrant resources centres and to complete the work of 6 centres by the end of the year 2018. However, only the works of 2 of them had been completed by June 2018, the date of audit. Even though, the preliminary works of another 4 centres had been carried out by incurring a total sum of Rs.1,109,361, construction works could not be further done as the land acquisition process had not been done and as such the expenditure incurred thereon had become fruitless expenses. Further, even though the decision of the Board of Directors on this matter had further stated that this work should be commenced only after getting the approval of the Department of National Planning such an approval had not been obtained.

7. Systems and Controls

Weaknesses in systems and controls were brought to the attention of the Chairman of the Bureau from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls

Observations

(a) Personnel Administration

(i) Non-taking action to recruit fully qualified officers permanently and non-maintenance of personal files of officers properly.

(ii) Non-implementation of procedures in respect of staff allowances and loans, being prepared.

(b) Internal Control

Not taking action to establish and operate sufficient internal control systems so as to prevent frauds and errors and to detect them.

(c) Debtors and creditors control

Non-settlement of long terms creditors and debtors balances belonged to the Bureau and non-establishment of control systems in a manner to settle creditors and debtors balances within the specific period.