

Head 193 - Ministry of Labour

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the Ministry of Labour for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and statement of financial performance and cash flow statements 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. In terms of section 11(1) of the National Audit Act, No.19 of 2018, the summary report including my comments and observations on the financial statements of the Ministry, was issued to the Chief Accounting Officer on 30 June 2020. In terms of section 11(2) of the Audit Act, the Annual Detailed Management Audit Report relating to the Ministry was issued on 16 August 2021 to the Chief Accounting Officer. This report is submitted to Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka 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 financial statements give a true and fair view of the financial position of the Ministry of Labour as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 1.6 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 Responsibility of the Chief Accounting Officer for the Financial Statements

The Chief 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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief 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 section 16(1) of the National Audit Act, No. 19 of 2018, the Ministry 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 Ministry.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibility for 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 summary 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 Ministry's internal control.
Evaluate that underlie them in an appropriate and fair manner.
- Evaluate the appropriateness and reasonableness of the structure and content of financial statements, including disclosures as well as the transactions and events which were based on.
- 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 Chief 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

As required by Sub-section 6(1) (d) of the National Audit Act No.19 of 2018, I
State the followings:

- (a) That the financial statements are consistent with the preceding year except to the following case,
When it was presenting as the comparison in this year the Closing balances of previous year statement of financial position, even though it had been added the acquired balances of the office of the National Productivity Secretariat in the year, it had not been disclosed from the notes of the financial statements.
- (b) That the recommendations made by me on financial statements of the preceding year had been implemented.

1.6 Comments on financial statements

1.6.1 Statement of Financial and Performance

1.6.1.1 Non-revenue receipts

Audit Observation	Comments of the Chief finance officer	Recommendation
(a) According to the Financial and Performance Report, the imprest amount received by the Treasury for the Ministry from the Heads No.193 and 054 was Rs.597,229,588, when conducting audit it was observed those receipts as Rs.598,054,000 in accordance with the Treasury Prints and also accordingly it was observed a difference of Rs.824,412 between the financial and performance report and the treasury printed in the imprest receipts.	Although it was observed when auditing, that there was a difference of Rs.824,412 in the imprest receipts between the financial and performance report and the treasury print out, it was verified while examining the report which prepared accurately, that there is a difference of Rs.131,273.55. This difference of Rs.131,273.55 was due to the fact that it has been considered ,based on the value released to the Ministry of External Affairs / Ministry of Skills Development by the auditors as Rs.850,591,194 and the treasury settlements as Rs.30,600,806 though the correct values should be Rs.882,392,000 and Rs.31,293,944 respectively.	The total imprest receipts should be added and unpaid imprest should be deducted in the financial performance report.

- (b) According to the Financial Performance Statement and the Treasury print out, differences in deposits and payments of Rs.174,605 and Rs.324,726 were observed respectively. These differences have been observed by submitting the audit observations without paying attention regarding the values accounted for, through the Deposit Accounts Nos. 6000-13-045 and 6000-18-033 for the period of operation under the Head No.130 of Ministry of Public Administration, National Productivity Secretariat. It should be taken action according to the instruction given by the Budget Circular when taking over the balances.
- (c) In accordance with paragraph 14 of Budget Circular No. 06/2020 dated November 30, 2020, when only a portion of the functions pertaining to a Ministry are transferred to other Ministries, action should be taken to transfer the loan balances considering the transfers of the staff. Accordingly, the opening balance of Rs.40,851,695 in the advance B account of the Productivity Secretariat which had been taken over by the Ministry of Labor on September 01, 2020 had not been transferred loan balances as advance payments and accurately entered into the statement of financial performance. I would like to mention further, that as the statement of financial performance represents only the receipts and payments for the period, the taking over of the opening balance does not represent the statement of the financial performance and the reason for the difference of Rs.37,871,056, which was the situation identified as the opening balance by the audit. -DO-
- (d) The advance receipts and payments in the Statement of Accounts and the ACA-5 Report were over stated by Rs.2,980,639 each as compared to the final print out of the Treasury. According to the Treasury notes, during the period under heading 054, that is, from January to August 2020, the value of Rs.1,478,052.19 credited by the cross entry under 54-11 of the Ministry of Labour and the value of Rs.666,327 credited by the cross entry under 54-12 and the value of Rs.835,810 credited in cash under 54-11 related to the Office of the Commissioner for Workmen's Compensation, the total of the above three values is based on the difference observed as the difference through the audit report. Accordingly, I would like to mention that it is not a difference. -DO-

1.6.2 Statement of Financial Position

1.6.2.1 Non-financial Assets

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Although the balance of fixed assets should be Rs.491,612,257 as at 01 January 2020, but according to the financial statements for the year 2020 According to the financial statements for the year 2019, it was mentioned that the opening balance was Rs.575,878,787 according to the financial statements. Accordingly, the opening balance had been over stated of a value of Rs.84,286,530.	The prevailing difference in the initial balance of Rs.84,266,530 which has been shown in the audit is the balance at the date of 1st January 2020 of the National Productivity Secretariat which was taken over by the Ministry of Labor. Only a value of Rs.55,365,211 has been transferred from the Ministry of Public Administration and the balance will be settled in the year of 2021.	The value of the assets acquired should be shown in the financial statements under the acquisitions during the year.
(b) It was observed a difference of Rs.18,973,067 of the non-financial assets between the statement of non-financial assets in the ACA-6 form of the financial statement and the Treasury notes (SA-80).	The audit has mentioned that there is a difference of Rs.18,973,067 in the value of non-financial assets in the Statement of financial Position. Although, only a portion of Rs.55,305,211, from the balance of value Rs.84,286,529.75 of the non-financial assets related to the office of Productivity Secretariat, had been handed over from the Head of 130 to the Head 193 of the Ministry by Ministry of Public Administration on the 28 February 2021, I will take action to settle that in the year 2021, as the remain value should be recovered.	Action should be taken to prepare the financial statements as accurately as possible complying with guidelines of the State Accounts circulars and compliance with Treasury Accounts.

(c) Although the value of non-financial assets stated in the Statement of Financial Statements was Rs.582,687,237, as at 31 December 2020, the balance (SA-80) was Rs.563,714,170 according to the Treasury. Accordingly, it was observed a difference of Rs.18,973,067 in non-financial assets, between those statements.

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1.6.2.2 Financial Assets

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<p>(a) According to the guideline No.6,7(V) of the public administration circular No.02/2020, the balance of the net assets stated under the capital and net assets of the statement of financial position should be obtained by deducting the value of deposit account from the advance account of the ministry. Accordingly, though the amount of Rs.39,049,635 should be declared as net assets but the net assets stated in the statement of financial position were Rs.38,779,611 and the difference was Rs.270,024.</p>	<p>This was the value of imprest for settle the expenses which was incurred by the Ministry of External Affairs for the duties of General election held in the year 2020. Further, the action has been taken to settle this amount from the Treasury in the month of January 2021.</p>	<p>Preparation of financial statements as accurately as possible in accordance with guidelines of State Accounts Circular and Treasury Accounts.</p>
<p>(b) As the value of non-financial assets was over stated by Rs.18,973,067 in the statement of financial position, the pool of property, plant and equipment stated under net assets has been over stated by that value in the statement of financial position.</p>	<p>It is accepted that the value of the pool of property, plant and equipment stated in the financial statement has been overstated with a value of Rs.18,973,067 and reason for that is the balance of the money which to be settled from the Ministry of Public Administration. However, I would like to inform that the action would be taken to settle that amount in the year 2021.</p>	<p>-DO-</p>

1.6.3 Cash Flow Statement

1.6.3.1 Cash flow generated from operational activities

Audit Observation	Comments of the chief Finance Officer	Recommendation
(a) Although the imprest amount of Rs.628,654,806 received from the Treasury, during the year should have been declared as cash receipts in the cash flow statement, the imprest receipts were stated as Rs.628,523,532. Accordingly, it was observed during the audit that the imprest receipts were under stated value of Rs.131,274 in the cash flow statement.	The audit has mention a difference of Rs.131,274 between the imprest amount received from the Treasury during the year and the value stated as the imprest receipts to be declared in the cash flow statement. It is accepted but it seems that, there is a discrepancy between the audit observations and the differences of imprest receipts of Rs.824,412 as mentioned under above 1.5.1.1.(a), the reason for that discrepancy is the amount of Rs.693,138 which has been reimbursed for election duties through the cheque No.017892 dated 05th July 2020.	The Preparation of financial statements as accurately as possible in accordance with the State Accounts Circular Guidelines and accordance with Treasury Accounts.
(b) Although an amount of Rs.623,295,556 has been stated in the cash flow statement, as personal salaries, operating expenses and subsidies and transfers incurred by the Ministry under Heads No.054 and 193 for the year, that particular expenditure was Rs.621,217,511, according to the trial balance and ACA-2 (ii) Expenditure Statement. Accordingly, it was observed a difference of Rs.2,078,045 between the trial balance and cash flow relating to personal salaries, operating expenses and subsidies and transfers.	The reason for the difference is that the expenditure to be represented under capital expenditure was specified in the operating statement as an omission in the cash flow statement. In the future, steps will be taken to represent this form of capital expenditure under each sub heading accurately.	-DO-

1.6.3.2 Cash flow generated from investment activities

Audit Observation	Comments of the Chief Finance Officer	Recommendation																					
(a) It had been stated in the cash flow statement amount of Rs.6788,450 as construction of physical assets or purchase and acquisition of investment during the year. The assets value of Rs.5,429,776 which was transferred from the office of the Commissioner for workmen's compensation Office, had been included in this. However, according to the trial balances of the Heads No.054 and 193 that expenditure was Rs.2,078,047. Accordingly a difference of Rs.4,710,403 was observed.	<p>The amount of Rs.6,788,450 spent during the year on the construction or purchase of other physical assets and other investment had stated in the Cash Flow Statement. The plant and machinery has been created values mentioned under the Code 6112 in the statement of non-financial assets presenting the ACA -6 format – 2020 as follows.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Acquisition</th> <th style="text-align: left;">Code</th> <th style="text-align: left;">Value(Rs)</th> </tr> </thead> <tbody> <tr> <td>Transport Equipment</td> <td>61121</td> <td>3,700,000</td> </tr> <tr> <td>Other Machinery</td> <td>61122</td> <td>3,305,893</td> </tr> <tr> <td>(1,729,776-1,576,117)</td> <td></td> <td>7,005,893</td> </tr> <tr> <td>Disposal</td> <td></td> <td></td> </tr> <tr> <td>Other Machinery</td> <td>61122</td> <td>(217,443)</td> </tr> <tr> <td>Net Value</td> <td></td> <td>6,788,450</td> </tr> </tbody> </table>	Acquisition	Code	Value(Rs)	Transport Equipment	61121	3,700,000	Other Machinery	61122	3,305,893	(1,729,776-1,576,117)		7,005,893	Disposal			Other Machinery	61122	(217,443)	Net Value		6,788,450	Only the money spent during the year should be included in the expenses in the cash flow statement
Acquisition	Code	Value(Rs)																					
Transport Equipment	61121	3,700,000																					
Other Machinery	61122	3,305,893																					
(1,729,776-1,576,117)		7,005,893																					
Disposal																							
Other Machinery	61122	(217,443)																					
Net Value		6,788,450																					

1.6.4 Imprest Account Balance

Audit Observation	Comments Of the Chief Finance Officer	Recommendation
Although the net imprest amount released to the Ministry of Foreign Employment was Rs.61,630,129, according to the ACA-3 statement, As the correct balance was Rs.61,498,856 thus the imprest amount released to the Ministry of Foreign Employment has been over stated of Rs.131,274. Also, in the ACA-3 statement, the balance of the Ministry of Labor was Rs.270,024 under sub imprest balance as at 31 December 2020 and it was observed the balance should be Rs.138,750 according to the accurate calculations.	This is the imprest balance which should be settled to the ministry of External Affairs for expenses incurred to election activities. The Treasury has taken action to settle this amount in January 2021.	It should be included accurate calculations as accurately as possible when preparing Account statements.

1.6.5 Lack of Evidence for Audit

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Although the Expenditure incurred, Adjustments, transferring of Advance Debt Balances, transferring of deposit balances and handing over non-financial asset during the period from 01 January 2020 to 31st August 2020 in accordance with the Budget Circular of the Ministry of Finance No. 06/2020 dated 30th November 2020 should be transferred through the journal entries according to the changing several time in the cabinet structure and content during the year 2020, and the journal entries relating to the transfer and acquisition of balances of institutions that joined and left the Ministry of Labor from 1st September 2020 by the Ministry while preparing the Financial Statements and the particular journal entries were not submitted to the audit.	I further state that this transfer of balances were not done through the journal entries and that the balance transfer from Head 054 to Head 193 was done only by the CIGAS software and 02 account summary files have been prepared for this purpose.	It should be taken action in accordance with the instructions of the Budget Circular of the Ministry of Finance No. 6/2020 dated November 30, 2020.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments Of the Chief Finance Officer	Recommendation
(a) Rs.6,875,341 had been saved out of the amount Rs. 13,850,000 allocated for 7 capital expenditure codes. It had been remained with a range from 16 percent to 100 percent.	The reason for this is that it could not reach the expected targets as the situation prevailing in the country due to the Covid-19 pandemic in the year 2020. I would like to inform that there was no conducive environment in the country to conduct the activities and that it was not possible to carry out activities such as the imposition of curfews and the complete closure (lockdown) of the country. I would like to mention that it is a victory for us to be able to make satisfactory progress in the midst of such a challenging situation.	It should be taken action to prepare the expenditure estimates as logically and accurately as possible in accordance with Financial Regulations 50.

- (b). It had been saved Rs.24,921,437, as 18.5 percent in the expenditure codes out of the provision of Rs.134,724,000 allocated for 22 recurrent expenditure codes. Those savings had been remained in the range of 13 percent to 100 percent.
- DO- -DO-

2.2 Incurring Liabilities and commitments

Audit Observation	Comments Of the Chief Finance Officer	Recommendation
<p>(a) It was observed a difference of Rs.969,410 between the liabilities stated in the financial statements as at 31st December 2020 over the liabilities stated in the Treasury Notes (SA-92).</p>	<p>The reason is to that the last date for the inclusion of liabilities in the CIGAS computer software was only until 21 January 2021, after which the liabilities entered into the liability register were added to the period up to 28 February 2021, the date on which the vouchers were received and the financial statements were to be submitted.</p>	<p>The Ministry should be presented the accurate value of the liabilities which should be settled at the end of each financial year.</p>
<p>(b) Although any of the liability or commitments which has not been reported to the Treasury in accordance with the Guide 3.4 of No.06 of the Finance Circular No 02/2020 dated 28th August 2020 should not be settled within the year 2021, it had been taken action to recover the liabilities of Rs.706,983 regarding 17 cases within the year 2021 which had not been reported in the Treasury. Further, the liabilities amounting to Rs.91,501 recorded in the Treasury as at 31 December 2020 had not been stated in the financial statements.</p>	<p>As mentioned in the above (a), due to not granting the permission for the entries to enter and payments related to all the liabilities, through the CIGAS computer software at the date of 21st January 2021, the payments are made for the late vouchers.</p> <p>The amount of Rs.91,501 pertaining to the office of the Commissioner of Workers' Compensation has been omitted from the financial statements. That institution has been instructed to prevent the occurring of such a situation in the future.</p>	<p style="text-align: center;">-DO-</p>

- (c) Although the liabilities amounting to Rs.18,497 were recorded in the liabilities register of the Ministry, it had not been mentioned in the financial statements. Although the Payment vouchers of the value of Rs.18,497, had not been submitted, on the date of submission of liability financial statements, it had been taken steps to enter in to the liabilities register (at the date of preparation of accounts), as it had been identified the liabilities in advance related to the year 2020.
- (d) If there is no financial provision in the Annual Estimates, no expenditure or liability shall be incurred and the expenditure thereon shall not exceed the provision in accordance with the F.R 94. Ministry had been entered to the liabilities amounting of Rs.533,965 by exceeding the allocation during the year under review. Even when the vouchers were received to settle these obligations, the last date for transfer of funds under FR69 had expired and a situation which was not possible to make provisions. Because those expenses were identified after the ending of the year 2020. However, every effort will be taken to prevent this situation in the future. It should not be liable for any expenses or liabilities, If there is no financial provision in the annual estimates in accordance with the F.R.94.

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2.3 Non-compliance with laws, rules and regulations

Observation Reference to the law, rule and regulation	Non compliance	Comments of the Chief finance Officer	Recommendation
The Public Administration Circular No. 2008/05 dated 06 February 2008.	Although a Citizen / Client Charter was required to be prepared in accordance with the format stated in the Circular, the Ministry had not prepared a Citizens' Charter in accordance with the Circular for the year 2020 and a Service Charter had been prepared .	The Citizen/ client Charter A Citizen / Client Charter has been prepared in accordance with the format introduced by Circulars 05/2008(1) and of 05/2008 with the heading of introducing citizen/clients charter. I kindly inform you that I cannot agree with the observations made by the audit, as the Citizens' Charter and the Client's Charter are a same content, according to those circulars.	The Citizens' / Clients' Charter should be prepared in accordance with the format given in the Circular.

2.4 Deposit Balances

The audit observations regarding deposit balances are as follows.

Audit Observations	Comment of the Chief Accounting Officer	Recommendation
As at 31 December 2020, A balance of Rs.6,837,248 of the compensation amount, had not been recovered which had been charged from the employer institutions as compensation due to non-deadly and deadly accidents while employing as at 31 December 2020. Due to the lack of accurate information of the employees and their dependents, the shortcomings in the documents related to the payment of compensation to the beneficiaries and unable to pay this compensation for reasons such as not submitting them to the office. And the compensation had been delayed from 05 months to 4 years.	The balance remaining as at 30th April 2021 is Rs.4,279,719.21. Compensation for an employee injured in an accident is credited to the particular account, after obtaining the information of an account on his name. The delay in the payment of compensation is occurred due to the delays in submitting the bank account details of the employee and on submission of non-performing bank accounts. Compensation for employees who die in an accident will be credited to their accounts after the court orders for distribution of compensation, subject to the provisions of the Compensation Ordinance. The Delay is occurred, as considerable time taken to award the grant due to not presented of this test and failure to submit of required legal documents.	The action should be taken to provide immediate relief to the dependents of the employees who die in accidents in accordance with the regulations of the Compensation Ordinance.

3. Operational review

3.1 Losses and damages

The following observations are made.

Audit observation	Comment of the Chief Accounting Officer	Recommendation
(a) It was observed during the audit that investigations of 04 vehicle accidents that had been occurred during the years 2019 and 2020 had not been completed as at 31 December 2020 in accordance with Financial Regulation No. 104.	Although the Board of Inquiry has been appointed in accordance with F.R.104 regarding these 04 vehicle accidents, and revealed by the audit observation that the investigation had not been completed and I pay my thanks the audit in that regard. The actions have taken to re-appoint the Boards of Inquiry Immediately	It should be taken action regarding the vehicle accidents in accordance with the Proceedings described in F.R.104.

after that observation, and within the two weeks of the expiry of the travel restrictions, the investigation of F.R.104 is expected to be completed.

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| <p>(b) The vehicle bearing registration number WPNC-6519 which was involved in an accident on 07th November, 2019 was not recorded in the register of the losses and damages in the Ministry.</p> | <p>The van bearing the number WPNC-6519 was temporarily attached to the National Institute of Labor Studies when the accident occurred and the relevant F.R. 104 investigation has been completed. It has been taken action to enter this information in to the profit after the damages of the Ministry.</p> | <p>The action should be taken to keep the documents up to date so that accurate information can be obtained when necessary.</p> |
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3.2 Management Deficiency

The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
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<p>(a) A Sony HXR NX 5P video camera costing Rs.535,695 had been sent to the parent company in Singapore without the necessary procurement approval for repairs. The camera had brought back to Sri Lanka later due to not receive the approval for the estimated value. It had to pay a transportation fee of Rs.15,000 for this and an amount of 261,000 (about 48% of the current price of the camera) has been sent by the parent company in Singapore for the repair of the camera, had been submitted to the Procurement Committee on 02nd December, 2019, and it had not been made to bring the camera back to the Ministry even by 30th March, 2021.</p>	<p>The Sony HXR NX 5p video camera had to be sent to the parent company in Singapore as the Sri Lankan agent was unable to disassemble it and provide an estimate. The Procurement Committee has decided that repairing the camera is a thriftless expense according to the estimate of Rs.261,000 which had been obtained from the parent company in Singapore and it has not been repaired due to that reason. Therefore, the necessary actions are being taken to obtain the approval of the Procurement Committee to reimburse the camera for the above expenses by paying the transportation fee of Rs.15,000 and other charges and the camera will be returned to the Ministry as soon as the approval is obtained.</p>	<p>It should be concerned with the efficiency, productivity and thriftiness in all expenditure incurred by the Ministry.</p>

- (b) It had not been formulated a formal process for recommending applications in accordance with the instructions given in the letter No. BD/GPS/JS/2/ 14-2015 of the Director of National Budget dated 18 August 2016 to implement the proposals to provide relief to the July strikers under the 2016 Budget Proposals. As a result of that, the activities such as recommendation of applications of pensioners, recommendation of applications of beneficial persons, recommendation of applications with unacceptable affidavits had been done. This process had not been formalized until the month of December 2020. It was disclosed during a sample audit that Rs.1,000,000 had been overpaid for 4 persons due to recommending the application of same person twice.
- As mentioned in the audit query, the necessary steps have been taken to inform the National Budget Department to take necessary action to recover the additional amount of Rs.1,000,000 (RS.250,000×4) from the relevant beneficiaries, due to made recommendation twice for same beneficiary and submitting to the Department of Budget. Further the necessary steps have been taken to send a letter to the relevant beneficiaries informing them that the allowances have been obtained twice by concealing the fact from the relevant beneficiaries in this regard and those they have deliberately or unintentionally misused government funds by submitting such documents and to refund the particular amount of money.
- Also, the necessary steps have been taken from 12th October, 2020 to prevent the recurrence of the shortcomings disclosed in the audit, and also the particular subject officers and inspection officers have been made aware of that regard.
- The Recommendations should be issued, based on the most accurate information about the beneficiaries while recommending the allowances for the July strikers; it should be adhered to the instructions given by the Budget Department.
- (c) Although it had been conducted the activities such as the Productivity Competition and the, Awarding Ceremony which is the main objective of the National Productivity Secretariat, and distributing awards after selecting the institutions at a cost of Rs.Rs.59.1 million for 3 competitions from the year 2014 to the year 2018, a process of following-up regarding, whether a continuous maintenance is done by the awarded institutions have not been conducted even until the year under review.
- It has been planned to inspect the continuation of productivity concepts by the award-winning institutions at the National Productivity Awards from the year 2020. It has been decided to observe the productivity of these institutions every 6 months by our regional level officers. Regional level officers have been made aware of this and after the end of the 2020 Productivity Awards, institutional monitoring will be included in their annual plan.
- It is also necessary to implement a follow-up process to maintain the productivity of the award-winning institutions.

(d) Mobile service programs had been implemented with the objective of providing a more efficient service to the employer and employee community by implementing programs conducted by all the institutions affiliated to the Ministry in one district at a time. However, it was observed by the analysis of details of the last 5 years that mobile services had been conducted as 04 in the Badulla District, 03 in the Ratnapura District and 01 in the Colombo District. However, the audit did not reveal to the criteria for not conducting mobile services in other districts and it have not been revealed to the audit about the criteria regarding the conducting of several mobile services in Badulla and Ratnapura districts.

The plantation community faces a number of matters in obtaining Employees Provident Fund and Employees Trust Fund benefits, wasting time and money is occurred unnecessarily. The purpose of conducting mobile service programs in the areas where the problem is most prevalent is to prevent inconvenience to the estate community. It has been observed that more benefits can be obtained by conducting these programs in the district at the level of Divisional Secretariats and thus several mobile service programs have been conducted in one district. However, it is observed that these problems still remaining in those areas.

The conducting of mobile services should be done in accordance with the objectives, covering all districts.

4. Good governance

4.1 Rendering services to the public

The following observations are made.

Audit Observation -----	Comment of the Chief Accounting Officer -----	Recommendation -----
(a) It was observed that there were 48 cases pertaining to 08 courts with warrants for non-payment of compensation and the amount of Rs.12,988,494 to be recovered as compensation for a period of 04 to 24 years from the date of reporting the accident to the date of 31st December 2020.	If the compensation is not paid within 30 days in accordance with the decision of the Workers' Compensation Court, the employer's movable property will be suspended and auctioned warrant will be issued to the Registrar of Magistrates' Courts in the area where the employer resides to recover the money.	The actions should be taken in accordance with the regulations of the Compensation Ordinance and taking action to disburse the relevant funds to the beneficiaries expeditiously.

Accordingly, at the time of executing these warrants, the respondent was charged with taking time off from the Registrar of the Magistrate's Court to pay the compensation and failing to auction the property until the end of the case due to the plaintiffs claiming that the property was not their property after the suspension of the property, the delaying of the charges is occurred. In order to execute the warrant in accordance with civil court proceedings, the plaintiffs should meet the Registrar of Courts and the necessary assistance should be provided. Although they were informed about this whenever possible, the execution of the warrants was delayed due to non-compliance and in many situations it was not possible.

(b) Although 6 separate accounts have been maintained with the name of the Commissioner of Workers' Compensation of the National Savings Bank, as it was unable to recover the real dependents and it was revealed that, the amount of Rs.2,023,095 deposited at office of the Commissioner of Compensation, without distributing as at 31 December 2020. Compensation is deposited in a savings account in the name of the Commissioner of Workers' Compensation in order to give the benefits of their compensation for long periods of time and will be reimbursed to the recipient with interest upon repayment due to not obtaining the compensation awarded for a long time by the recipients. Actions have been taken to release one of the 06 savings accounts in the name of the Commissioner of Workers' Compensation to the compensation holders up to now.

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(c) Although compensation which is entitled to minors of the employees who died in deadly accidents while employed should be paid to them upon reaching the age of majority, there were 534 accounts which were not Compensation for minors is deposited in the National Savings Bank in the name of the Commissioner of Workers' Compensation until they reach the age of majority. The compensation deposited as that, the compensation money could not been released to the Action should be taken to expedite the release of underage compensation to minors who have reached the age of majority.

released of benefits which after reaching the age of majority as at 31 December 2020 and the value of the compensation was Rs.20,861,229. There were 459 accounts which were completed for the year 2016 amounting to Rs.11,782,761 and 66 accounts completed for the year 2020 amounting to Rs.8,563,187 in that.

beneficiaries because it was unable to find the account holders. It was stated 5 reasons which was the cause for the saving of balances in the old accounts.

It was discussed at length at the Audit Management Meeting for release of unclaimed compensation held on March 29, 2021. The Ministry has appointed a committee as an attempt in search of further information. It was also suggested that a methodology be proposed to take all the information (details of parents, guardians and siblings) in one page and steps to be taken to prevent such a situation in the future. In addition, an advertisement has been published in Dinamina and Thinakaran newspapers on 06th October, 2018 in Sinhala and Tamil respectively.

The Minor Accounts Computer Database was launched in the month of March 2016 and includes all underage account information that had not been released by then. According to this database, they will be notified by a letter as soon as they reach the age of 18 and the accounts will be released within the relevant period. Due to this the number of accounts that even have reached the age after 2016 but have not been released is very few.

5. Human Resource Management

The following observations are made.

Audit observation	Comment of the Chief Accounting Officer	Recommendation																												
<p>(a) The details of the approved carder and surplus staff of the Ministry as at 31st December of the year under review are given below.</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Employee type</th> <th style="text-align: center;">Approved number of employee</th> <th style="text-align: center;">Actual number of employee</th> <th style="text-align: center;">Number of vacancies</th> </tr> </thead> <tbody> <tr> <td>(i) Senior Level</td> <td style="text-align: center;">23</td> <td style="text-align: center;">15</td> <td style="text-align: center;">08</td> </tr> <tr> <td>(ii) Tertiary Level</td> <td style="text-align: center;">04</td> <td style="text-align: center;">03</td> <td style="text-align: center;">01</td> </tr> <tr> <td>(iii) Secondary Level</td> <td style="text-align: center;">75</td> <td style="text-align: center;">47</td> <td style="text-align: center;">28</td> </tr> <tr> <td>(iv) Primary Level</td> <td style="text-align: center;">34</td> <td style="text-align: center;">27</td> <td style="text-align: center;">07</td> </tr> <tr> <td>(v) Other (casual/ Temporary/ Contract Basis)</td> <td style="text-align: center;">02</td> <td style="text-align: center;">01</td> <td style="text-align: center;">01</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">138</td> <td style="text-align: center;">93</td> <td style="text-align: center;">45</td> </tr> </tbody> </table>	Employee type	Approved number of employee	Actual number of employee	Number of vacancies	(i) Senior Level	23	15	08	(ii) Tertiary Level	04	03	01	(iii) Secondary Level	75	47	28	(iv) Primary Level	34	27	07	(v) Other (casual/ Temporary/ Contract Basis)	02	01	01	Total	138	93	45	<p>Recruitments for senior, tertiary and secondary levels are not conducted by this ministry but are outside the control of the Ministry. Therefore the duty that can be done to the Ministry in relation to fill those vacancies that the relevant institution has been notified to fill the vacancies. Accordingly, as a sufficient number of graduate trainees have been recruited under the Graduate Recruitment Program has been provided to this Ministry and the secondary level vacancies have been filled. Further, new recruitments for all categories of services at the primary level have been suspended as per the circular issued by the Presidential Secretariat and it has not been possible to fill the vacancies up to now. The Details have been forwarded to the Multipurpose Development Force.</p>	<p>The Ministry should take action to maintain the human resources in an optimal and efficient manner so that the desired role of the Ministry can be implemented more efficiently.</p>
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