

Head 226 - Department of Immigration and Emigration

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Immigration and Emigration

for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Department of Immigration and Emigration was issued to the Accounting Officer on 21 May 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 30 September 2021 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the Department of Immigration and Emigration as at 31 December 2020 and its financial performance and cash flow 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 appear 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 of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for 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 Department 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 Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue 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 judgment and maintain professional skepticism 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 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 Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit

1.5 Report on Other Legal Requirements

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

- (a) The financial statements are in consistent with those of the preceding year.
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented .

1.6 Comments on Financial Statements

1.6.1 Revenue Receipts

Audit Observation	Comments of the Accounting Officer	Recommendation
The total revenue related to Foreign Missions' passports is not accurately updated in the computer system and except for that revenue, when reconciling the total revenue of the Passport Division with the total revenue report of the Department as per the cash book a difference of Rs. 1,051,200 was observed in the five months' total.	Paying of fees by the payee directly to the bank are not added to the computerized income. It is recorded in the Departmental Account using the bank summary .	Accounting for the income accurately.

1.6.2 Reconciliation Statement of Advances to Public Officers' Account "B"

Audit Observation

Although the balance due at the end of the year as per the Reconciliation Statement of Advances to Public Officers' Account "B" was Rs.162,416,726, a difference of Rs. 480,794 was observed in the receivable balance because of the total balance in the individual balance classification summary was Rs.161,935,932. Even though the Auditor General had reported about this difference in the year 2019 as well, the Department had not taken actions to rectify that so far .

Comments of the Accounting Officer

This difference has been existing from a few years before 2018 and actions are being taken to correct after examining the old documents and revealing the causes.

Recommendation

Expedite the identifying of the difference and to take corrective actions.

1.6.3 Property Plant and Equipment

The following deficiencies were revealed in accounting for the Property Plant and equipment.

Audit Observation	Comments of the Accountng Officer	Recommendation
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(a) Opening balances on non-financial assets and purchases during the year had not been entered in the computer record of non-financial assets prepared by the Department in terms of Paragraph 8.1 of Public Finance Circular No. 02/2020 dated 28 August 2020 .	Consisting of required data in the record of fixed assets obtained from CIGAS computer software.	Preparation of computerized register on non-financial assets as per the circular instructions.
(b) Although the balance of machinery and equipment was Rs.404,759,071 as per the financial statements as at the end of the year under review , since that amount was Rs. 405,030,372 in the above computer record, a difference of Rs. 271,301 was observed.	Consisting of consumable items valued at Rs. 271,301 in the machinery account obtained from computer software by a mistake	Identify the differences and make necessary corrections.
(c) A difference totalled to Rs.94,656,090 was observed in between the balance of Treasury printouts and the balance in financial statements in building and construction machines and other machinery and other non-financial assets.	Credit of the values which were not recorded by the Treasury through the Departmental account summaries.	To find the reasons for the difference and correct.

1.6.4 Non-maintenance of Documents and Registers

Audit Observation**Comments of the
Accounting Officer****Recommendation**

The Department had not maintained a record of losses and damages.

It has been advised to maintain the register of damages and losses in future.

To maintain a register of damages. in accordance with the provisions of Section 110 of the Financial Regulations and the Format under it.

2. Financial Review

2.1 Imprest Management

Audit Observation**Comments of the
Accounting Officer****Recommendation**

An unsettled sub – imprest balance of Rs.316,922 had remained in the accounts at the end of the year 2020 and that value as per the Treasury was Rs.366,133 .

It has been accurately recorded in the Treasury Books in the year 2021 .

To find the reasons for the difference and correct.

2.2 Revenue Management

Audit Observation

Comments of the Accounting Officer

Recommendation

The initial estimated revenue of the Department of Immigration and Emigration for the year ended 31 December 2020 was Rs.19,615,000,000 and the revised estimate was Rs. 8,000,000,000 . The actual income was Rs.5,532,660,511 or 69 per cent of revised income. Accordingly, it was observed that the difference in between the revised estimated income and the actual income was Rs. 2,467,339,489 or 31 per cent.

Closure of the country due to the Covid epidemic and decrease in revenue from passports, dual citizenship and visa as a result of enacting of Quarantine Laws.

To estimate the income accurately.

2.3 Expenditure Management

The following observations are made.

Audit Observation

Comments of the Accounting Officer

Recommendation

(a) As a result of failure to prepare complete and accurate cost estimates as much as possible in accordance with Financial Regulations 50 , the initial estimate had been increased from 55 per cent to 346 per cent at 4 occasions by F.R.66 transfers.

The provisions have been transferred among expenditure objects subject to the conditions for essential expenses.

To identify the requirements and prepare estimates accurately.

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| <p>(b) Out of the total net provision made for 5 capital expenditure objects in the year under review, 82 per cent had been spent in the last month of that year and only 18 per cent of the net provision had been spent during the first 11 months .</p> | <p>Implementation of projects with capital expenditures have been made at the last quarter of the year.</p> | <p>To take actions to spend provisions early.</p> |
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2.4 Entered into Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) The liabilities totalled to Rs.6,035,178 settled upto March 2021 with regard the year 2020 had not been stated in the Register of Liabilities of the Department.</p>	<p>Instructions have been given to correct the situation that has occurred as a result of failure to identify the liabilities accurately.</p>	<p>To enter all the liabilities in the relevant register.</p>
<p>(b) A difference of Rs.4,649,937 was observed in the value of liabilities mentioned in the vote ledger 2021 and the value stated in the payment vouchers for 05 expenditure objects and a difference of Rs.10,427,218 was observed in between the liability value and the value of vouchers for 09 expenditure objects in the financial statement.</p>	<p>Actions are being taken to identify the liabilities accurately.</p>	<p>To identify the liabilities accurately.</p>

2.5 Non-compliance with Laws, Rules and Regulations

Observation -----	Comments of the Accounting Officer	Recommendation
<p>Reference to Laws, Rules and Regulations</p> <p>-----</p> <p>Paragraph 07 of the Asset Management Circular No. 01/2017 dated 28 June 2017</p>	<p>Value</p> <p>Rs.</p> <p>-----</p> <p>96,190,676</p>	<p>Non- compliance</p> <p>-----</p> <p>Non-submission of information on non-financial assets purchased in the year 2020 to the Comptroller General.</p>
	<p>-----</p> <p>It has been stated at relevant instances by the CIGAS computer programme.</p>	<p>-----</p> <p>It should be submitted in the format mentioned in the Circular.</p>

2.6 Operating Bank Accounts

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>There were unrealized receipts of \$ 700 in the current account from the year 2013 and actions had not been taken to settle at the end of the year.</p>	<p>This amount is a sub- imprest given to the Shroff of the Airport for Dollar transactions.</p>	<p>To maintain accurate accounting data and submission of accurate information to the audit.</p>

3. Operating Review

3.1 Planning

Audit Observation

Comments of the Accounting Officer

Recommendation

The Annual Budget Estimate of the Department and Approved Revenue Collection Plan had not been included in the Action Plan 2020 of the Department of Immigration and Emigration in accordance with Guideline No. 12 of Public Finance Circular No. 02/2020 dated 28 August 2020.

Actions will be taken in terms of the Circular from the year 2021 onwards .

To include the Revenue Collection Plan into the Action Plan.

3.2 Failure to Perform Roles

Audit Observation

Comments of the Accounting Officer

Recommendation

Even though Rs. 10 Million has been allocated for the purchase of "Visa Stickers" as per the Action Plan 2020 that work had not been commenced even by the end of the year 2020.

Due to the Covid epidemic, there was no need to purchase "visa sticker".

Actions should be taken to revise the Action Plan from time to time.

3.3 Other Observations

Audit Observation

It was impossible to clearly identify the accounting of transfers and surcharges done by journal entries in the vote ledger and the differences in between the value recorded as surcharges in the Treasury printout and the amounts recorded as surcharges in the vote ledger were also observed.

Comments of the Accounting Officer

The vote ledger is maintained nominally. Actions will be taken to maintain it as accurately as possible.

Recommendation

To account for the surcharges accurately.

3.4 Procurements

Audit Observation

The dates for commencement of procurement activities had not been specified in the Master Procurement Plan of the Department and a Detailed Procurement Plan had also not been prepared in accordance with the National Procurement Circular No. 08 dated 25 January 2006 and the Format of Guideline No. 13 of Public Finance Circular No. 02/2020 dated 28 August 2020 .

Comments of the Accounting Officer

Actions will be taken to prepare it accurately in the year 2021.

Recommendation

To prepare plans in accordance with the referred circulars.

3.5 Management Weaknesses

The following observations are made.

Audit Observation	Comments of the Accountng Officer	Recommendation
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<p>(a) The Department had issued an operational manual on the procedure to be followed in issuing passports by the Overseas Missions and photocopies of Birth Certificate and National Identity Card should be attached to the Passport Application as stated in Sections 8 and 9 thereof. However, it was revealed at the audit test check that the relevant photocopies with passports had not been included in 12 passports out of 50 issued during the year 2020. Likewise, photocopies of the payment receipt had also not been attached to the application and those information had not been included in scanned data as well..</p>	<p>Licenses will be issued based on photocopies of the previous passport and the scanned information.</p>	<p>To implement the relevant Internal Control Regulations properly.</p>

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| <p>(b) The Department had failed to recover a sum of Rs.54,757, Rs.72,496 and Rs.23,228 respectively receivable from deceased, suspended and retired officers who have served in the Department for more than 5 years by the end of the year under review.</p> | <p>Actions are being taken to recover these balances from committed pension and personal money .</p> | <p>Efforts to settle debt balances efficiently</p> |
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4. Human Resources Management

Audit Observation

Comments of the Accounting Officer

Recommendation

The approved number of staff of the Department was 1292 and the actual staff was 1040 as at 31 December 2020 and the vacant and excess staff were 253 and 01 respectively.

The number of vacancies as at 01 October 2021 is 272 and there are two excess Development Officers.

To formalize the staff administration.