

**1. Financial Statements**

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**1.1 Qualified Opinion**

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The audit of the financial statements of the Ministry of Labour for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 summery report containing my comments and observations on the financial statements of the Ministry was issued to the Chief Accounting Officer on 22 June 2022 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Ministry was issued to the Chief Accounting Officer on 24 August 2022 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. 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 financial statements give a true and fair view of the financial position of the Ministry of Labour as at 31 December 2021 , 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**

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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 responsibility for the financial statements are further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

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The Chief Accounting Officer are 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 the determination of the internal control that 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 the preparation of annual and periodic financial statements.

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 systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

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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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 the 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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**

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I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year, Except for the following observation that the financial statements are identical with the previous year, the balances taken over from the National Productivity Secretariat during the year were also added to the balances of the previous year when presenting the last balances of the previous year in the statement of

financial position as the comparative figures of this year, but in this regard, But this was not disclosed in the notes to the financial statements.

- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

## 1.6 Comments on Financial Statements

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### 1.6.1 Property, Plant and Equipment

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Audit Observation	Comment of the Chief Accounting Officer	Recommendation
<p>(a) Although the balance of non-financial assets as at 31 December 2020 was stated as Rs.582,687,237 in the statement of financial position, according to the statement of non-financial assets it was Rs.647,939,499 and a difference of Rs.65,252,262 was observed in the opening balances. The reason for this difference was not disclosed by any accounting notes.</p>	<p>As indicated in 2020, this value is the value of the assets assigned by the Ministry of Public Administration in relation to the National Productivity Secretariat. I admit that this value could not be disclosed by the accounts.</p>	<p>Should Prepare financial statements as accurately as possible in accordance with the Treasury Accounts in accordance with the State Accounts Circular guidelines.</p>
<p>(b) In the year 2021, the computer equipment of USD 20,000, which had been given as grant by the Asian Productivity Organization for the National Productivity Secretariat, was not received through the Department of Foreign Resources and was not included in the non-financial asset declaration.</p>	<p>The capital goods that were purchased using the USD 20,000 grant given by the Asian Productivity Organization have been received by the National Productivity Secretariat by 24 November 2021. Accordingly, it has been recorded in the capital register, but in the CIGAS accounting system, it has been updated in the year 2022, so those items have not been recorded in the previously submitted report. But now it has been updated in CIGAS accounting system.</p>	<p>Foreign aid should be provided in accordance with Financial regulations and Public Accounts Circular No. 30/94 and fixed assets should be properly accounted for.</p>

- (c) A difference of Rs.57,602,016 was observed from the value of non-financial assets presented in the form of ACA-6 of the financial statements to Rs.633,226,812 and according to the information submitted to the audit, the value of non-financial assets was Rs.575,624,796. Thus, the total assets in the statement of financial position as at 31 December 2021 were overstated by that amount.
- The difference in the values of the non-financial assets presented by the ACA-6 forms of the financial statements has been observed not only in relation to the last period in which the National Productivity Secretariat operated under the Ministry of Labour Head 193 in preparing the financial performance statements, but also that office operated under the Ministry of Public Administration Head 130 In relation to the first period, the shares accounted for through deposit accounts bearing numbers 6000-13-045 and 6000-18-033 were also included. However, I would like to point out that in accounting the balance appropriations have been implemented as per the instructions given in the budget circulars.
- Should account fixed assets correctly and maintain the fixed asset register up to date.

## 1.6.2 Un reconciled balances

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>The trail balance of the Ministry of Labour as at 31 December 2021 submitted for audit did not include Rs.709,243,000 received from the treasury during the year and there was a difference of Rs.707,153,000 between the receipts and the payments of the 249/21 Imprest account which was included in the trail balance.</p>	<p>I would like to point out that the amount of Rs.709,243,000 received from the Treasury during the year was not included in the trail balance of the Ministry of Labour as at 31 December 2021 submitted for audit is not accepted and firstly, I would like to point out that the preparation of this trail balance is done by the Treasury through the CIGAS software without the control of the Ministry of Labour.</p>	<p>Financial reports should be prepared as per the circular</p>

Furthermore, I point out that it is not possible to present a balanced trail balance without including the sum of Rs.709,243,000 received from the treasury.

Also, for the settlement of the imprest difference between Rs.709,243,000 and Rs.707,153,000 was Rs.2,090,000, action has also taken to correct it by submitting a transfer slip dated on 21-01-2022.

## 2. Financial Review

### 2.1 Management of Expenditure

The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Out of the budget allocation of Rs.32,500,000 for 17 expenditure codes, the allocation of Rs.24,287,000 for 10 expenditure codes had been reassigned according to the Cabinet Secretary's Cabinet Paper No. 21/1596/304/134 dated on 31 August 2021. Rs.1,013,000 left over after allocation for 4 expenditure codes and total allocation of Rs.1,650,000 for the remaining 7 expenditure codes was Rs.2,663,000 and no expenditure was incurred in the year 2021. The rest remained at 100 percent.	I would like to point out that it was not possible to carry out the expected activities due to the situation in the country due to the Covid-19 pandemic that occurred from time to time in the year 2021.	As per Financial Regulation 50, expenditure estimates should be prepared as rationally and accurately as possible.

- (b) Out of the provision of Rs.104,400,000 made in relation to 27 expenditure codes, Rs.45,122,000 had been reallocated and by the end of the year 2021, only Rs.32,813,486 had been utilized. Among these expenditure codes, the saving percentage for 16 expenditure codes ranged from 50 percent to 98 percent.
- Accept.
- For this, due to the situation arising in the country due to the Covid-19 pandemic situation that occurred from time to time in the year 2021 and the inability to make advance plans to achieve financial progress in capital expenditure in such cases, it was not possible to reach the desired goals.
- Do-
- (c) Though The provision of Rs.4,000,000 allocated under the expenditure code 193-2-05-2001 was stated in the financial statements as having been 100 percent utilized, but this payment was made to the building department for the work of partitioning the compensation commissioner's office. Even by 17 June 2022, this project had not started.
- The Department of Buildings had informed the Compensation Commissioner's office that it would be completed before 15 March 2021, but it failed to do so by April 2022 and it was informed that it would be completed before 15 June 2022.
- Do-
- (d) In the year 2021, the estimate for the acquisition of machinery and equipment under the expenditure code 193-2-5-2103 and 193-2-5-2102 for the acquisition of furniture and office equipment had been revised to increase by more than 400 percent and the reason for that It was pointed out that the computers available to the officials are not enough to perform their duties properly. Accordingly, this was not identified before the beginning of the year. As per F.R 3 the expenditure planning had not been done properly.
- For several years, during the preparation of the budget estimates, the compensation commissioner's office has been given less provision than the provision requested under 193-2-5-0-2102 and 193-2-5-0-2103.
- Since May 2021, the introduction of ITMIS programs for the accounting process of government institutions. Due to the ongoing COVID epidemic in the country, the need for new computers has arisen due to the fact that official work has to be done through ZOOM technology. Therefore, the existing expenses of the office were managed and allocations under F.R.66 were transferred and arrangements were made to purchase new computers.
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## 2.2 Incurring of Liabilities and Commitments

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
Liabilities of Rs. 153,730 shown in the financial statements are not recorded in the treasury books, additional Rs. 308,000 payable to a private institution under the expenditure code 193-1-7-0-2401 are included in the financial statements. And Rs. 4,518,165 which had been reported to the treasury by the Badulla district office under the same expenditure code was not included in the financial statements. Rs.4,056,435 less liabilities were recorded in the financial statement than in the treasury notes due to the following reasons.	Although a value of Rs.385,000 should be paid to the concerned institution, due to insufficient provision, a value of Rs.308,000 has been paid and a value of Rs.77,000 remains to be paid. The value of Rs.77,000 should be recorded in the Liabilities register, but by mistake, it was recorded as Rs.385,000 in the Liabilities register.	Should be done correct reporting of liabilities in treasury and financial statements in accordance with circular instructions

## 2.3 Issuance and Settlement of Advances

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) The amount of 138,501 due from a management assistant who had left the service for more than 5 years, remained as uncollectable even as at 04 May 2022.	<p>In the year 2011, a loan amount of Rs.138,501 was obtained from the managing assistant as a disaster loan with the National Insurance Trust Fund as a guarantee. A case has been filed against that officer for not settling this loan amount.</p> <p>The provisions laid down in the Establishment Code have been duly followed but the recovery of the loan balances is not possible due to such institutional actions. However, our ministry has taken action to stop the lending process with immediate effect by holding the insurance policy based on the National Insurance Trust Fund membership as collateral.</p> <p>Furthermore, inquiries have been made to the Attorney General's Department</p>	Should take action to recover outstanding loan balances without delay as specified in the Establishment Code.

regarding the future work regarding this loan amount. I will follow the instructions and report back to you.

## 2.4 Deposits

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The following observations are made.

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) In the year 2021, Rs.12,757,400 received as foreign aid was credited to the general deposit account of the Secretariat of Productivity.	As a very urgent grant in the last quarter of 2021, the Asian Productivity Organization agreed to provide a grant of US\$ 90,000 to the National Productivity Secretariat. For this, a project report was prepared and approval was obtained after getting the ideas from the Ministry of Health's Covid Control Unit for that.	Foreign aid should be received in accordance with Financial regulations and State Accounts Circular 30/94.
(b) As at 31 December 2021, compensation amount of Rs.10,014,543 was deposited in the general deposit account numbered 6000-0-0-17-0-26. The value of the compensation included in this over 2 years was Rs.536,326, the value of Rs.1,371,986 was Between 1 and 2 years after depositing compensation And the value of Rs. 2,971,667 Was between 6 months and a year after depositing.	Balances in General Deposit Account bearing number 6000-0-0-17-0-26 as at 31 December 2021, The current balance is Rs.3,173,006.13.	Compensation should be provided promptly to the aggrieved parties
(c) Accounts were opened in the National Savings Bank in the name of the Compensation Commissioner for Rs.2,023,096 of the compensation money that was not given to the owners due to various reasons. Although 22 to 48 months had passed since the money was deposited in the accounts, it could not be released to the owners due to the pending court proceedings.	All the accounts deposited with the National Savings Bank in the name of the Compensation Commissioner are pending appeals and court proceedings are still ongoing. When the court proceedings are over and the accounts are released, they have been deposited in the name of the Commissioner of Workmen's Compensation in the National Savings Bank with the aim of collecting more interest.	-Do-



## 2.5 Operation of Bank Accounts

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Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Regarding the Ministry's account number 10015902566, out of 7 cheques worth Rs.9,724,913 written for 5 institutions on 30 and 31 December 2021, 5 cheques were issued to the relevant persons in May 2022 and 2 cheques were issued in March 2022. Due to this, it was observed that these cheques were written for the purpose of keeping provisions for the unfinished works.	The dates of the cheques have been extended and arranged to be given to the relevant persons and institutions.	Cheques should not be written for the purpose of securing provisions and Financial regulations should be followed in making payments.

## 2.6 Non-compliance with Laws, Rules and Regulations

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Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Observation Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a) Provisions mentioned under F.R 610 TO 626 and the letter dated on 14 August 2020 in the Department of Foreign Resources No.SC & PMU/Grant/20	Without following the instructions in this letter and without contacting the Director General of National Budget, the National Productivity Secretariat had directly received foreign aid worth Rs.18,427,300 from the Asian Productivity Organization in the year 2021. Out of that, Rs.12,757,400 in the year 2021 and Rs.5,669,900 in the year 2022 were credited to the general deposit account and no estimate provisions were made through the supplementary and Weeramong procedure before utilization.	As a very urgent grant in the last quarter of 2021, the Asian Productivity Organization agreed to provide a grant of US\$ 90,000 to the National Productivity Secretariat. For this purpose, a project report was quickly prepared and approval was obtained after consulting with the Ministry of Health's Covid Control Unit.	Dealing with foreign aid Should follow the circulars and instructions of the Department of Foreign Resources.

### 3. Operating Review

#### 3.1 Vision and Mission

According to the following facts, it is revealed that the work of following up and evaluating the implementation of policies and programs related to the subjects of the institutions under the Ministry of Labour, and the work of administering the Employee Provident Fund, which the Ministry has stated as a main task, has not been formally completed.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Rs.9,933,449,162 un credited to individual accounts in the Employees' Provident Fund as at 31 December 2021 in the Central Bank of Sri Lanka's Labour Commissioner's Contribution Account and Rs.301,779,837 in the Department's Employees' Provident Fund Deposit Account and Remaining in deposit accounts in department's sub-offices, the petitions received by the Special Investigation Division, by September 2021, there are 308 complaints related to the years 2015 to 2020 and 57 percent of them, that is, 178 have not been resolved. As at 31 December 2021, the numbers of inactive cases are 5,151 and the value to be recovered is Rs.3,108,693,249, a major task of the Ministry of Labour has not been accomplished.	<p>Due to the weaknesses mentioned in the "C" records, this money has been withheld for a long time and physical documents have to be used extensively in settlement. The Central Bank of Sri Lanka's computer data system is in the process of resolving the inconsistencies in the member information of the Employees' Provident Fund and the support of the Central Bank of Sri Lanka is essential for this.</p> <p>The progress of the release of the money held in the general deposit account and its time analysis are constantly monitored. Various methods will be developed to settle the old loan balances. A large number of lawsuits and complaint petitions are being added to the Labour Department on a daily basis. Actions are being taken to resolve the petitions. actions have been taken to activate the dormant cases by issuing open warrants, taking actions to enable verification of addresses of the respondents at the office level etc.</p>	Should fulfill the vision and mission of the Ministry, which are the main tasks related to the departments and statutory institutions under the Ministry of Labour, the formulation, implementation, follow-up and evaluation of the policies and programs related to the subjects should be done properly.
(b) Although the vision of the Compensation Commissioner's Office established under the Workers' Compensation Ordinance No. 19 of 1934 is to "promote employee	When the Workers' Compensation Commissioner's Office receives a request regarding a fatal or non-fatal accident, a formal application and medical report must be submitted in accordance with the Ordinance to	It should be the responsibility of the Ministry to ensure that the main tasks are fulfilled and to follow up on the

satisfaction by promptly recovering compensation from employers for accidents or death of employees", in the process of recovery of compensation in connection with fatal and non-fatal accidents at work. It was observed to the audit that excessive delays are occurring.

open a case file. Accordingly, in cases where there are deficiencies in the application and the medical report, the initiation of preliminary work may also be delayed until they are rectified.

fulfillment of those tasks.

A case file should be opened and a report should be called from the employer. According to the Act, a period of 30 days should be given to submit the report. If the report is not submitted after that time or if the accident is denied, it will be referred to the Workers' Compensation Court.

As the petitioners here are disabled, the case is not dismissed on the ground of non-appearance and he is given several days for justice to be served.

Since the employer does not come to the court on the first day, the notice should be delivered by registered post, police and Grama Niladhari to bring them to the court. This can also cause delays.

### 3.2 Delays in the Execution of Projects

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Rs.6,090,000 had been paid to the Director General of Buildings on 29 December 2021, using the provisions made under 2 programs of the Ministry's expenditure code for the contract for the construction of partitions for the compensation court of the Workers' Compensation Commissioner's Office. There was no written agreement for this and although it was notified that the work would be completed by 15 March 2022, the work had not</p>	<p>Although the building department informed us that it will be completed before 15 March 2021, it failed to be done by April 2022 and we were informed that it will be completed before 15 June 2022.</p>	<p>Procurement guidelines should be followed.</p>

been started by 25 May 2022, so there had been an excessive delay in the completion of the project.

### 3.3 Annual Performance Report

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The following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>According to paragraph 10.2 of the State Finance Circular No. 2/2020 dated on 28 August 2020, according to the guidelines No. 14, Chapter 01's, 1.5, issued by the State Finance Department, if there are projects receiving foreign aid, their information should be included in the annual performance report, but the National Productivity Secretariat under the Ministry The information about the project to provide medical equipment to Mahiyangana Hospital with the amount of USD 90,000 provided by the Asian Productivity Association was not included.</p>	<p>Due to an omission, the main functions and organization chart under section 1.3 have not been included and I would like to further inform you that those matters have been included in the report to be tabled in Parliament on 30 June 2022.</p>	<p>As per the circular, the relevant information should be included in the annual performance report.</p>

### 3.4 Procurements

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
<p>The contract for the construction of accommodation for drivers (Driver's Lodge) on the land where the Ampara resort is located was awarded to a private company in August 2021 for a value of Rs.5,095,983. Although the advance value to be paid according to the contract agreement is 20%, in violation of the terms of the agreement, Rs. 1,149,855 on 29 December 2021 and Rs. 3,617,753 on 31 December 2021 (after deducting</p>	<p>65 percent of the construction of the driver accommodation facility at Ampara Resort has been completed by 31 December 2021 and it has been agreed with the contract holders to complete the entire construction by January 2022. But in the current economic crisis the contractor requested to extend the completion period of the construction work till May 2022 and the Ministry approved this</p>	<p>Advance payments for works shall be made in accordance with procurement guidelines and contractual conditions.</p>

the retention money) were arranged to be paid as an advance to the total value of the contract. According to the contract agreement, this contract, which should have been completed in January 2022, was not completed by 25 May 2022, and the late fees were not collected as per the agreement.

extension. Accordingly, the relevant contractors have verbally requested to complete the construction of the Ampara resort by 31 May 2022 and hand it over to our ministry, and the civil engineer of the Labour department should have conducted a field inspection of the quality of the construction and submitted a report.

### 3.5 Losses and Damage

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The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Even though 6 to 8 years have passed since the damages occurred, the damages of Rs.403,939 to 5 vehicles during 2013-2015 were continuously reported in the financial statements without taking action to recover or write off the books.	The number of car accidents mentioned in the audit inquiry has been going on for many years. I would like to mention that during those times, the financial regulations have been followed, but the relevant notes have not been kept in the documents. Therefore, I would like to inform you that the documents will be re-examined and any deficiencies or incomplete files related to the files will be corrected promptly and included in the relevant documents.	Financial regulations should be followed.
(b) A salary fraud was committed by a management assistant officer in the salary department during the preparation of the staff salaries of the National Productivity Secretariat and it was revealed on 11 January 2022. This salary fraud was committed from around August 2018 to December 2020 and its	Since the money fraud that occurred in the payment of salaries for the staff of the National Productivity Secretariat was discovered in January 2022, it was not accounted under damages and losses in the year 2021. The committee appointed to investigate the entire process of the National Productivity	Should be followed Chapter II of the Establishment Code.

value was approximately Rs.5,133,520. In this regard, no disclosure was made in the financial statements and even after 5 ½ months, preliminary investigations were not completed.

Secretariat has identified the total loss as close to Rs.5,133,520 and a report is being prepared.

However, in this regard, the concerned officer has been suspended and stopped from traveling abroad. A case has been filed in court and part of the defrauded money has been recovered.

### 3.6 Uneconomic Transactions

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The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
<p>Rs.1,159,662 had been paid to the State Timber Corporation on 06 December 2021 for securing a place on the 6th floor of the Mehewara Piyasa building for the ministry staff to eat. While an 11,286 square feet canteen was established on the 4th floor of the Mehewara Piyasa, Rs. 1,159,662 was spent for a dining place only for the ministry officials.</p>	<p>The Ministry of Labour, which runs on the 06th and 07th floors of the Mehewara piyasa Building, covers various fields, and the Ministry and its affiliated institutions provide services to the general public and provide necessary advice and guidance, as well as coordinating other public sector and private sector institutions. Thus, in order to fulfill these duties, daily meetings and discussions in the premises of the Ministry, as well as entertaining the officials and invited guests who come to the Ministry representing various national and international institutions in order to protect the pride of our country, is a task that must be done. Due to the fact that the Ministry had to face various difficulties due to the absence of a specific place for the preparation of tea and other activities for the related banquets, it was suggested to set up a place with facilities to fulfill the tasks required to entertain the invited guests.</p>	<p>While instructions were given to limit government expenditure, should take good care of capital expenditure and money should be used for productive purposes.</p>

Accordingly, the agreement of the Labour Commissioner General was obtained to prepare the place in the relevant proposed section properly and then this place was established.

### 3.7 Management Weaknesses

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The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) Due to failure to take ownership of 5 vehicles used by the National Productivity Secretariat after paying the lease installments, the Bank of Ceylon had the absolute ownership of those vehicles and the current ownership of 4 other vehicles was not in the name of the National Productivity Secretariat.	The Bank of Ceylon was asked about this and informed that the lease installments have been paid and the relevant vehicles can be taken over. Requests were made from the Ministry of Public Administration and Management, which previously belonged to this office, to take over the vehicles used by the National Productivity Secretariat in the name of this office, and the said ministry informed us that the National Productivity Secretariat is an institution under the Ministry of Public Administration and Management. that it is not possible to hand over. Therefore, no seizure of vehicles has taken place in the name of this office.	Registration of the vehicles should be done in the name of the Ministry promptly.
(b) According to Section 57 (1) of Part XII of the Workers' Compensation Ordinance No. 19 of 1934, the employer must submit a report to the Labour Commissioner within 14 days of an accident occurring to an employee while at work, but because no system has been prepared for this, it has been	Although the employer must report to the Workers' Compensation Commissioner within 14 days of the accident, in order to take action, a case must be filed in a magistrate's court, so it is a difficult process in practice. There is no suitable mechanism for carrying out that process in this institution till now.	The responsible officials should take prompt action and prepare a formal system for the amendment of the relevant Act.

reported to the Workers' Compensation Commissioner's office. According to the documents, it was revealed that the accidents were received late from 5 months to 12 years.

- (c) It was observed that one of the 8 vehicles that were not physically present in the Ministry of Labour but registered under the name of the Ministry of Labour had been placed in a state of impoundment after an accident and had been handed over to the Insurance Trust Fund in the year 2018. But a new revenue license will be obtained and used for that vehicle in the year 2021 and information regarding the other 7 vehicles has not been obtained and transferred to the relevant institutions by the end of the year 2021.
- Information was obtained from the Commissioner General of Motor Transport about these 08 vehicles which are currently not in use by this Ministry. According to the information, one vehicle is registered under the name of Secretary, Ministry of Labour and Vocational Training.
- Information about these vehicles should be obtained immediately and necessary formal action should be taken.
- A letter has been requested to inquire about the remaining 07 vehicles and send that information to the Sri Lanka Vocational Training Authority, the State Ministry of Skill Development, Vocational Education, Research and Innovation or any other affiliated institution, if any.
- Accordingly, it has been informed that the Tertiary and Vocational Education Commission, which is an affiliated institution of the State Ministry of Skill Development, Vocational Education, Research and Innovation, has one vehicle and the necessary arrangements are being made to formally hand over the vehicle. I would like to inform you that after receiving the information regarding the other 06 vehicles, the locations of the vehicles will be identified and the necessary arrangements will be made to hand them over to the relevant agencies.



- (d) Using the provision of Rs.45,000,000 made in the annual estimates for the implementation of the national policy for a good working environment (Sunisi mission), Rs.11,856,138 for other 03 capital expenditure codes and Rs.3,028,506 for a work that had not been provided in the year 2021. Rs. 14,884,644 had been spent. The Sunisi Mission Program is committed to promoting full, effective and decent employment. It is essential for the Ministry of Labour and its affiliated institutions to have an appropriate environment for the creation of healthy jobs, promotion and promotion of national productivity, ownership of the workplace, social security, and promotion of social discourse. Hence, these provisions were deployed to increase the productivity of the Ministry of Labour and its affiliated institutions and to create an enabling environment for the promotion of good employment. Sunisi mission provision should be spent only to fulfill that purpose.
- (e) Regional secretariats and 75 district secretariats employing 138 productivity development officers did not participate in the 2020 productivity award competition. Applications were invited for the National Productivity Award Tournament 2020 and criteria clarification programs were held across the island covering schools, privaten, government institutions and manufacturing and service institutions. The productivity development officers in the National Productivity Secretariat, district secretariats informed the productivity development officers of all divisional secretariats in writing about the dates of these workshops and the times to be referred by the institutions. Effectiveness concepts should be formally implemented in the divisional secretariats where productivity development officers are employed.
- Also, on our official website, information about this was done in all three languages. Further, despite various awareness programs, submission of applications remained low due to the spread of the Covid epidemic.
- (f) The last audit report had shown that in recommending the applications from the Information on a very limited number of applications recommended for payment for the year 2022 has been missed in the database system. The As there is a risk of duplicate payments due to the fact that the data system is not updated

National Budget Department for the payment of allowances to the strikers in July 1980, the Ministry of Labour recommended two applications from the same beneficiaries and there was an overpayment of Rs.1,000,000. Later, the audit was informed that the relevant data system was corrected. Although the data system was updated according to the payments made to the year 2022, the risk of recommending re-applications for those people continued due to the fact that the data system was not updated according to the information obtained from the budget department about the beneficiaries who were paid before the year 2022. A staff officer checked the accuracy of the application but did not monitor the updating of the data system.

necessary arrangements are being made to include all that information in the data system immediately. Further, every time the application forms are submitted for receiving July strike benefits, they are checked against a checklist and the Assistant Secretary (Institutions) personally checks whether the information between the data system and the application form is correct. However, no endorsement is made in the application form that it has been checked and the audit is thanked for identifying the weakness. Accordingly, measures are to be taken to amend the note paper in such a way that this slight weakness is not present.

according to the information paid before 2022, that information should be entered into the data system and should be done under the supervision of a staff officer.

- (g) The land on which the Ampara resort is located had not been handed over to the Ministry of Labour by May 2022.

In this regard, the Ministry of Wildlife Conservation and the Department of Wildlife Conservation have been continuously informed and the Director (Development) of the Ministry of Wildlife has informed that necessary activities are being carried out to remove this piece of land from the Ampara sanctuary and at the end of the process, this piece of land can be transferred to the Ministry of Labour.

Construction should not be carried out on land that the Institute does not have the right to, and as the resort has been completed, the land should be taken over immediately.

#### 4. Good Governance

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##### 4.1 Rendering of Services to the Public

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The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) As at 30 November 2021, the compensation recovery process for 140 fatal accidents and 424 non-fatal accidents among the accidents that had been reported to the Workers' Compensation Commissioner's Office had not been completed and 14 fatal accidents and 29 non-fatal accidents that had been reported for more than 5 years was also included in this.	<p>When the Workers' Compensation Commissioner's Office receives a request regarding a fatal or non-fatal accident, a formal application and medical report must be submitted in accordance with the Ordinance to open a case file. Accordingly, in cases where there are deficiencies in the application and the medical report, the initiation of preliminary work may also be delayed until they are rectified.</p> <p>After receiving the correct application and medical report, the case file should be opened and a report should be called from the employer. According to the Act, a period of 30 days should be given to submit the report. If the report is not submitted after that time or if the accident is denied, it will be referred to the Workers' Compensation Court.</p> <p>The Workers' Compensation Court operates under an Additional Magistrate with district and magisterial powers appointed by the Judicial Service Commission and the court proceedings shall be conducted in accordance with the District Court proceedings in accordance with the Code of Civil Procedure, the Code of Criminal Procedure and the Evidence Ordinance. In addition to the evidence of both sides, doctors, coroners, district factory inspection engineers, police officers etc. will have to be called for evidence in the court process and due to the non-appearance of those officers on the scheduled dates and according to the health rules that have been in place for about 02 years now, a specific period</p>	Should act according to the regulations of the Compensation Ordinance Act and arrange to give the relevant money to the beneficiaries promptly.

has been set for the time taken in the court process. Delays also occur due to lack of ability to do. As the petitioners here are disabled, the case is not dismissed on the ground of non-appearance and he is given several days for justice to be served. Since the employer does not come to the court on the first day, the notice should be delivered by registered post, police and rural workers to bring them to the court. This can also cause delays.

The usual situation is that the employer always tries to claim that the accident did not happen in their premises. Their general position is that if one employee has to be compensated, other employees will also be compensated.

- (b) According to the report dated on 22 March 2021 of the Internal Auditor of the Ministry of Labour, during the examination of 10 randomly selected files of more than 5 years in the Workers' Compensation Commissioner's Office, 13 to 52 cases were called over a period of 03 to 09 years, but on January 2021 It was observed that no solution was found yet. Accordingly, since they may not get the benefits that can be obtained from the compensation amount due to taking a long time to submit a compensation application and receive compensation, no steps were taken to investigate and correct the reasons for excessive delays in the compensation process.
- All case files listed below are cases pending in the Workers' Compensation Courts. Trials should be held in these courts in the form of a district court and court proceedings such as hearing the testimony of the applicant and respondent parties, hearing the testimony of their witnesses, hearing the testimony of special officers, cross-examination and re-examination should be followed properly and equal opportunities should be given to both parties. Accordingly, it is not possible to specify the duration of a case. Also, it is possible that the decision of the Workers' Compensation Court will be revised in the higher court if the case is not conducted according to the correct court procedures.
- Should act according to the regulations of the Compensation Ordinance Act and arrange to give the relevant money to the beneficiaries promptly.
- (c) In relation to 13 files appealed against the decisions of the Labour Compensation Court, the employer had opened savings accounts for Rs. 4,947,535
- It is not possible to take action on the appealed case files until the order of the High Court is received.
- Should act according to the regulations of the Compensation Ordinance Act and arrange to give the

deposited in the compensation office, of which 10 savings deposit accounts of Rs. 3,729,505 were opened between 1 and 4 years Some time had passed.

relevant money to the beneficiaries promptly.

- (d) Although the compensation due to the minor children of employees who die due to fatal accidents while at work should be invested in a fixed deposit in the name of National Savings Bank's Compensation Commissioner until they attain the age of majority and released to them after attaining the age of majority. As at 20 December 2021, the value of such matured and unreleased fixed deposits was Rs.6,100,788.
- As at 8 June 2022, the balance is Rs.1,075,000.
- Arrangements should be made for immediate release of compensation money
- (e) Although it was decided in the court that the compensation should be entitled to the aggrieved party, due to the non-payment of the employer's compensation according to the court order, 46 cases were warranted as at 31 December 2021, and the amount of compensation to be entitled was Rs.13,419,197. Meanwhile, Rs.1,873,352 related to 10 cases that have been issued for more than 10 years, Rs.6,917,546 related to 21 cases between 5-10 years and Rs.4,628,298 related to 15 cases between 1-4 years were also included. Even though it was decided by the compensation court, the objectives of the compensation commissioner's office were not fulfilled because the compensation recipient did not receive this amount.
- In case of non-payment of compensation based on the decision of the Labour Compensation Court, the aggrieved party should come forward for the execution of the recovery process of the movable property of the respondent by the concerned Magistrate Court and due to their non-cooperation, the recovery of this money is being delayed.
- In order to settle this situation, the Judicial Service Commission will appoint a registrar to the Workers' Compensation Court, and since the Act has been amended so that the immovable property of the respondent can be banned, it will be possible to settle this issue in the future.
- Should act according to the regulations of the Compensation Ordinance Act and arrange to provide money to the relevant beneficiaries promptly.

## 5. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation																								
<p>(a) The approved staff of the Compensation Commissioner's office included 3 posts of judicial officers appointed by the Judicial Service Commission namely Workers' Compensation Commissioner, Additional Workers' Compensation Commissioner and Deputy Workers' Compensation Commissioner and 1 Assistant Labour Commissioner, but for a long time these 3 positions were vacant. It had taken a long time for a compensation case to be brought to court and this may have been due to the fact that one judge was handling compensation cases in 14 labour courts across the island. For example, among the fatal accidents that were reported only in the Colombo region, 26 files were observed that had not been resolved and had been for a period of 2 to 7 years since the last court hearing.</p>	<p>We have informed the Ministry of Labour, Ministry of Public Administration and Department of Management Services quarterly and annually about the vacant positions.</p> <p>The Judicial Service Commission has directed that the duties of the Additional Workers' Compensation Commissioner shall be performed by the Workers' Compensation Commissioner until further notice. The case files you have mentioned are not the inactive files but the pending cases in the court.</p>	<p>Should make the necessary arrangements to obtain the necessary human resources to optimally fulfill the purpose of establishing the Compensation Commissioner's office.</p>																								
<p>(b) In the year 2021, Rs.483,931,657 had been spent on personnel posts in the Ministry of Labour and the details of approved and actual staff are given below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Employee Category</th> <th style="text-align: center;">Approved Number of employees</th> <th style="text-align: center;">Actual Number of employees</th> <th style="text-align: center;">Number of Vacancies</th> </tr> </thead> <tbody> <tr> <td>Senior level</td> <td style="text-align: center;">45</td> <td style="text-align: center;">22</td> <td style="text-align: center;">23</td> </tr> <tr> <td>Tertiary level</td> <td style="text-align: center;">10</td> <td style="text-align: center;">06</td> <td style="text-align: center;">04</td> </tr> <tr> <td>Secondary level</td> <td style="text-align: center;">897</td> <td style="text-align: center;">783</td> <td style="text-align: center;">114</td> </tr> <tr> <td>Primary level</td> <td style="text-align: center;">57</td> <td style="text-align: center;">32</td> <td style="text-align: center;">25</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b><u>1,009</u></b></td> <td style="text-align: center;"><b><u>843</u></b></td> <td style="text-align: center;"><b><u>166</u></b></td> </tr> </tbody> </table>	Employee Category	Approved Number of employees	Actual Number of employees	Number of Vacancies	Senior level	45	22	23	Tertiary level	10	06	04	Secondary level	897	783	114	Primary level	57	32	25	<b>Total</b>	<b><u>1,009</u></b>	<b><u>843</u></b>	<b><u>166</u></b>	<p>Recruitment related to senior tertiary and secondary levels is not done by this ministry and notification has been made to the relevant institutions to fill the vacancies. Accordingly, sufficient number of graduate trainees recruited under the Graduate Recruitment Program have been provided to this Ministry to fill the secondary level vacancies.</p> <p>As per the circular issued by the Presidential Secretariat regarding recruitment, as the filling of vacancies has been suspended, employees have been brought in from the Multipurpose Development Task Force.</p>	<p>The ministry should work to maintain the human resources needed to implement the expected role of the ministry more efficiently.</p>
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