

Head 226 – Department of Immigration and Emigration

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Immigration and Emigration for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended 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. The summary report including my comments and observations on the financial statements of the Department of Immigration and Emigration was issued to the Accounting officer on 25 July 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018 and the Detailed Annual Management Audit Report related to the Department of Immigration and Emigration was issued to the Accounting Officer on 10 July 2019. This report will be tabled in Parliament in pursuance of Provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Department of Immigration and Emigration as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

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 Chief Accounting Officer and Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Department 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.

As per Section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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 the Auditor General's report of the Auditor General that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5. Report on Other Legal Requirements

I express the following matters in accordance with Section 6 (d) of the National Audit Act, No. 19 of 2018.

Since there was no need for the Department of Immigration and Emigration to prepare financial statements for the preceding year, it could not be stated that the financial statements presented was consistent with preceding year. As such, recommendation on the financial statements had not been made.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of the Financial Statements with provisions in the Circular

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Although the report on bindings and liabilities should be furnished to the Department of State Accounts, such action had not been taken. Action had been taken to settle such liabilities of Rs.115,557,017 not reported during 2019.	Should be reported in terms of Paragraph 4.11 of the State Accounts Circular No. 266/2018 of 19 October 2018.	It is kindly informed that the report on liabilities will be furnished in future.
(b) The assets valued at Rs.1,922,166,505 shown in the statement of non-financial assets could not be satisfied.	The register of fixed assets should be prepared in accordance with Paragraph 8.1 of General Instructions No.8 of the State Accounts Circular No. 267/2018 of 21 November 2018.	A copy of the BOSS report obtained from the CIGAS Computer Programme referred to in Paragraph 8.1 of General Instructions No. 8 of the State Accounts Circular No.267/2018 of 21 November 2018 had been furnished for audit purposes.

1.6.2 Financial Position Statements

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) According to the non-financial assets statement, the value of assets of 02 objects amounted to Rs.40,746,779 whereas it amounted to Rs.40,868,619 according to the details of purchases. Accordingly, a difference of Rs.121,840 was observed in the value of purchases.	Action should be taken to account the correct value of assets in the financial position statement.	Certain items to be accounted under the Stationary and Office Equipment (1201) and Object 2001 had been erroneously accounted under the above Object causing the above difference. Such repetitions will be avoided in future.
(b) The amount obtained by sale of 02 vehicles was Rs.1,512,000. The value of such disposal had been shown as Rs.1,807,456 resulting in an overstatement of Rs.295,456.	Action should be taken to account the correct value of assets in the financial position statement.	It is accepted that the actual income obtained by sale of vehicles was Rs.1,512,000.00. Other disposal income of Rs.295,456.00 had also been inadvertently included in it. Necessary rectifications will be made and the brought forward balance will be correctly shown in the ensuing year.
(c) A motor vehicle purchased for Rs.7,400,000 in 2015 had been shown as total loss in 2016 (due to an accident). But, it had also been shown under the non-current assets during the year 2017. Further, action had not been taken to write off it from the books even during the year under review.	Action should be taken to account the correct value of assets in the financial position statement.	The Sri Lanka Insurance Corporation had stated that total indemnity cannot be claimed for this vehicle whereas the Department of Motor Traffic is of opinion that total indemnity could be claimed. However, a decision had not been arrived at, with regard to write off as there is complication regarding the value assessed although it has been classified as indemnity.
(d) A difference of Rs.305,415,325 was	Action should be taken to account the correct value	The sum of Rs.53,944,676.33 shown as work in progress in the

observed between the balances of fixed assets as at 31 December 2018 as per non-financial assets statement and the balances of the register of assets furnished by the Department.

of assets in the financial position statement.

non-current removable report as per Appropriation Account 2017 is incorrect. This should be corrected as Rs.41,516,944.00 .

While preparing the 9153 Land Financial Statements, the balances shown as land amounts to Rs.86,945,000.00. This is incorrect. This difference had been caused while computerizing. According to the register of assets furnished the balance amounts to Rs.66,945,000.00 and this is correct.

1.6.3 Reconciliation Statement relating to Advance to Public Officers Account

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
Action had not been taken to recover the loan balances of Rs.266,426 recoverable from 06 officers for over 02 years.	Action should be taken to recover arrears of loan balances.	Reply not furnished.

1.6.4 Non-maintenance of Registers and Books

The Department had not maintained certain registers shown below. It was observed that certain registers had not updated and regularly maintained.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The register of fixed assets had not been updated in terms of Appendix II of Financial Regulation 502(2).	The register of fixed assets should be maintained with the concurrence of the Auditor General in terms of the Financial Regulation.	At present action is being taken to maintain it correctly. Will be furnished in future.
(b) A register of losses had not been maintained in terms of Financial Regulation 110.	A register of losses should be maintained in the form specified as per financial regulation.	Reply not furnished.
(c) A register of liabilities had not been maintained	Liabilities should be entered in a register of liabilities so	It is kindly informed that action will be taken in future to maintain

in terms of Financial Regulation 214. as to examine liabilities regularly as required by the financial regulation. an updated register of liabilities.

1.6.5 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with laws, rules and regulations appear below.

Observation -----	Non-compliance	Recommendation	Comments of the Accounting Officer -----
Reference to Laws, Rules and Regulations -----			
(a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka Financial Regulation 571	Action had not been taken in terms of the regulation with regard to Rs.5,927,512 lying in 2 General Deposit Accounts for over 2 years.	Action should be taken in accordance with the regulation.	Instructed to take action to renew the security deposit of Rs.75,000 and to examine work done with regard to the contract deposit of Rs.5,852,513 so as to release the money to the Contractor or to Credit it to revenue, by informing the Contractor.
(b) State Accounts Circular No. 02/2015 of 10 July 2015. Paragraph 12	Vehicles to be disposed should be identified annually and the information thereon should be filled in Form specimen 01 before 31 March of the relevant year and on completion of activities relating to disposal such information should be filled in Form Specimen 02 before 02 June, as specified and forwarded to the respective institutions as per instructions. However, these had not been done.	Should act in terms of the circular.	Form Specimen 02 will be furnished within two weeks.

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| (c) | National Budget Circular No. 01/2016 of 17 March 2016 Paragraph 2.2 | Forwarding of applications for procurement of vehicles and identification of necessity for 5 vehicles to the Department had not been confirmed as referred to in Volume II | Action should be taken according to the circular. | Reply not furnished. |
| (d) | Government Procurement Guidelines – 2006 | | | |
| (i) | Section 4.2.1 (b) | Procurement activities expected for a period of at least three (03) years should be listed in the Main Procurement Programme. However, the Main Procurement Plan of the Department had only been limited to the year under review. | Action should be taken according to the Procurement Guidelines. | Reply not furnished. |
| (ii) | Section 4.1.1(a) | Sixty nine passport scanning machines had been purchased for Rs.16,138,728 deviating from the procurement procedures. | Action should be taken according to the Procurement Guidelines. | Reply not furnished. |
| (iii) | Sections 5.3.13 and 5.4.10 (b) | While furnishing the bids for purchasing motor vehicles, bid bond amounting to Rs.200,000 and performance bond amounting to Rs.195,600 had not been furnished. | Should act in accordance with the Procurement Guidelines. | Reply not furnished. |
| (iv) | Section 5.6 | Action had not been taken in terms of the Procurement Guidelines for the purchase of 69 passport scanning machines and 685 toners amounting to Rs.28,468,728. | Should act in accordance with the Procurement Guidelines. | Reply not furnished. |
| (e) | Letter issued by the Office of the President No. CSA/1/38 of 04 October 2016 | Diplomatic passports had been issued to 02 persons who had not been approved to be issued with diplomatic passports as per list. | Action should be taken according to the instructions of the Office of the President. | It is unable to find out the letter granting approval for issue of passport to the officer holding the post of Deputy |

Secretary Parliament and Chief of Staff. The letter granting approval for the Venerable Professor had been misplaced.

2. Financial Review

2.1 Liabilities and Obligations

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) The liabilities of Rs.4,392,614 settled in 2019 on behalf of the year under review had not been shown in the Obligations and liabilities statement.	Action should be taken to enter all liabilities.	It is kindly informed that the register of liabilities will be updated to avoid the above short comings.
(b) Liabilities in excess of the net provision made for 08 Objects for the year under review amounted to Rs.7,412,221.	Should see whether provision in available while entering into liabilities, as required by the Financial Regulation 216(6)	Estimates are prepared for 12 months with regard to water and electricity charged. The bills for December are always paid in the ensuing year. However, bills for 12 months are paid during the year. As such, it is kindly informed that the provision had not been exceeded.
(c) According to the Statement of Obligations, obligations exceeding the provision amounted to Rs.42,101,817.	Care should be exercised regarding obligations in terms of the Financial Regulation 94(2) and (3)	Observations accepted. Action will be taken in future to enter into obligations according to the existing provision.
(d) An agreement had been entered into with IBM World Trade Corporation for Rs.1,134,064 on 07 June 2018 which had not	All obligations should be entered in the Liabilities and Obligations statement	Observations accepted. Action will be taken in future to enter into obligations according to the existing provision.

been shown obligations in the financial statements.

2.2 Issue and Settlement of Advances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Ad hoc imprests obtained should be settled within 10 days of fulfilment of the requirement. However, there were delays ranging from 16 days to 11 months in settling 13 advances.	Action should be taken in terms of financial Regulation 371(5) as revised by the State Accounts Circular No. 2015/03 of 14 July 2015.	Reply not furnished
(b) Advances granted to 4 officers. The unspent sum of Rs.60,264 were in their possession for 16 to 56 days.	Advances should be granted for work already planned.	Reply not furnished

2.3 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Total net provision of 11 objects amounted to Rs.38,048,122. As a result of making overprovision, the savings in those Objects ranged from 7 to 29 per cent.	Annual estimates should be prepared so as to fulfil the requirements referred to in Financial Regulation 50.	Savings in provision were due to decrease in the estimated hire purchase instalment, trainings not being conducted, officers expected to be engaged in disembarkation activities not being of engaged and delay in payments of vehicle hire.
(b) Provision made for 02 objects amounting to Rs.122,000,000 had been transferred to other	Annual estimates should be prepared so as to fulfil the requirements referred to in Financial Regulation	Savings in provision were due to, information received from the supplying institution that supplies would not be made

objects without being 50.
used for any purpose.

and the cancellation of
construction of the centre for
facilitation of strengthening of
law.

2.4 Deposit Balances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>The sum of Rs.300,000 paid by persons for obtaining dual citizenship certificates had been retained in the General Deposit Account without being remitted to them.</p>	<p>-----</p> <p>Action should be taken to correctly account the revenue</p>	<p>-----</p> <p>Mr.AWimalanandan had applied for dual citizenship vide No. C19160039060. At the time of making the payment it had been observed that the fees had been paid by another person for the same member. In order to issue the certificate to the payee concerned, fees had been recovered from Mr.A.Wimalanandan and kept in the Deposit Account.</p>

3. Operating Review

3.1 Non-execution of Functions

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>A sum of Rs.1,060.6 million had been provided in the revised procurement plan of 2018 to execute 16 procurement plans of these 82 per cent of the functions</p>	<p>-----</p> <p>Action should be taken to properly execute the functions planned</p>	<p>-----</p> <p>Reply not furnished</p>

amounting to Rs.869.7 million had not been executed.

3.2 Annual Performance Report

The following observations are made.

	Audit Observation	Recommendation	Comments of the Accounting Officer
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(a)	According to the Action Plan there were vacancies for 132 officers as at 01 January 2018. 113 authorized officers had been recruited in 2018. Accordingly, there should have been 19 vacancies for the posts of authorised officers. However, vacancies of 55 authorized officers had been shown as per performance report of 2018.	Correct cadre should be entered in the reports.	Reply not furnished
(b)	According to the Report of the Passport Division, as appearing in the performance report, the number of passports issued in 2018 603,732. However, the one day service and ordinary services of issue of passports shown in the same report totalled 603,725 showing a complicated difference of 7.	Action should be taken to enter correct information in the performance report	Reply not furnished

3.3 Procurements

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
According to the provision in Paragraph 2.3 of the National Budget Circular No. 01/2016 of 17 March 2016, necessary norms had not been examined for deciding procurements which selecting suppliers for procurement of a motor vehicle.	Action should be taken to select the correct supplier as per circular.	Reply not furnished

3.4 Losses and Damages

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) A loss of Rs.2,397,500 had occurred between the price furnished for audit and the price furnished to the Department while purchasing Lexmark MS 310 toners.	Action should be taken to decide so as to avoid loss to the government.	Reply not furnished
(b) Issue of middle east passports had ceased from 31 December 2018. But, a stock of 4,000 passports valued at Rs.2,580,000 issuable for middle east remained at the stores.	Action should be taken for disposal after examining whether it could be made.	Reply not furnished
(c) Due to various errors, 4,586 passports valued	Action should be taken to minimize errors.	Reply not furnished

at Rs.2,957,970 had been cancelled as compared with the number of passports issued in 2018.

3.5 Unresolved Audit Queries

The following observations are made.

Details of Audit Queries -----	Recommendation -----	Comments of the Accounting Officer -----
Four audit queries had been issued to the Department during the year under review whereas 03 audit queries had been issued in the previous years for which replies had not been furnished even by 31 August 2019. The computable value of those transactions amounted to Rs million 5,133.04.	Replies should be furnished for all audit queries during the relevant period and rectifications made accordingly.	Reply not furnished

3.6 Management Weaknesses

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Five diplomatic passports had not been issued and these passports had not been cancelled. There was no assurance as to what would happen in this regard.	Action should be taken to enter the details of passports cancelled in the register of cancellation of passports.	The reason for rejecting each passport not issued appear below, as per computer date system. Other passports had been issued in lien of each passport cancelled to the applicant. Further, the passport that are cancelled and destroyed subject to legal procedures.
(b) According to paragraph 02 of the circular issued	Computer system should be updated as to confirm the	The circular No. 01/2016 mentioned by you does not

by the Secretary to the Ministry of Internal Affairs, North Western Development and Cultural Affairs, the head of the Department should determine the period of validity of the passport on the basis of necessity of duties while applying for diplomatic passports. However, all diplomatic passports had been issued with a validity period of 10 years, as per computer system.

related to diplomatic passports. It related to the issue of official passports. However, official passports are issued on the recommendations of the head of the institution / quoting the period of retirement and in the case of officers assigned to work in foreign embassies, only up to the period of stay as decided by the Ministry of Foreign Affairs. Such, instances will denoted the fourth page of the passport.

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| (c) | Although it had been noted at the examination of performance as at 31 December 2018 that 89 staff training programmes had been conducted, 58 training programmes only had been conducted in 2018 as per Performance Report of 2018. | Action should be taken include correct information in the performance report | Reply not furnished |
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4. Human resources Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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The approved cadre as at 31 December 2018 was 1203 whereas the actual cadre was 1065 resulting in 138 vacancies.	Action should be taken to fill vacancies in the cadre according to the necessity	Reply not furnished

