

2019

வார்டிகை கார்ட்டுபாடுவ வார்டாவ
வருடாந்த ஸெய்ந்திறன் அறிக்கை
ANNUAL PERFORMANCE REPORT



கமிகர் டேபார்ட்மென்டு
தொழில் திணைக்களம்
Department of Labour

Annual Performance Report for the year 2019

Department of Labour
Expenditure Head No. 221

Contents	Page
Chapter 01: Corporate Profile/Implementation Overview	01
1.1. Introduction	02
1.2. Vision, Mission and Objectives,	02
1.3. Role	02
1.4. Organizational chart	04
1.5. Divisions of the Department	05
1.6. Funds under the purview of the Department	12
Chapter 02: Progress and vision for future	13
2.1 Securing industrial peace for the promotion of economic development	14
2.2 Formulation and Implementation of Labour Standards	18
2.3 Ensuring a healthy and hazard free decent work environment	19
2.4 Safeguarding the occupational rights of women and young persons and eradicating child labour	22
2.5 Social security of the Employees	25
2.6 Legal protection for safeguarding workers' rights	27
2.7 Administration	28
2.8 Financial management	29
2.9 Activities of the Statistical Division	30
2.10 Guiding towards targets by monitoring the functions of the Department and human resources development	31
2.11 Use of information technology for service delivery	37
2.12 Internal audit	38
2.13 International Relations	39
2.14 Achievements, challenges and goals	40
Chapter 03: Overall financial performance for the year ended 31st December, 2019	42
3.1 Statement of financial performance	43
3.2 Statement of financial position	44
3.3 Statement of cash flow	45
3.4 Notes to financial statements	46
3.5 Performance of Revenue collection	47
3.6 Performance in the utilization of the allocated provisions	47
3.7 In terms of F.R. 208 Grant of allocations to this Department as an agent of another ministry / department	47
3.8 Performance in reporting non-financial assets	48
3.9 Auditor General's Report	49

Chapter 04: Performance Indicators	60
---	-----------

4.1	Performance indicators of the institution (on the basis of the Action Plan)	61
-----	---	----

Chapter 05: Performance in achieving Sustainable Development Goals	62
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5.1	Identified Sustainable Development Goals	63
5.2	Achievements and challenges in accomplishing SDGs	67

Chapter 06: Human Resources Profile	68
--	-----------

6.1	Cadre Management	69
6.2	How the shortage or surplus of human resources has impacted on the performance of the institution	72
6.3	Human Resources Development	73

Chapter 07: Compliance Report	80
--------------------------------------	-----------

Graphs

Graph 2.1	Routine Inspections	16
Graph 2.2	Complaints received and resolved on the violation of statutory provisions	17
Graph 2.3	complaints received and resolved on industrial disputes -2019	17
Graph 2.4	Registration of collective agreements - 2019	18
Graph 2.5	Receipt of applications and forwarding Decision Letters to the Central Bank - 2019	26
Graph 2.6	Cases filed by all district offices and cases resolved -2019	27
Graph 2.7	Number of labour inspections conducted during the past five years	32
Graph 2.8	Quality of labour inspections – Years 2018 & 2019	33
Graph 2.9	Time taken for sending the first notice –Years 2018 & 2019	34
Graph 2.10	Time taken for the payment of EPF benefits – Years 2018 & 2019	34

Tables

Table 2.1	Activities carried out by the Human Resources Development Division in the year 2019.	14
Table 2.2	Data reported on strikes -2019	17
Table 2.3	Activities for standardization of workers' rights	19
Table 2.3	Activities for standardization of workers' rights	19
Table 2.4	Activities conducted for inspecting occupational health measures in workplaces.- 2019	19
Table 2.5	Awareness workshops conducted for improving occupational safety and health-2019	21
Table 2.6	Enforcement of existing laws relating to the employment of women, young persons and children.	22
Table 2.7	Special programmes on women and children's affairs	24
Table 2.8	Progress of monitoring approved provident funds - 2019	26
Table 2.9	Court wise performance of cases	28
Table 2.10	Overall financial progress of the year 2019	30
Table 2.11	Classification of capital expenditure of the year 2019	30
Table 2.12	Functions discharged by the Statistics Division - 2019	30
Table 2.13	Training programmes organized and conducted by the Department for officers - 2019	35
Table 2.14	Allocation of provisions to officers of the department for trainings conducted by external training institutes - 2019	36
Table 2.15	Overall expenditure as at 31.12.2019 for capacity development activities -2019	36
Table 2.16	Progress of Decent Work Programme - 2019	37
Table 2.17	Services provided by the department through its website. – 2019	38
Table 6.1	Staff of the Department by Posts as at 31.12.2019	69
Table 6.2	Participation in local training programmes Year 2019	73
Table 6.3	Participation in local training programmes Year 2019	78

Photos

Photo 2.1	An institutional level employer –employee awareness programme conducted by the Social Dialogue Division	15
Photo 2.2	An awareness workshop conducted by Mullativu sub labour office for employers and employees	15
Photo 2.3	Women’s Day Commemoration Programme - 2019	23
Photo 2.4	International Children’s Day Commemoration	23
Photo 2.5	His Excellency the President declared open “Mehewara Piyasa” building on 20th August 2019	29
Photo 2.6	Training programmes conducted by Planning, Research and Training Division, 2019	36

Chapter 01

Corporate profile of the Department of Labour / implementation overview

Corporate profile of the Department of Labour/ implementation overview

1.1 Introduction

The Department of Labour is the public sector institution responsible to uphold the employment rights of workers in the private and the semi government sector whilst ensuring social protection. Since this is a subject falling within the ambit of the central government, the Department maintains an island-wide network of labour offices for the enforcement and promotion of necessary legislations.

The Department of Labour was initially established with the appointment of a Controller to implement the Indian Immigrant Labour Ordinance No. 01 of 1923 with the objective of providing welfare for Indian migrant labourers brought to Sri Lanka by the British to work in the plantation sector.

1.2 Vision. Mission and Objectives

1.2.1 Vision

“A country with everlasting industrial peace for an internationally competitive economy”

1.2.2 Mission

“To contribute to the socio-economic development of Sri Lanka through establishment of a decent work environment within secured industrial peace, while protecting labour rights”.

1.2.3 Objectives

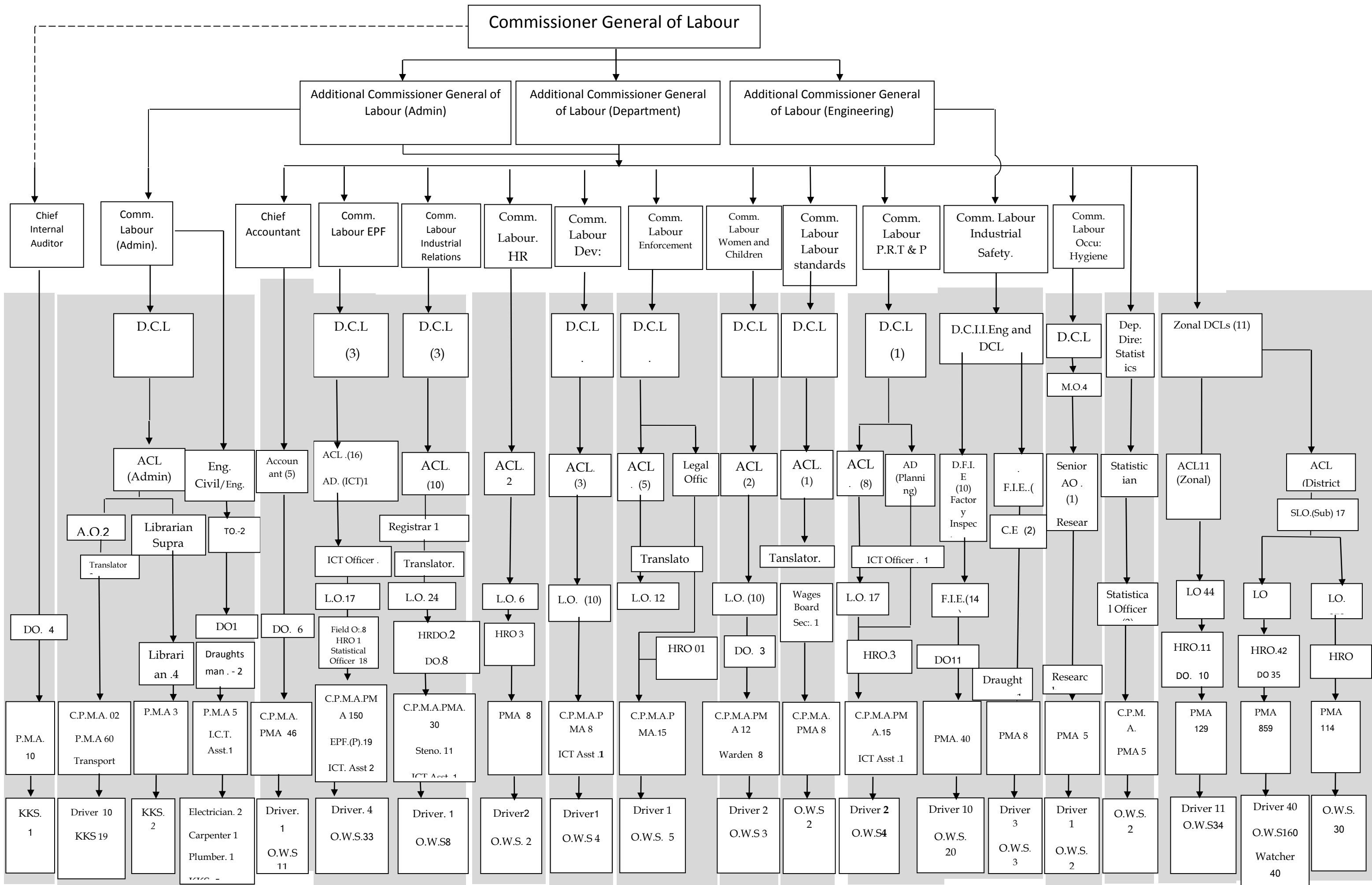
- Ensuring stable industrial peace in the work place of semi government and private sectors.
- Enhancement of the service conditions of the employee by way of the formulation of labour standards in order to establish decent work place
- Ensuring the social security of the employee
- Ensuring the protection of women and youths in employment and elimination of child labour
- Establishment of a working environment suit to the health conditions of employees and devoid of accidents

1.3 Role

- Promotion of the social dialogue between the employers and employees of institutions
- Giving effect to the labour laws and avoiding labour disputes and settling the existing disputes by way of promoting social dialogue

- Conducting inspections at work places (Labour Inspections) in more productive way and ensuring statutory rights of employees by way of updating, regularly, the knowledge of the officers serving in the Department.
- Ensuring industrial peace by way of widening the knowledge and understanding of employers and employees on labour laws.
- Formulation and implementation of labour standards so as to suit to the transformations in the national economy following the international
- By proper administration of the Employees' Provident Fund, ensuring benefits properly to the owners of institutions and further the administration of private provident funds and pension schemes in the same manner.
- Giving effect to all labour laws including laws applicable to women, children and youths
- Making employees aware of the safety and health measures and avoiding accidents at their work places and ensuring the safety.
- Collection and analyzing of statistical data required for taking decisions regarding above tasks
- Taking action to enforce ILO conventions, which have been ratified by Sri Lanka.
- Dedicating to eliminate child labour and worst form of child labour

1.4 Organizational Structure of the Department of Labour



1.5 Main divisions of the Department

Since the vision of the Department is to contribute towards the creation of a country with lasting industrial peace for an internationally competitive economy, maintaining industrial peace is the fundamental and all-important function of the Department. For this purpose, the Department exercises 04 key functions, namely the maintaining of a dialogue between employers and employees, inspection of workplaces (labour), settling issues regarding the denial of statutory rights, constituting legal action for the protection of occupational rights of workers.

Accordingly, the following divisions affiliated to the Head Office are in operation.

- 1.5.1 Industrial Relations Division
- 1.5.2 Human Resources Division
- 1.5.3 Special Investigations Division
- 1.5.4 Labour Standards Division
- 1.5.5 Industrial Safety Division
- 1.5.6 Occupational Hygiene Division
- 1.5.7 Women and Children's Affairs Division
- 1.5.8 Employees' Provident Fund Division
- 1.5.9 Enforcement Division
- 1.5.10 Administrative Division
- 1.5.11 Finance Division
- 1.5.12 Planning, Research, Training & Publications Division
- 1.5.13 Internal Audit Division

In addition, 11 zonal labour offices, 40 district labour offices, 17 sub labour offices and 10 district factory inspection engineering offices have been established across the country under the decentralization of functions of the Department of Labour for the provision of services expected by the labour community scattered throughout the country.

The role of each of the above divisions is outlined below.

1.5.1 Industrial Relations Division

The Industrial Relations Division is responsible for maintaining industrial peace in the country while safeguarding the rights of both employees and employers for elevating the economic growth and development of the country. For this, the Termination Division and the Trade Union Division are functioning under the Industrial Relations Division and also coordinates the Industrial Court.

Accordingly, establishing industrial peace required for uplifting economic productivity, safeguarding service conditions stipulated by labour legislations, registration of collective

agreements and promotion of such registration, minimizing strikes and industrial disputes and establishing a legal personality by the registration of trade unions are identified as the main objectives of this division.

Mainly the following legislations are enforced by this division.

1. Industrial Disputes Act (Amendment) No. 43 of 1950
2. Gratuity Act (Amendment) No. 12 of 1983
3. Termination of Employment (Special Provisions) (Amendment) Act No. 45 of 1971
4. Trade Unions Ordinance, No. 14 of 1935

1.5.2 Human Resources Development Division

Envisioning the increase of productivity and efficiency of the private and the semi government sector institutions scattered across the country, the Human Resources Development Division carries out promotion of social dialogue in the shop floor, which will strengthen industrial peace and promote better employment relationship.

- 1.5.2.1 Creating workplace cooperation at the institutional level by introducing and implementing policies and strategies for the promotion of social dialogue.
- 1.5.2.2 Building industrial peace whilst functioning as a facilitator for establishing collective agreements.
- 1.5.2.3 Educating both employers and employees on labour laws through awareness programmes for semi government and private sector institutions aimed at creating decent working environment. (For this purpose, institutional level programmes are organized and conducted for managers and employers)
- 1.5.2.4 Conducting regional consultation forums with the participation of employers, employees and Assistant Labour Commissioners to gather information required for building tripartite relationships and formulating policies.
- 1.5.2.5 Conducting regional dialogues for knowledge sharing and resolving problematic issues pertaining to labour laws amongst employers and employees.
- 1.5.2.5 Publishing the journal “Dialogue” to broaden knowledge for pre-empting the occurrence of industrial disputes.
- 1.5.2.7 A competition on social dialogue and workplace cooperation is conducted island-wide annually at small, medium and large scales with representations from the manufacturing, service, apparel and plantation sectors to ascertain the extent to which social dialogue has been established within institutions. An essay (Tamil/ Sinhala), arts, poster and a short video clip competition was conducted.

1.5.3 Special Investigations Division

The requests made from the Commissioner General of Labour for an independent inspection by grieved parties, who are not satisfied with the way an inquiry into a complaint or an institutional inspection was conducted are referred as required to the Special Investigations Division. These investigations are carried out in addition to the routine labour inspections, as other investigations. This division is vested with powers to conduct an inspection anywhere in Sri Lanka on the order of the Commissioner General of Labour. As urgent and immediate inspections and special inquiries are undertaken, this division is a special division of the Department.

1.5.4 Labour Standards Division

Formulating policies, standards and conditions of work, giving legal effect thereto and monitoring their implementation in order to ensure the welfare and job security of the workers employed by the private sector is an ongoing process of the Department. Providing relevant interpretations for the settlement of problematic issues that arise with respect to terms and conditions of service and securing the rights of workers by monitoring the progress of the implementation of labour standards are also an integral part of this process. Discharging this overall responsibility is carried out by the Labour Standards Division of the Department.

The following acts and ordinances are enforced by this Division.

- Wages Boards Ordinance No. 27 of 1941.
- Shop and Office Employees Act No. 19 of 1954
- Budgetary Relief Allowance of Workers Act No. 36 of 2005
- National Minimum Wages of Workers Act No. 03 of 2016
- Budgetary Relief Allowance of Workers Act No. 04 of 2016

1.5.5 Industrial Safety Division

Preventing and monitoring the danger of physical injuries and even death faced by workers in factories due to electricity, heat, air pressure, excessive light or sound and minimizing such accidents is a primary responsibility of the Industrial Safety Division. The legislation relevant to the occupational safety, health and welfare of workers working in factories of Sri Lanka is the Factories Ordinance No. 45 of 1945 and regulations made thereunder. It is expected to improve the efficiency of workplaces by creating a safe workforce without accidents through the establishment of a hazard-free working environment and thereby increasing the domestic production and enhancing the contribution made to the national economy.

The 31 engineers are attached to the 10 District Factory Inspecting Engineer's Offices established to cover the entire island. These officers inspect factories to ensure occupational safety and health standards are maintained whilst taking actions for violations discovered

during routine labour inspections which are reported to District Factory Inspecting Engineer's Offices. Every effort is taken to provide a safe environment for workers.

Basically, the following activities are carried out to ensure industrial safety.

- 1.5.5.1 Registration of new factories
- 1.5.5.2 Inspection and approval of building plans
- 1.5.5.3 Inspection of factories
- 1.5.5.4 Inquiries into accidents and dangerous situations
- 1.5.5.5 Initiating legal action
- 1.5.5.6 Regulating the inspection of high-risk machinery
- 1.5.5.7 Investigating into complaints
- 1.5.5.8 Conducting awareness workshops
- 1.5.5.9 Referring the victims of occupational accidents and diseases to the Commissioner General of Workmen's Compensation and the Shrama Vasana Fund
- 1.5.6.11 Carrying out engineering works of the Department of Labour and the Ministry

1.5.6 Occupational Hygiene Division

According to the provisions of the Factories Ordinance in force, health and occupational safety of employees is a legal obligation of the employer and the right to work in a safe environment is a fundamental right of the worker.

The operational process of the Occupational Hygiene Division is to impart the knowledge required for the creation of an environment with the highest degree of physical, mental, social and spiritual wellbeing for the professionals. This minimizes the risk of workers in becoming victims of diseases whilst engaging in their work due to unhealthy work environment. The division inspects the service conditions available in workplaces.

Under this process examinations are made applying scientific methodology whether there are issues in working place which may cause instant and long term affects in the health conditions of employees and further these health issues are measured qualitatively as well as quantitatively. In the meantime awareness is made practically regarding the measures to be taken to avoid such risks.

The following functions are discharged by this division.

- 1.5.6.1 Inspecting healthcare status of workplaces
- 1.5.6.2 Providing education required for promoting health in workplaces
- 1.5.6.3 Providing recommendations of the medical boards
- 1.5.6.4 Giving evidence in courts regarding working conditions and the occurrence of diseases on behalf of persons claiming compensation as a result of being exposed to poor occupational hygiene

- 1.5.6.5 Assessing the status of diseases of workers who apply for funds from the Employees' Provident Fund / Employees' Trust Fund as a result of being unable to continue employment due to poor health

1.5.7 Women and Children's Affairs Division

Increasing women's contribution within the Sri Lankan labour force and eradicating child labour is a statutory responsibility of the government of Sri Lanka and these are the two functional responsibilities of the Women and Children's Affairs Division

Similarly, eradicating child labour with the contribution of all stakeholders, enforcing labour legislation applicable to children under 18 years of age and recommending amendments to existing laws to be compatible with prevailing social issues too are key responsibilities of this Division.

Eradicating child labour with the assistance of all stakeholders, enforcing labour laws applicable to persons under 18 years of age and recommending necessary amendments to existing laws with a view to addressing prevailing social issues are some other functions of this Division.

Accordingly, the following tasks are carried out by this Division.

- 1.5.7.1 Enforcing the provisions of existing laws applicable to employed women and children and guiding the zonal and district labour officers towards this end.
- 1.5.7.2 Conducting awareness programmes island-wide for women and children.
- 1.5.7.3 Submitting recommendations for the strengthening of existing laws having studied and identified weaknesses and deficiencies of laws applicable to employed women and children.
- 1.5.7.4 Making an active contribution to child development committees held at the national, provincial, district and divisional levels.
- 1.5.7.5 Maintenance of women's hostels of the Department of Labour established at Free Trade Zones for women employees.
- 1.5.7.6 Capacity development of the staff of the Women and Children's Division.

The following acts are enforced by this Division.

- Employment of Women, Young Persons and Children Act No. 47 of 1956
- Maternity Benefits Ordinance No. 32 of 1939

1.5.8 Employment Provident Fund Division

The Employees' Provident Fund has been established under the Employees Provident Fund Act No. 15 of 1958 with the principle objective of ensuring a secured retired life free of economic burdens for the country's workforce in the semi-government and private sectors. The fund is administered by the Department of Labour and the Monetary Board of the Central Bank is in charge of its finances. The role expected to be performed under this Act, which has been subjected to amendments from time to time is as follows. It is the responsibility of this Division to carry out these functions with due diligence.

1.5.8.1 Registration of institutions for the Employees' Provident Fund

1.5.8.2 Registration of members for the Employees' Provident Fund

1.5.8.3 Recovering contributions from employers who default the contributions

1.5.8.4 Issuing payment orders for the payment of benefits to employees

1.5.8.5 Granting Housing Loans based on the account balance of the member of the Employees' Provident Fund

1.5.8.6 Monitoring the approved provident funds.

1.5.9 Enforcement Division

The Enforcement Division of the Department of Labour pursues action with the objective of establishing industrial peace by more efficient enforcement of labour laws across the island. In order to ensure the compliance with the provisions of labour legislations required to be enforced by the Department of Labour, the Enforcement Division constitutes legal action against violators of such laws thereby safeguarding the rights of workers while fostering employer-employee cooperation.

Accordingly, the main functions of the Enforcement Division are outlined below.

1.5.9.1 Initiating action for the prosecution in magistrate courts when statutory labour laws are violated and leading such cases.

1.5.9.2 Maintaining necessary coordination with the Attorney General's Department in lawsuits filed against or by the Department of Labour in the Commercial High Court, Provincial High Court, High Court or Supreme Court.

1.5.9.3 Supervision of court proceedings initiated by the district and sub-labour offices under the supervision of zonal offices, offering necessary instructions and reviewing the progress of such court proceedings.

1.5.9.4 Legal officers attached to the zonal offices offer necessary instructions in cases where judicial proceedings have to be initiated by the district/sub labour offices located in the zone and in the process of reactivating dormant cases and appearing for the Department whenever necessary.

1.5.10 Administration Division

The Administration Division of any institution is the main division that provides services to its internal clients. Accordingly, establishments activities such as fulfilling human resources requirements, confirming employees in service, evaluating their performance, granting salary increments, conducting efficiency bar examinations within the stipulated period, implementing transfer procedure, preparing pensions without delay and routine administrative activities such as the approval of leave, taking disciplinary action and fulfilling the transport needs of the department are handled by this division. The Administration Division is also responsible for organizing ceremonies and programmes of the department and collaborates with other ministries and departments when programmes are hosted by them.

The Library of the Department for the use of the officers is also maintained by the Administration Division. Gathering subject related information so as to match the requirements identified in respect of the advancement of the employer-employee community, paving the way for the dissemination of such knowledge and propagating knowledge on the labour sector amongst the employees of the department and the general public are the objectives of maintaining this library. Further, a labour museum is maintained under this Division, which exhibits the evolution of the labour sector of the country from its origins and conserves Ordinances and Acts and other documents relating to the field of labour.

Developing infrastructure facilities enabling the officers of the Department of Labour to discharge their duties efficiently is done by the Constructions and Building Maintenance Unit under the Administration Division.

1.5.11 Finance Division

Physical resources as well as financial resources are essential for the successful implementation of the annual activities and for the attainment of expected outcomes of the Department of Labour. Accordingly, the Division adopts measures for the efficient, effective and economical administration of financial resources allocated to the department from the budget in compliance with state policies.

The following activities are carried out by the Finance Division for effective and transparent financial management of the Department.

- 1.5.11.1 Preparing and implementing the procurement plan of the Department.
- 1.5.11.2 Distributing goods and services obtained through the procurement process
- 1.5.11.3 Issuing imprest for sub-offices and monitoring financial activities thereof.
- 1.5.11.4 Preparing monthly, biannual and annual account reports and submitting same to the relevant parties on due date.
- 1.5.11.5 Handling all receipts from and payments to external parties in compliance with rules and regulations.
- 1.5.11.6 Conducting capital assets survey and disposing of assets of the department Paying personal emoluments and advances and allowances of officials of the department.

1.5.12 Planning, Research, Training and Publication Division

Drafting the Annual Action Plan and the Strategic Plan of the Department, preparing the monthly progress reports for progress review meetings, submitting reports requested by the line ministry and other ministries are the key functions of the Planning, Research, Training and Publication Division.

The supervisory function of this division is to monitor the activities of the divisions of the department and district offices and making recommendations required for sustaining the progress having analyzed the data obtained therefrom.

Provision of training required for the entire staff of the department, referring officials to training programmes conducted by external institutions, allocation of financial provisions required for degrees and postgraduate degrees followed by employees, carrying out coordination activities required for foreign training are the human resources development functions performed by this Division.

There is also a statistical branch affiliated to this Division and the collection and analysis of data relevant to the labour sector to develop understanding on the orientation of the labour sector of Sri Lanka, identifying the need for amending labour legislation and making projections for the future are the primary functions of the Statistical Division.

1.5.13 Internal Audit Division

As all other public sector institutions, the Department of Labour too has to exercise all its activities in terms of Financial Regulations, circulars issued from time to time by the government and circulars issued by the Department. The supervision whether such activities are carried out with gainful resource utilization and transparency at an optimal level is under the direct supervision of the Commissioner General of Labour.

1.6 Funds under the purview of the Department

The Employees' Provident Fund has been established under the Employees Provident Fund Act No. 15 of 1958 with the principle objective of ensuring a secured retired life free of economic burdens for the country's workforce in the semi-government and private sectors. The fund is administered by the Department of Labour and the Monetary Board of the Central Bank is in charge of its finances.

Further details on the fund are given under 1.5.8 of Chapter 01 above and Chapter 02.

Chapter 02

Progress and Vision for Future

Progress and Vision for Future

2.1 Securing industrial peace for the promotion of economic development

Since the vision of the Department is to contribute towards the creation of a country with lasting industrial peace for an internationally competitive economy, maintaining industrial peace is the fundamental and all-important function of the Department. For this purpose, the Department exercises 04 key functions, namely the maintaining of a dialogue between employers and employees, inspection of workplaces (labour), settling issues regarding the denial of statutory rights, constituting legal action for the protection of occupational rights of workers.

2.1.1 Maintaining a dialogue between the two parties- the employer and the employee

Following tasks were carried out in the year 2019 to create a conducive environment that would strengthen industrial peace between two stakeholders; the employer and the employee, targeting increased productivity and efficiency of private and semi government sector institutions.

Programmes for managers and employees in private and semi government sector were organized and conducted as outlined below, to increase awareness on labour laws.

S.No	Programme	No of programmes
01	Institutional level awareness programmes for both employers and employees conducted by Social Dialogue Division	66
02	Programmes conducted for managers and employers by Social Dialogue Division	10
03	Programmes conducted at public sector institutions by Social Dialogue Division	13
04	Awareness raising programmes conducted by district offices for employers and employees	37
05	Awareness raising programmes conducted by sub offices for employers and employees	13

Table 2.1 Activities carried out by the Human Resources Development Division in the year 2019.

2.1.1.2 Conducting 19 regional consultation forums with the participation of employers, employees and Assistant Labour Commissioners to gather information required for building tripartite relationships and formulating policies.

2.1.1.3 Conducting 11 regional dialogues for knowledge sharing and resolving problematic issues pertaining to labour laws amongst employers and employees.

2.1.1.4 A competition on social dialogue and workplace cooperation is conducted island-wide annually at small, medium and large scales with representations from the manufacturing, service, apparel and plantation sectors to ascertain the extent to which social dialogue has been established within institutions. Preliminary arrangements for the competition were made in the year 2019 and the award ceremony is due to be conducted in January 2020.



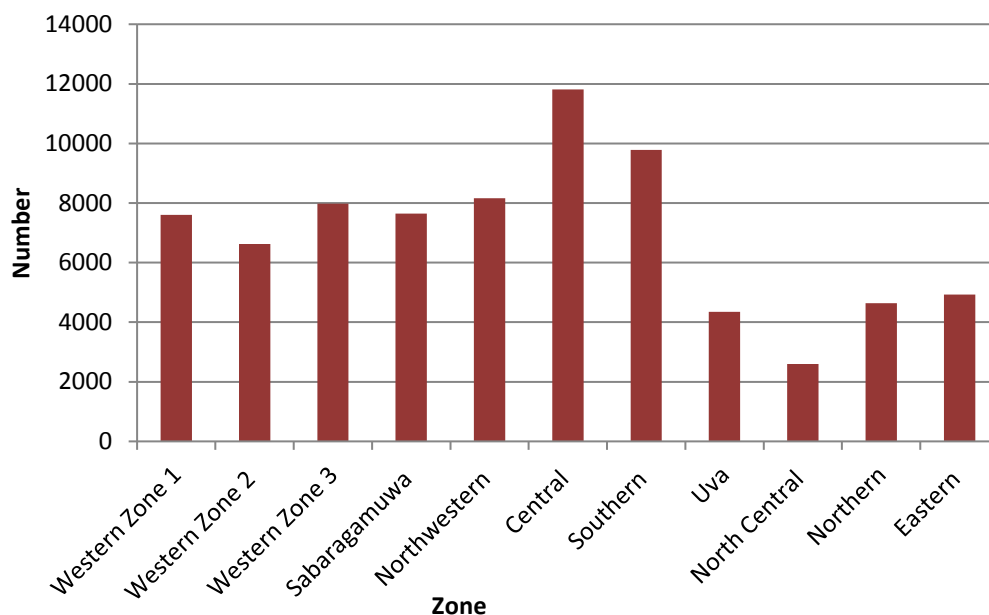
Photo 2.1- An institutional level employer – employee awareness programme conducted by the Social Dialogue Division



Photo 2.2- An awareness workshop conducted by Mullativu sub labour office for employers and employees

2.1.2 Conducting Routine Inspections

The foremost objective of conducting workplace inspections is to examine whether the rules and regulations imposed for the protection of statutory rights of workers in the place of work are complied with and that necessary actions are taken to redress grievances and pave the way for the establishment of cordial relationships between employers and employees. To carry out this function, 11 regional labour offices, 40 district labour offices and 17 sub offices and 10 District Factory Inspecting Engineer's Offices have been established to cover the entire island and the number of Labour Officers deployed is 493. The total number of labour inspections performed by labour officers in the year 2019 was 87,692.

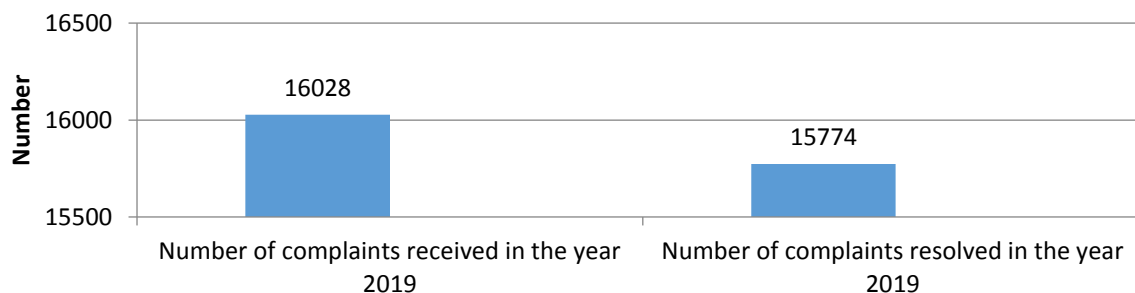


Graph -2.1 Routine Inspections -2019

2.1.3 Resolving complaints on the denial of statutory entitlements and settling industrial disputes

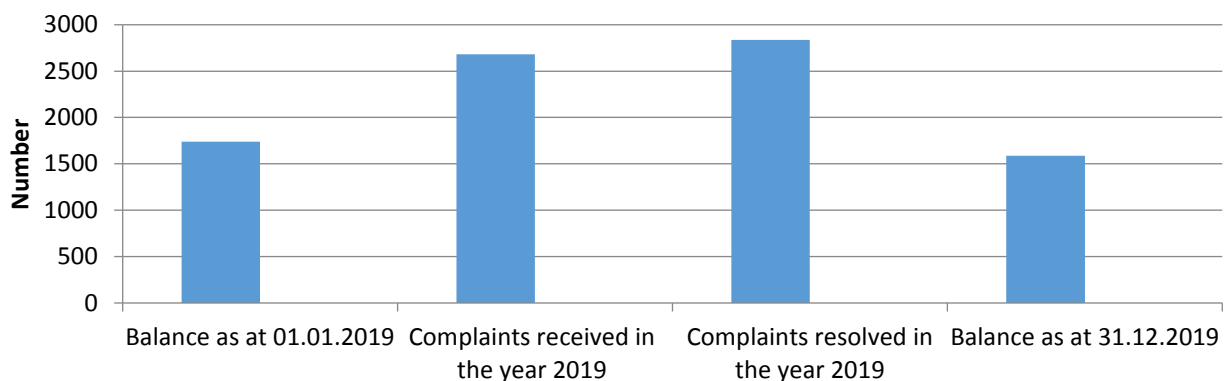
Complaints regarding the violation of statutory laws and potential breaches in industrial peace and the possibility of strikes are lodged with the head office, district offices and sub offices by employees and various other parties and action is pursued by the relevant offices to resolve such complaints. If their attempts failed, the Minister in charge of the subject refers the dispute to an arbitrator or an industrial court for a solution.

Complaints received and resolved on the violation of statutory provisions in the year 2019 are as follows.



Graph 2.2- Complaints received and resolved on the violation of statutory provisions -2019

The number of complaints resolved being significantly higher compared to the complaints received during the year on violation of statutory laws and the spike in the tendency of resolving disputes are indicative of the potential for minimizing the time consumed for resolving complaints.



Graph 2.3 complaints received and resolved on industrial disputes -2019

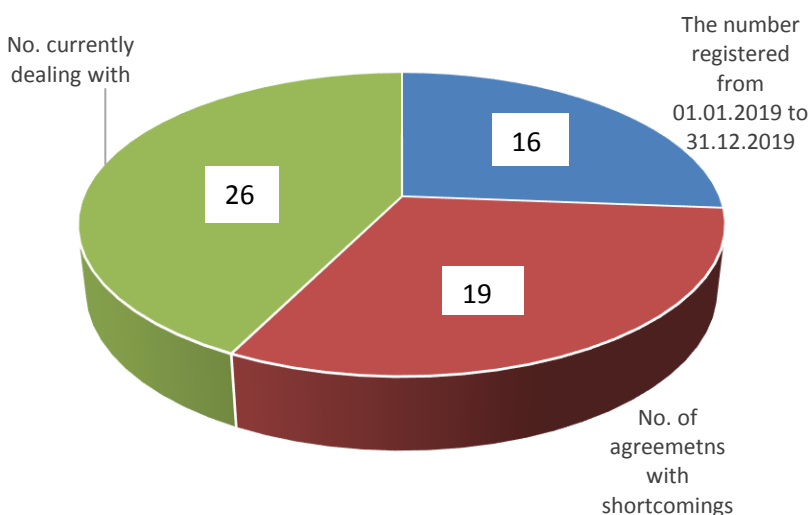
When a situation that could possibly lead to a strike action is observed, the officials of the Department take action to contain the situation engaging industrial peace. Further, if a strike is launched, necessary interventions are made to resolve the dispute. Compared to the year 2018, there is a steep decline in the number of strikes reported in the year 2019.

S.No	Event	Plantations	Construction	Manufacturing	Mining	Semi government	Other services	Total
01	Strikes reported	8	1	11	-	-	1	21
02	No of employees participated	1952	100	4701	-	-	16	6769
03	No of man days lost	28218	200	26403	-	-	16	54837

Table 2.2 – Data reported on strikes -2019

By entering into collective agreements as a means of settlement of industrial disputes, a more permanent solution is offered to both the employer and the employee. The Collective Agreement thus agreed to, enable employees to secure greater privileges than the rights and privileges conferred through labour legislations.

Since there has been a gradual decline in the number of collective agreements over the past few years, the Department wishes to make use social dialogue to assist and promote collective agreements.



Graph 2.4 –Registration of collective agreements -2019

Disputes which cannot be resolved with the intervention of district labour offices or with the direct involvement of the Industrial Relations Division of the Department are referred to arbitration, which is conducted in an industrial court. In the year 2019, there had been 125 references for arbitration and the number of awards issued was 56.

Opportunity is available to form trade unions and register with the Department, paving way for equal representation for both the employer and the employee collectively during a breach of industrial peace. The process assures equal and equitable hearing for both parties. Accordingly, the number of trade unions registered with the Department in the year 2019 was 132 and the total number of valid trade unions in operation as at 31.12.2019 was 1903.

2.2 Formulation and Implementation of Labour Standards

Formulating policies, standards and conditions of work, giving legal effect thereto and monitoring their implementation in order to ensure the welfare and job security of the workers employed by the private sector is an ongoing process of the Department. Accordingly, the following activities have been conducted in the year 2019.

	Programme/Activity	Physical Progress
1	Appointing representatives to Wages Boards whose official terms will expire.	23
2	Granting approval for five-day workweek.	203
3	Conducting awareness programmes for employers & employees	2
4	Publishing monthly salaries of cocoa, cardamom, pepper cultivating and processing industry	12
5	Examining legal validity of collective agreements	22
6	Making clarifications under legal interpretations under the Budgetary Relief Allowance Act No. 04 of 2016	45

	Programme/Activity	Physical Progress
7	Making clarifications under legal interpretations under Wages Board Ordinance	65
8	Making clarifications under legal interpretations under Shop and Office Employees Act	46
9	Granting approvals for requests made for salary deductions under Wages Board Ordinances and Shops and Office Employees Act.	44
10	Granting approval for requests made for establishing fine funds defray expenditure from such funds.	5
11	Announcing special holidays and election holidays pertaining to Wages Boards through notices published in newspapers.	3
12	Referring soft copies of gazettes, amendments to Acts and regulations published by the Division for uploading to the website of the Department.	17
13	Amending and publishing decisions of Wages Boards	44

Table 2.3 – Activities for standardization of workers’ rights

2.3 Ensuring a healthy and hazard free decent work environment

2.3.1 Ensuring Occupational health

According to the provisions of the Factories Ordinance, it is the responsibility of the employer to prepare the work environment in such a way as to protect the health and occupational safety of the employees and this ensures the right to work in a safe working environment.

2.3.1.1 Assessing occupational health of workplaces

The Department conducts environmental condition monitoring, biological monitoring and sound measurement tests free of charge to check the possibility of health issues/ accidents to occur at a workplace. Accordingly, the progress of activities conducted in the year 2019 are given below.

	Programme	Physical Progress
1	Environmental measurements	131
2	Biological tests	2495
3	Occupational safety and health audits	292

Table 2.4 Activities conducted for inspecting occupational health measures in workplaces.- 2019

2.3.1.2 Conducting awareness programmes at workplaces

Awareness programs are conducted for both employers and employees on the occupational health and safety of employees in the workplace. During the year 2019, the Department conducted 240 such programmes.

2.3.1.3 Providing medical board decisions

Twenty four medical boards were held for employees who claimed money in the EPF on medical grounds and decisions were submitted accordingly.

2.3.2 Ensuring accident-free work environment

The danger of physical injuries and even death exists for workers in factories due to electricity, heat, air pressure, excessive light or sound and minimizing such accidents is one of the primary responsibilities of the Department.

Engineers attached to the 10 District Factory Inspection Engineering Offices discharge this function.

2.3.2.1 Registration of new factories

When applications are made for the establishment or the registration of factories, the proposed factory is inspected to ascertain whether the prescribed standards that ensure occupational safety have been followed by such factories. The registration is done if the prescribed standards have been complied with. If the prescribed standards and conditions have not been followed, instructions are given to rectify the same. The total number of factories registered by the end of the year 2019 is 31,346. The number of new factories registered during this year is 1,409.

2.3.2.2 Inspecting and approving building plans

Inspections are also carried out to ensure compliance with the Factories Ordinance when buildings are constructed for factories. During the year 2019, 147 building plans were inspected and certified.

2.3.2.3 Inspection of factories

Action is taken to carry out inspections at the factories situated within the area and then to give instructions to avoid possible risks if it such risks are found at the inspection.

Every year, inspections are carried out according to a predetermined target and all officers work towards achieving this target. The number of factories inspected in the year 2019 was 3944.

2.3.2.4 Investigations into accidents and hazardous events

During the year 2019, 84 fatal accidents and 1,409 non-fatal accidents have been reported to the Department. Consequent to investigations into all such fatal and serious non-fatal accidents, reasons for accidents were identified. Accordingly, awareness was created to prevent recurrence of such accidents. Legal actions were also constituted against institutions in which accidents had been caused due to violation of the provisions of the Factories Ordinance.

2.3.2.5 Constituting legal action

Upon identification of violation of provisions of the Factories Ordinance, measures are taken to initiate legal action against the relevant factory. In the year 2019, 29 lawsuits were filed against factories for the violation of the provisions of the Factories Ordinance.

2.3.2.6 Regulating the inspection of High Risk Machinery

Measures are taken to inspect High Risk Machinery used in factories, which should be inspected according to the provisions of the Factories Ordinance. The number of machinery inspected in the year 2019 amounts to 9832.

2.3.2.7 Conducting awareness workshops

Enhancing knowledge on occupational safety and health among both employees and employers is equally important as the enforcement of laws and regulations. Details of programmes conducted in the year 2019 are as follows.

S.No	Relevant Sector	No. of programmes conducted	No. of beneficiaries participated
01	Construction	41	3100
02	Apparel	23	2500
03	Other products	19	1800
04	Other	13	2000
05	Total	96	9400

Table 2.5 - Awareness workshops conducted for improving occupational safety and health-2019

2.3.2.8 Referring victims of occupational accidents and diseases to the Commissioner of Workmen's Compensation and Shrama Vasana Fund

Measures were taken to refer 349 victims of accidents reported during the year 2019 to the Commissioner of Workmen's Compensation and secure compensation for the victims and their dependents.

In addition, action was pursued to refer the details of school going children of victims' families to the Shrama Vasana Fund to enable granting of scholarships.

2.3.2.9 Commemoration of World Safety Day

To celebrate the World Safety Day which falls on April 28 every year, a seminar was conducted at the BOI Auditorium in Seethawaka under the patronage of the Minister. This occasion was attended by 250 employees and employees.

2.4 Safeguarding the occupational rights of women and young persons and eradicating child labour

One of the primary responsibilities of the Department is to promote productive contribution of women's labour by enforcing labour laws covering women at workplaces and recommend necessary amendments to such laws by reviewing them periodically.

Similarly, eradicating child labour with the contribution of all stakeholders, enforcing labour legislation applicable to children under 18 years of age and recommending amendments to existing laws to be compatible with prevailing social issues too are key responsibilities of this Department.

2.4.1 Enforcing existing laws applicable to employed women, young persons and children – Progress of the year 2019

S.No	Category	Number	Observations
01	Investigations on child labour	189	Investigations into 162 complaints were concluded. Since the employment of child labour was disclosed in 7 such complaints, legal action has been constituted.
02	Investigations into complaints received on service conditions of women.	35	Investigations into 16 complaints were concluded.
03	Granting approval for employing women at night.	962	26 approvals by Women & Children's Division, 909 approvals by district offices and 17 approvals by sub offices were granted to factories for employing women at night.
04	Special group investigations into hazardous forms of child labour.	67	336 institutions were inspected but no incidence of hazardous forms of child labour was reported.
05	Special group investigations into woman workers	93	465 institutions were inspected. Violations of service conditions were reported from 77 of them.

Table 2.6- Enforcement of existing laws relating to the employment of women, young persons and children.

2.4.2 Conducting awareness programmes

2.4.2.1 Raising awareness by commemorating relevant international days

2.4.2.1.1. International Women's Day Celebration

The Women's Day celebration of the year 2019 was held on 08.03.2019 at the 10th floor auditorium of the Labour Department under the patronage of the Minister of Labour and Trade Union Affairs, Hon. Ravindra Samaraweera.



Photograph 2.3 – Women's Day Commemoration Programme -2019

2.4.2.1.2 World Day against Child Labour

The Department of Labor aims to create a safe environment for children through the elimination of child labor and harmful employment in Sri Lanka and thereby promote the physical and mental development of children. Accordingly, a series of island-wide raids on the employment of children in hazardous occupations were conducted in collaboration with other agencies working in this regard. This series of raids covered 236 institutions and no children employed in hazardous occupations could be identified. A parallel programme was conducted through the media to raise awareness on child labour.

2.4.2.1.3 Commemoration of International Children's Day

The International Children's Day-2019 celebration was organized by the Division of Women and Children's Affairs on 01.10.2019 at the 'Baudhdha Mandiraya', Moratuwa under the patronage of the Commissioner General of Labor. In this regard, investigations conducted by the department have revealed that many children are engaged in child labor and hazardous occupations due to economic poverty. An awareness program was also conducted for them. At the same time stationary were distributed to the children who participated in the program with the aim of encouraging their educational activities. These stationary were sponsored by the private sector. 231 students representing Uyana Junior College, WP/Pili/ Methodist High School, WP/Pili / Willorawatta Gnanissara College, WP/ Pili / Janajaya Vidyalaya, Rawathawatte Roman Catholic College and WP/ Pili / Moratuwa Maha Vidyalaya participated in this program. .



Photograph 2.4 –International Children's Day Commemoration

2.4.2.2 Programmes for establishing child labour free zone under the project for eliminating child labour from Sri Lanka

Under this program, an awareness program for parents and children was conducted at the Nivithigala Divisional Secretariat in the Ratnapura District. The relevant officials were extensively briefed at the District Divisional Child Development Committees island-wide.

2.4.2.3 The Department extended its support as indicated below to activities carried out by other institutions for the safety of women and children.

- ❖ Creating awareness on the Maternity Leave Law at the media briefing organized by the Ministry of Health for National Week on Breastfeeding
- ❖ Participated in the National Anti Human Trafficking Taskforce
- ❖ Active contribution was made to the National Nutrition Action Plan

2.4.2.4 Details of other important programmes

S.No	Programme	No. of programmes conducted	No. of participants
1	Awareness programmes for private sector employees.	05	405
2	Creating awareness amongst officers who participate and support in enforcing laws pertaining to the eradication of child labour.	01	75
3	Training programmes for Labour Officers to raise awareness on labour laws on the employment of women, children and young persons.	07	348
4	Capacity development programme for employed women.	01	75
5	Awareness programmes for employees of the plantation sector	03	106

Table 2.7 - Special programmes on women and children's affairs

2.4.2.5 Progress of amending existing legal framework

The employment of any person under the age of eighteen years in any hazardous occupation has been banned as per the regulations made under Section 20(a) of the Amendment Act No. 24 of 2006 of the Employment of Women, Young Persons and Children Act No. 47 of 1956. Identifying occupations that could be detrimental to the physical and mental health and safety of persons under the age of eighteen years, the draft list of hazardous occupations was prepared in the year 2018. Action was also taken to obtain the approval of the cabinet of ministers to draft new "Hazardous Employment Regulations". Having submitted the draft to

the Legal Draftsman's Department, the Department of Labour also took action to forward its observations thereto.

In terms of the approval of the Cabinet of Ministers to increase the maximum age a child can be employed from 14 years to 16 years, drafts of 5 Acts enforced by this Department have been forwarded to the Legal Draftsman's Department.

2.5 Social Security of the Employees

The Employees' Provident Fund has been established under the Employees Provident Fund Act No. 15 of 1958 with the principle objective of ensuring a secured retired life free of economic burdens for the country's workforce in the private and the semi-government sectors. The fund is administered by the Department of Labour and the Monetary Board of the Central Bank is in charge of its finances. As at 31.12.2019, the overall value of the Fund is Rs. 2,514,515 and the number of active and dormant accounts of the Fund is 18.9 million.

2.5.1 Registration of employers in Employees Provident Fund

All semi-government and private sector institutions covered by the Employees' Provident Fund Act are required to register in the Fund. Accordingly, the number of institutions registered in the year 2019 was 6218. The number of institutions that credited contributions to the Fund in 2019 was 84,874 and the amount of contributions credited to the Fund was Rs. 157,434 million.

2.5.2 Registration of members for Employees' Provident Fund

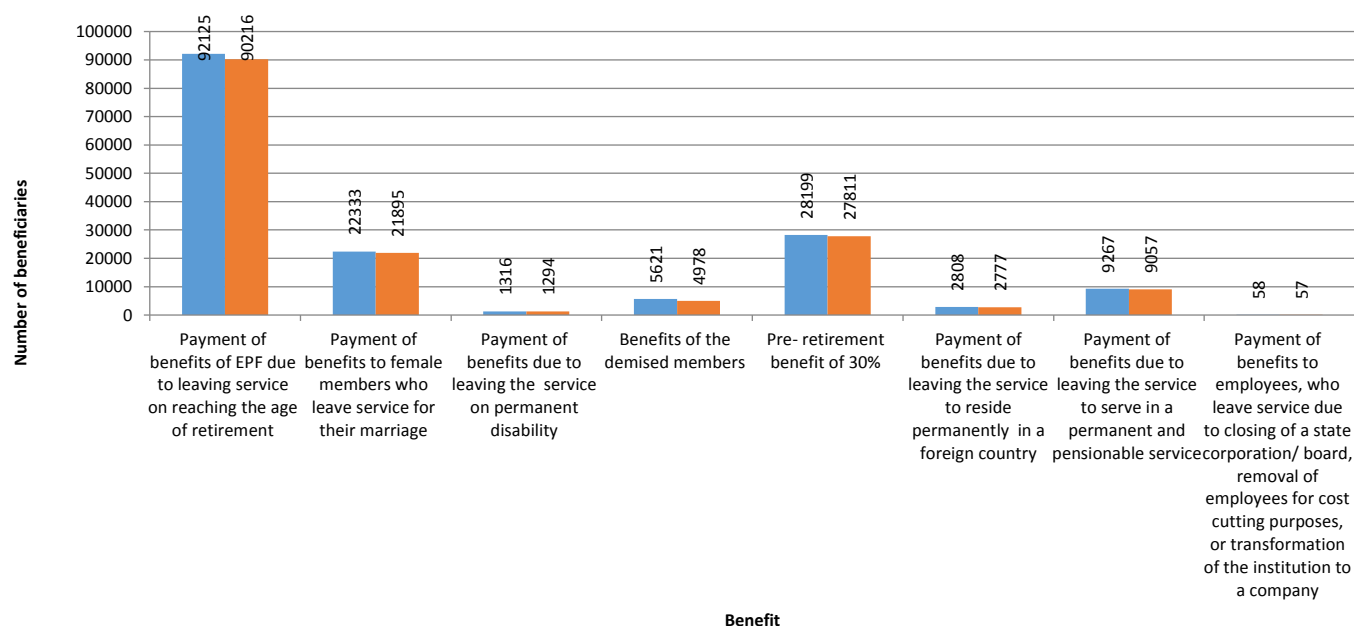
It is the responsibility of the employer to provide membership numbers to all employees covered by the Employees Provident Fund Act and to register them in the Fund, which is monitored by the Department of Labor. Accordingly, the number of members registered during the year 2019 was 532,107. There are 2.52 million active accounts at present.

First notices and red notices are issued for employees who failed to make contributions as stipulated. If such notices were not properly responded to, action was also taken to constitute legal action and do recover dues together with the surcharge and to account them accordingly. During the year 2019, Rs. 8,226 million was recovered by issuing 20,436 first notices and Rs. 5,559 million was recovered by issuing 13,756 red notices.

2.5.3 Payment of benefits of EPF

Facilities have been made to provide this service from the Head Office of the Department and from 35 district offices and 12 sub labour offices located across the country and the number of

beneficiaries who received benefits during the year 2019 are tabulated below. The total amount paid as benefits amounted to Rs. 126,042 million.



Graph 2.5 –Receipt of applications and forwarding Decision Letters to the Central Bank-2019

2.5.4 Monitoring approved Provident Funds

There are 123 institutions with approved provident funds under the EPF Act and the membership thereof is 134,456. The functioning of such funds including the crediting of contributions and payment of benefits is monitored by the Department. Those institutions which do not function properly are brought under the purview of the EPF Act through the judicial process.

No. of complaints received	85
No of complaints resolved and files closed	89
No. of reports on private provident funds	197
No. of institutions monitored	123

Table 2.8 Progress of monitoring approved provident funds -2019

2.5.5 Benefits provided to the members of the fund

The following tasks are carried out to uplift the living standard of members while optimizing the administration of the fund.

2.5.5.1 Granting housing loans based on the balance of the account of EPF

With the objective of uplifting the living standard of members the balance of the EPF member account is allowed to be given as a security in order to obtain a housing loan subject to a ceiling

of 75%. Accordingly, approval was granted for 10,022 housing loan applications during the year. The amount for which approval was granted was Rs. 5.10 billion.

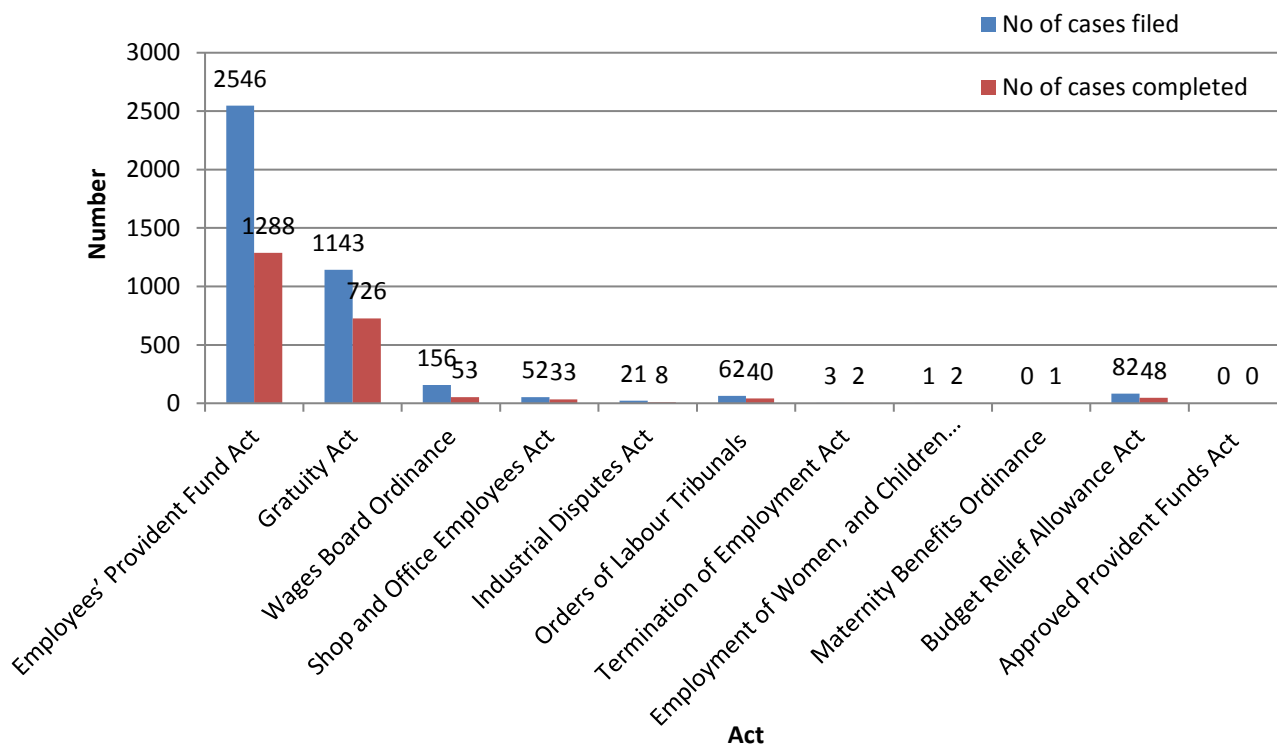
2.5.5.2 Conducting awareness programs on the Employees' Provident Fund

Measures were taken to give publicize television and newspaper advertisements with the aim of raising awareness of the EPF amongst both employers and employees and expanding the registration. In addition, 16 mobile services were conducted covering all the provinces of the island.

2.5.5.3 Decentralization of services provided by the Employees' Provident Fund Division of the Head Office to the Regional Labour Offices has further facilitated the members.

2.6 Legal protection for safeguarding the occupational rights of workers

The Department enforces a host of legislation for the protection of employment rights of workmen. Accordingly, the Department of Labor takes legal actions against the violators of the provisions of the Acts and Ordinances to be implemented by the Department of Labor throughout the island in order to safeguard the rights of the employees.



2.6 Cases filed by all district offices and cases resolved -2019

Court	Balance brought forward to year 2019	No of cases closed in the year 2019
Supreme Court	205	0
Appeals court	383	2
High Court	178	46
District courts and Commercial High Court	216	17

Table 2.9- Court wise performance of cases

2.7 Administration

2.7.1 General Administration

In order to fulfill the vision and mission of the department, the department takes necessary steps to maintain its staff at the optimum level. Accordingly, activities such as fulfilling human resources requirements, confirming employees in service, evaluating their performance, granting salary increments, conducting efficiency bar examinations within the stipulated period, implementing transfer procedure and other routine administrative functions were exercised efficiently in the year 2019. In addition to the aforementioned functions, the following activities were carried out for optimizing administrative duties in the year 2019.

- Launching a Short Message Service (SMS) for notifying messages, reminders and emergency notices to all officials of the Department.
- A Google Drive data system incorporating an overview of information in the personal files of all officers of the Department was prepared.
- Adopting necessary measures for the proper disposal of garbage collected from the premises of the Labour Secretariat, recycling garbage and minimizing the release of garbage to environment.

2.7.2 Constructions

The Department facilitates clients and departmental officers who visit the Head Office and Regional Offices.

Accordingly, infrastructure facilities in the district offices located at Kurunegala, Puttalam, Negambo and Jaffna were upgraded and constructions relevant to the year in labour offices at Ambalangoda, Naula, Hatton and Badulla of which construction activities are ongoing were carried out. In addition, construction activities of the Mahiyanganaya and Anuradhapura district labour offices were also completed in the year 2019.

‘Mehewara Piyasa’ building constructed at the department premises was declared open by His Excellency the President in the year 2019.



Photograph 2.5 – His Excellency the President declared open “MehewaraPiyasa” building on 20th August 2019

2.7.3 Library and Information Service

A library is maintained by the Department of Labour in order to collect information related to the subject so as to suit to the identified requirements relevant to the progress of employers and employees, make avenues to extend such knowledge and to spread the knowledge on the field of labour among the staff of the Department and general public. Accordingly, action has been taken during the year under review to purchase 216 books and magazines for the use of readers.

The Department also maintains a labour museum and the evolution of the field of labour in Sri Lanka from the commencement is displayed at the museum. In the meantime action is taken to conserve the documents connected to the field of labour and other relevant acts and ordinances.

2.8 Financial Management

The Department has taken steps to utilize the financial resources allocated to the Department in the 2019 Annual Budget to achieve the relevant objectives in an efficient and effective manner in line with government policies.

Accordingly, 82% of recurrent provisions and 98% of capital provisions allocated to the Department from the annual budget in the year 2019 had been efficiently utilized by the Department for its activities.

Recurrent expenditure	Provision (Rs.)	2,207,000,000
	Expenditure (Rs.)	1,801,245,439
Capital expenditure	Provision (Rs.)	1,522,010,000
	Expenditure (Rs.)	1,307,883,464

Table 2.10 –Overall financial progress of the year 2019

Type of expenditure	Budgetary provisions 2019	Actual expenditure 2019	Actual expenditure as a percentage of provisions
Rehabilitation & upgrading capital assets	58,490,000	41,965,156	71.7%
Acquisition of capital assets	1,447,920,000	1,252,189,466	86.5%
Total	1,506,410,000	1,294,154,621	85.9%

Table 2.11 Classification of capital expenditure of the year 2019

2.9 Activities of the Statistical Division

Collecting and analyzing data relevant to the labour sector to develop understanding on the orientation of the labour sector of Sri Lanka, identifying the need for amending labour legislation and making projections for the future is the primary function of the Statistical Division.

Accordingly, the following activities were conducted in the year 2019.

Programmes/activities	Duties discharged in the year 2019
1. Annual employment survey 2017	Publishing in printed form and posting same on website.
2. Annual employment survey 2018	Preparing the report for printing
3. Labour Statistics Annual Publication 2017	Preparing for printing
4. Labour Statistics Annual Publication 2018	Finalizing the preparation of tables
5. New survey on the number of hours worked and labour cost – Commencement	Preparing questions & pre-inspection finalized
6. New survey on the number of hours worked and labour cost –2019 (fourth quarter)	Questionnaire was prepared & posted to relevant institutions
7. Computing minimum salary ratio index	Computed and submitted.
8. Computerizing new registrations of EPF	A database has been prepared for this purpose and data was fed and updated.

Table 2.12 Functions discharged by the Statistics Division -2019

2.10 Guiding towards targets by monitoring the functions of the Department and human resources development

The role in planning and reviewing the progress of Planning, Research, Training and Publication Division is to prepare the action plan and strategic plan of the Department, prepare monthly progress reports for progress review meetings, and provide data and reports requested by the line Ministry and other Ministries. Under this the Division supervises the tasks of Divisions of the Department and District Offices and makes recommendations, which are required to maintain the progress by way of analysing data collected by the supervision. .

The tasks such as providing the training required by the whole staff of the Department, directing officers to the training courses conducted by external institutions, granting financial provisions for the degrees and post graduate degrees offered by Universities and ensuring the coordination required for overseas training are performed by the Division as its role in development of human resource.

2.10.1 Guiding towards targets by monitoring the functions of the Department

Promoting and improving the performance of the Department through monitoring the functioning of all district and sub labour offices, District Factory Inspecting Engineers' Offices and all divisions of the Department and working towards achieving targets are a prerequisite for the attainment of targets of the Department of Labour. Towards this end, the Annual Action Plan -2019 of the Department was prepared and monthly meetings were held to review the progress of all divisions. Instructions were given in respect of identified inadequacies and the progress was monitored at these meetings.

Similarly, the methodology existed for the monitoring of District/Sub Labour Offices and District Factory Inspecting Engineers' Offices was redesigned as a more methodical programme in the year 2018 and during the year 2019, this methodology was further developed.

Accordingly, the progresses of district/ sub offices was monitored under the following key subject areas.

01. Field inspections conducted by officers and court activities
02. The process of recovering EPF contributions in arrears and activities relating to the payment of benefits of the EPF
03. Investigation of Industrial Disputes and Violation of Statutory Provisions
04. Administration activities of District / Sub Labour Offices and District Factory Inspecting Engineers' Offices

Consequently, in order to measure the progress under the above areas, targets to be achieved in the year 2019 were set on the basis of information of the year 2018 and the Deputy Labour Commissioners in charge of zones were also summoned and instructed on how the targets should be achieved and the timeframe within which the targets should be achieved. Similarly,

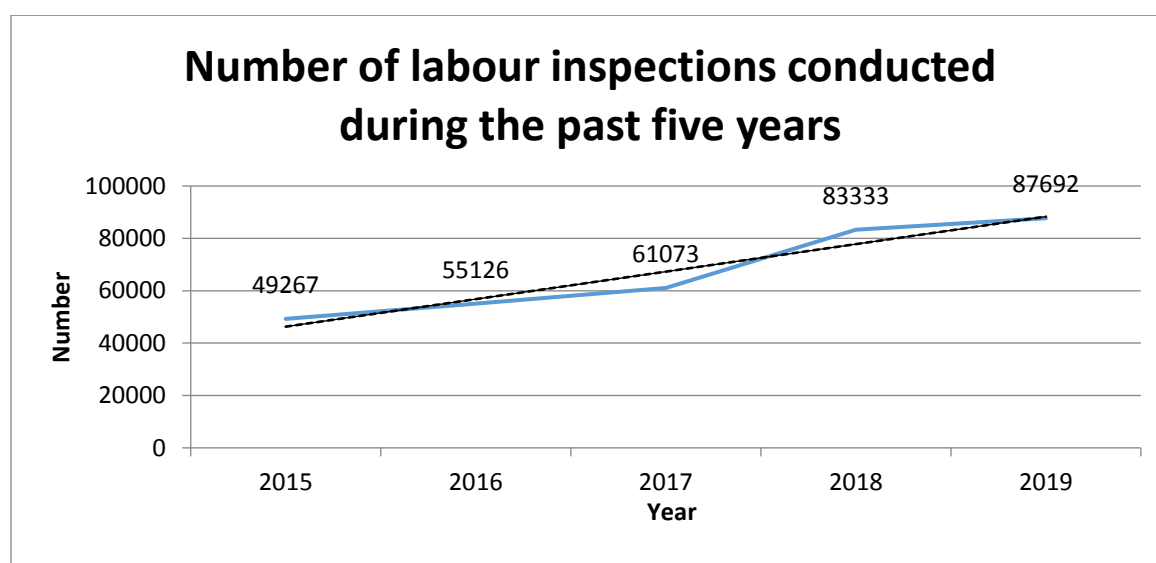
the responsibility of steering all district/sub offices within their respective zone was assigned to the Deputy Labour Commissioners.

The progress achieved towards the end of the year 2019 was as follows.

2.10.1.1 Field inspections of Labour Officers

Planning field inspections and obtaining approval, deciding on the institutions to be accorded priority, classifying the quality of field inspections, handing over reports on due date by labor officers and the efficiency of implementing the recommendations made in such reports were monitored and the progress thereof is given below.

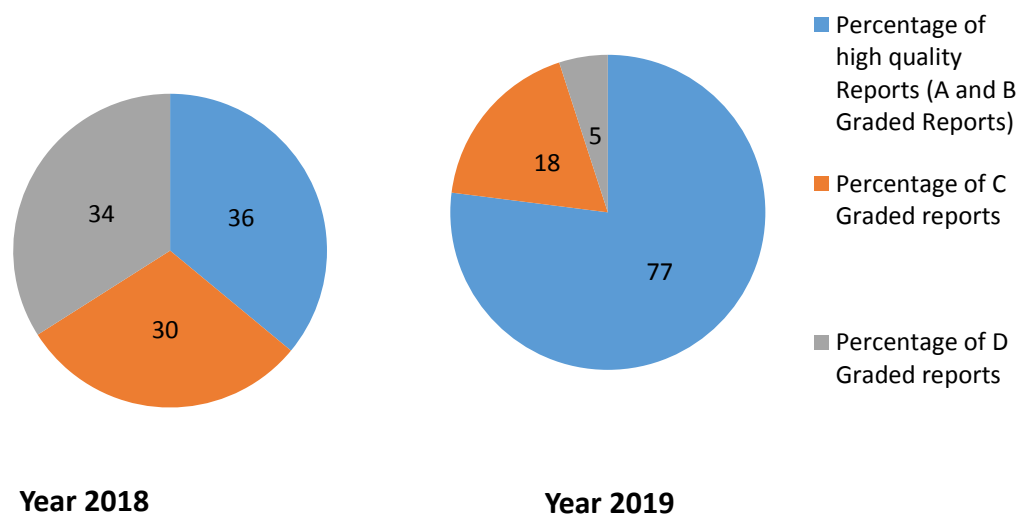
Accordingly, the number of labour inspections conducted in the year 2019 has seen a gradual increase.



Graph 2.7 Number of labour inspections conducted during the past five years.

Further, upon the inspection of the quality of reports submitted by labour officers, an outstanding improvement has been observed in the quality of the reports during the year 2019 compared to the year 2018 during which the monitoring mechanism was initiated. Accordingly, A and B reports of high quality has seen an excellent growth from 36% to 77% as indicated in Graph 11.2.

Comparison of quality of labour inspections conducted in the years 2018 & 2019



Graph 2.8 - Quality of labour inspections – Years 2018 & 2019

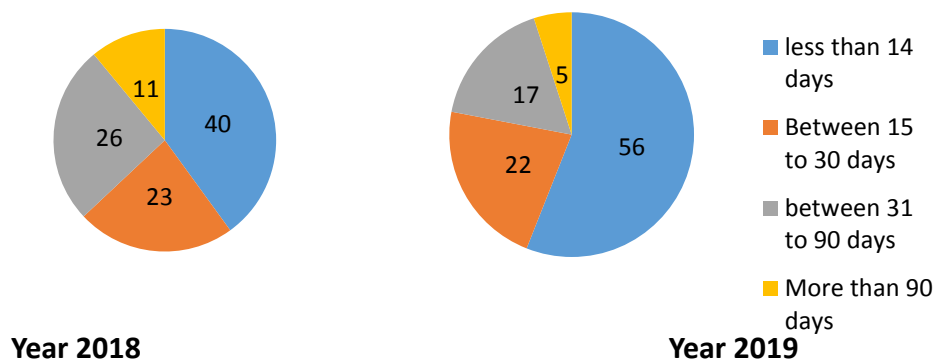
2.10.1.2 Recovery of EPF in arrears

By obtaining and analyzing the time taken to send notices to recover the EPF in arrears through the EPF monitoring system, the reasons for delays were identified at the levels of each officer and office and steps were taken to prevent such delays.

Similarly, having examined reasons for not sending notices, though arrears have been calculated, necessary instructions were given for the recovery of arrears.

Accordingly, the progress achieved in the year 2019 is shown in paragraph 11.3. Thus, the percentage of first notices sent for the recovery of arrears within 14 days, which stood at 40% in year 2018 had increased up to 56% by the end of the year 2019.

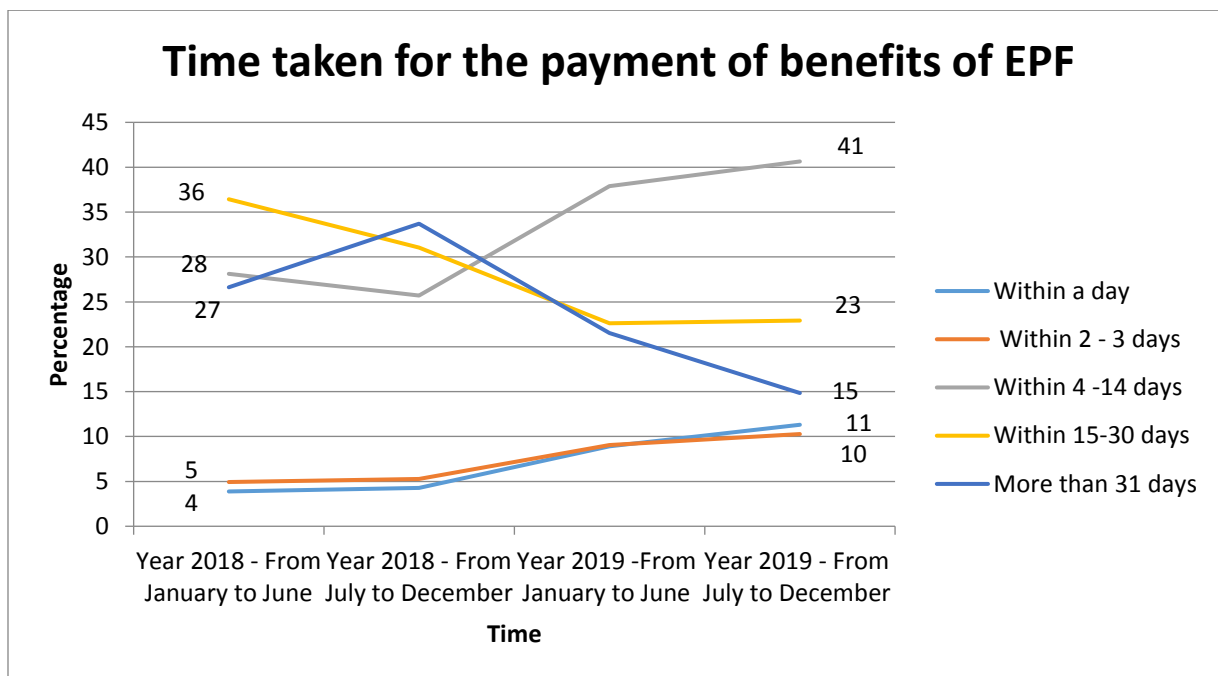
Comparison of time taken for sending the first notices in the years 2018 & 2019



Graph 2.9 –Time taken for sending the first notice –Years 2018 & 2019

2.10.1.3 Payment of benefits of the EPF

Having analyzed the number of files accepted for the payment of benefits and time taken for same on monthly basis, the reasons for the failure to pay the benefits expeditiously were identified. Action was taken to put in place an efficient benefit payment process.



Graph 2.10- Time taken for the payment of EPF benefits – Years 2018 & 2019

Accordingly, the payment of benefits within 14 days has increased from 37% to 62% by the end of the year 2019 as against the year 2018, thus indicating a spike in the efficiency of benefit payments.

2.10.1.4 Petition related activities

Having identified the delays in the process of investigating complaints received by each district and sub offices and the number of cases of which respective action has been delayed, relevant instructions and recommendations were given to rectify the same.

Similarly, having submitted analytical reports after inspecting the progress of each district and sub office, progress review meetings were held at the zonal level. Further, targets were set up for the year 2020 in respect of all the above activities and the Deputy Labour Commissioners in charge of zones were briefed on guiding the district and sub offices to achieve the targets within the year. Thus, it will be possible to assess whether the respective targets have been attained by all offices and officials and measure the performance accordingly.

2.10.2 Human Resources Development

It is the knowledge of the officials of the Department about the role expected to be performed by them and the ability to take practical measures that determine the quality of the services provided by the Department. Accordingly, the Department identifies the training needs of officers and provides the requisite training with the help of resource persons. In addition, financial provisions required for the participation of training programmes conducted by external institutions are allocated and whenever opportunities for foreign trainings are available, the necessary coordination work is carried out and financial provisions are arranged.

S.No	Programme	No. of programmes conducted	No. of officers participated
01	Training workshops on labour laws	04	298
02	Training programmes on EPF related activities	18	1023
03	Training programmes on occupational safety & health	02	100
04	Tamil language training programme	01	30
05	Orientation programme for new Development Officers and Management Assistants	01	80
06	Orientation programme for new KKSs	01	11
07	Training programme for drivers	01	80
08	ILO sponsored training workshops	09	259
	Total	37	1881

Table 2.13 Training programmes organized and conducted by the Department for officers- 2019

S.No	Programme	No of officers to whom provisions were granted
1	Post graduate degrees	20
2	Law degree	15
3	Certificate courses and workshops	14
	Total	49

Table 2.14 Allocation of provisions to officers of the department for trainings conducted by external training institutes -2019



Photograph 2.6 - Training programmes conducted by Planning, Research and Training Division, 2019

Expenditure head	Provision for the year 2019 (Rs)	Expenditure as at 31.12.2019 (Rs)	Balance as at 31.12.2019 (Rs)	Expenditure as a percentage of provisions
221-01-01-2401	5,600,000.00	5,592,044.00	7,956.00	99.86%
221-02-02-2401	160,000.00	155,177.00	4,823.00	96.99%
221-02-03-2401	560,000.00	535,610.00	24,390.00	95.64%
221-02-04-2401	2,250,000.00	2,149,411.37	100,588.63	95.53%
Total	8,570,000.00	8,432,242.37	137,757.63	97.01 %

Table 2.15 –Overall expenditure as at 31.12.2019 for capacity development activities -2019

2.10.3 Decent work programme

Sri Lanka as a member country of the International Labour Organization, is committed to implement the basic international labour standards. Similarly, the government of Sri Lanka deems industrial peace and national productivity as crucial factors for socioeconomic advancement. Therefore it is expected to promote equal opportunities for men and women to secure productive work within an environment of freedom, equity, security and human dignity.

The Decent Work Country Programme (DWCP) was launched upon reaching a Memorandum of Understanding between Employers, Employees and the Government. The decent work programme is based on the following 4 pillars.

- i. Job creation, promotion and national productivity
- ii. Rights at work
- iii. Social protection
- iv. Social dialogue

In the year 2019, a provision of Rs. 6,681,000.00 was allocated to the Department for the implementation of multifaceted programmes and projects under the decent work programme and these programmes were executed by the following divisions of the Department. The progress of the decent work programme as at 31.12.2019 is as follows.

Division	Net provision (Rs)	Expenditure (Rs)	Expenditure percentage
Industrial safety division	1,000,000.00	993,122.00	99.31%
Social dialogue & workshop cooperation division	3,400,000.00	3,282,049.65	96.53%
Women & children's affairs division	1,831,000.00	1,442,402.02	78.78%
Library	450,000.00	449,983.50	100%
Total	6,681,000.00	6,167,557.17	92.31%

Table 2.16 Progress of Decent Work Programme -2019

2.11 Use of Information Technology for service delivery

In providing services to clients, the Department has turned close attention to improving convenience of gaining access to services by providing such services through computer systems using information technology. A computer system is currently being used for the operation of the EPF and the Labour Inspection System Application (LISA) has been in use since the year 2015 for the collection of data of labour inspections, studying the working level of institutional inspections and the improvements required to be made and making management decisions and system is in need of further improvements.

Though, both these computer systems have been designed to facilitate the internal process of the Department, they have to be improved further to maintain direct relationships with clients. Preliminary discussions aimed at providing the required facilities to access service requirements through mobile phones are now underway.

In addition, documents such as specimen application required for people to obtain services, various Acts and Ordinances and decisions of the Wages Boards to which attention should be paid by employers are posted on the website of the Department.

Accordingly, the services provided by the Department through its website in the year 2019 are as follows.

S.No	Duration	Service	Target group
01	Throughout the year 2019	<ul style="list-style-type: none"> All applications required for beneficiaries are posted on the website in all three languages and can be downloaded. Statistical information, labour statistics, annual employment surveys, annual reports are posted on the website in all three languages and can be downloaded. 	Internal and external clients
02	Throughout the year 2019	Updating information posted on website. <ul style="list-style-type: none"> Services provided by the divisions of the head office Contact details of all labour offices Frequently asked questions answers thereto 	Internal and external clients
03	Throughout the year 2019	Details of open and limited examinations of the department and their results, foreign scholarship, bid invitations, training programmes, recruitment schemes, labour legislation and extraordinary gazette notifications, departmental circulars, seniority order of the officers of the Department, trade union list	Internal and external clients
04	29.22.2019	Posting information about circuit bungalows of the Department of Labour	Internal and external clients

Table 2.17 - Services provided by the department through its website. – 2019

2.12 Internal Audit

As all other public sector institutions, the Department of Labour too has to exercise all its activities in terms of Financial Regulations, circulars issued from time to time by the government and circulars issued by the Department. The supervision whether such activities are carried out with gainful resource utilization and transparency at an optimal level is under the direct supervision of the Commissioner General of Labour. Accordingly, the activities carried out in the year 2019 are as follows.

- As per the audit plan prepared in 2019 by the Internal Audit Division in respect of the year, 06 district labour offices and one regional labour office and the Salary Payment Unit of the Head Office were inspected.
- 28 audit queries were issued by the Government Audit Division after inspecting various offices of the Department were answered.
- During the year, 04 quarterly Audit & Management Committee meetings were held.

2.13 International Relations

2.13.1 International Labour Organization

The International Labour Organization is the agency of United Nations, which is mandated to advance social and economic justice through setting international labour standards aimed at ensuring accessible, productive and sustainable work in conditions of dignity, freedom and security and is committed to create a decent work environment that focuses on human needs.

Sri Lanka has been an active member of the ILO for a period of over four decades ever since obtaining its membership on 28.06.1948. Accordingly, Sri Lanka has been a signatory to all fundamental conventions all of which are currently in force. Further, Sri Lanka has ratified 03 administrative conventions and 32 technical conventions. Protocol P 29 was signed in 2019 and is currently in force.

Convention	Effective date
C029 - Forced Labour Convention, 1930 (No. 29) P029 - Protocol of 2014 to the Forced Labour Convention, 1930 ratified on 10 Apr 2019 (In Force)	05 Apr 1950
C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	15 Sep 1995
C098 - Right to Organize and Collective Bargaining Convention, 1949 (No. 98)	13 Dec 1972
C100 - Equal Remuneration Convention, 1951 (No. 100)	01 Apr 1993
C105 - Abolition of Forced Labour Convention, 1957 (No. 105)	07 Jan 2003
C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	27 Nov 1998
C138 - Minimum Age Convention, 1973 (No. 138) Minimum age specified: 14 years	11 Feb 2000
C182 - Worst Forms of Child Labour Convention, 1999 (No. 182)	01 Mar 2001

Governance (Priority)

Convention	Effective Date
C081 - Labour Inspection Convention, 1947 (No. 81)	03 Apr 1956
C122 - Employment Policy Convention, 1964 (No. 122)	03 Feb 2016
C144 - Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)	17 Mar 1994

2.14 Achievements, challenges and goals

2.14.1 Achievements

Working towards creating a favourable working environment in Sri Lanka in accordance with the prevailing national and international socioeconomic context is a timely responsibility of the Department of Labour. Accordingly, the Department revises the existing legislations, rules & regulations to be compatible with the present world of work thus upholding the rights of working class. The following are some of the significant activities carried out by the Department towards this end in the year 2019.

- i. Measures are being taken to simplify existing labour legislation by removing anomalies and complexities found therein.
- ii. Action is being pursued to amend the minimum age of employment from 14 to 16 years to ensure compulsory education of children and eradicate child labour from society.
- iii. New regulations are being made to the Factories Ordinance to conduct more extensive factory inspections.
- iv. The Employees' Provident Fund is being amended to suit the current requirements.
- v. The following regulations were passed under the Factories Ordinance and were published in the Extraordinary Gazette of the Democratic Socialist Republic of Sri Lanka No. 2142/90 dated 27.09.2019.
 - Factories (Registration of Factories and Approval of Buildings) Regulations No. 1 of 2019
 - Factories (Registration of Steam Boilers) Regulation No. 2 of 2019
 - Factories (Issue of Certificate for Examination of Steam Boilers and Other Pressure Vessels) Regulations No.3 of 2019
 - Factories (Protection of Workers from Excessive Noise) Regulations No. 4 of 2019
 - Factories (General Standard of Lightning) Regulations No. 5 of 2019
- vi. Necessary activities are being carried out to cover domestic workers from labour legislation to expand social security to domestic workers as well.
- vii. Measures are being taken to increase the minimum wage of employees by Rs. 2500/-.
- viii. With the objective of brining all social security funds under one roof, the 34-storey building named "Mehewara Piyasa" constructed by the Department of Labour was declared open under the patronage of the President and all offices have been relocated there.

2.14.2 Challenges

- Realizing the vision of the Department using the limited financial and human resources of the Department is the main challenge faced by the Department.
- Updating the existing labour legislations to be in harmony with rapidly changing socioeconomic environment and simplifying same by removing complexities too is a challenge for the Department.
- Expanding the coverage of the Employees' Provident Fund so as to cover the employees of the informal sector who are currently not covered by the EPF or any other fund as

well as creating a sustainable and self-motivated institutional culture on occupational security and safety in all workplaces which is a timely need too are major challenges.

2.14.2 Goals

Working towards making the tasks assigned to the Department of Labour under the policy framework of the present government “Vistas of Prosperity and Splendour” a reality is the primary goal of the department. Accordingly, it is expected to amend the EPF Act in the year 2020, making it compulsory for employers to provide information of new employees to the EPF of the Department of Labour within two months of recruitment. Similarly, a mechanism is to be introduced where the worker will be notified through a text message to the mobile phone when the contribution is credited to the account of the worker.

Since most of the problems prevailing at present can be overcome by using the National Identity Card (NIC) number as the EPF number, necessary action is expected to be taken to use the NIC Number as the EPF Number.

Action will also be pursued to amend the relevant Acts & Ordinances for the simplification of existing complex labour laws and uniformity thereof.

By introducing more flexible work shifts, it is hoped that the unemployment amongst women can be reduced to a certain extent. In addition, by introducing labour laws to cover those engaged in duties in international trade outside the standard working hours, their rights should be safeguarded whilst guaranteeing worker welfare.

It is also expected to take necessary measures to extend the legal coverage of existing legislation to domestic workers who are not covered by labour laws and regulations.

Preliminary work is underway for the formulation and implementation of a Standard Operating Procedure to resolve the complaints received by the Department and the remaining work thereof is proposed to be completed in the coming year.

Further, groundwork has also been laid for the amendment of forms and reports used by the department at present for its internal operations with a view to obtaining necessary information efficiently.

It is also expected to regularize and optimize the delivery of services using digital methods for minimizing the need of clients to visit the department and delivering efficient and speedy service.

Chapter 03

**Overall Financial Performance for the year ended
31 December 2019**

Overall Financial Performance for the year ended 31 December 2019

3.1 Statement of Financial Performance for the year ended 31.12.2019

ACA-F

Rs.

Budget 2019		Actual		
		2019	2018	
	Revenue receipts			
-	Income tax			} ACA-1
-	Taxes on domestic goods and services			
-	Taxes on international trade			
-	Non-tax revenue and others			
-	Total revenue receipts (A)			
	Non-revenue receipts			
-	Treasury imprests	2,389,348,000	2,957,470,000	ACA-3
-	Deposits	2,484,111,832	2,830,538,921	ACA-4
-	Advance accounts	104,067,383	76,858,830	ACA-5/5(A)
-	Other receipts	730,944,376	544,272,356	
-	Total non-revenue receipts (B)	5,708,471,591	6,379,140,107	
-	Total revenue receipts and non-revenue receipts C= (A)+(B)	5,708,471,591	6,379,140,107	
	Less: Expenditure			
	Recurrent expenditure			
1,381,000,000	Wages, Salaries& and other employment benefits	1,352,698,768	1,240,125,884	
800,000,000	Other goods & services	425,161,532	350,603,159	} ACA-2 (ii)
2,087,520	Subsidies, grants and transfers	2,087,515	1,834,746	
23,912,480	interest payments	21,802,449	22,897,164	
	Other recurrent expenditure	-	11,202	
2,207,000,000	Total recurrent expenditure (D)	1,801,750,264	1,615,472,155	
	Capital expenditure			
	Capital assets			
58,490,000	Rehabilitation and improvement of capital assets	41,965,155	47,853,166	} ACA-2 (ii)
1,447,920,000	Acquisition of capital assets	1,252,189,466	1,748,948,052	
-	Capital transfers	-	-	
-	Acquisition of financial assets	-	-	
9,600,000	Capacity building	8,432,242	8,072,445	
6,000,000	Other capital expenditure	5,296,000	8,784,436	
1,522,010,000	Total capital expenditure (E)	1,307,883,463	1,813,658,099	
	Main ledger expenditure (F)	2,579,784,812	3,094,858,807	
	Deposit payments	2,470,142,804	3,026,530,765	ACA-4
	Advance payments	109,642,008	68,328,042	ACA-5/5 (A)
	Total expenditure = (D+E+F)	5,689,418,539	6,523,989,061	
	Imprest balance as at 31 December 2019 = (C+G)	19,053,052	(144,848,954)	

3.2 Statement on Financial Position as at 31.12.2019

Rs.

		Actual	
	Note	2019	2018
<u>Non-financial assets</u>			
Property, plant and equipment	ACA-6	16,106,635,234	14,841,447,153
<u>Financial Assets</u>			
Advance accounts	ACA-5/5(A)	247,920,953	242,346,328
Cash and cash equivalents	ACA-3	-	-
Total assets		16,354,556,187	15,083,793,481
<u>Net assets/ equity</u>			
Net assets			(536,764,838)
Property, plant and equipment reserve		(545,159,242)	
Rent and work advance reserve	ACA-5(B)	16,106,635,234	14,841,447,153
<u>Current liabilities</u>			
Deposit accounts	ACA-4	793,080,195	779,111,166
Imprest balance	ACA-3	-	-
Total liabilities		16,354,556,187	15,083,793,481

Detail accounting statements in above ACA formats presented in pages from 43 to 44 and notes to accounts presented in pages from page 45 to 47 form an integral parts of these final accounts. The financial statements have been prepared in complying with the generally accepted accounting principles whereas most appropriate accounting policies are used as disclosed in the Notes to the Financial Statements and hereby certify that figures in these final accounts, notes to accounts and other relevant accounts were reconciled with the treasury books of accounts and found to be in agreement.

Chief Accounting Officer
Name: D. M. Sarath Abayagunawardana
Post: Secretary
Ministry of Skills Development,
Employment & Labour Relations

Accounting Officer
Name: A. Wimalaweera
Post: Commissioner General of Labour

Chief Accountant
Name: T. P. Hettiarachchi

3.3 Statement of cash flows for the year ended 31.12.2019

ACA-C

	Rs.	
	Actual	
	2019	2018
<u>Cash flows generated from operational activities</u>		
Total tax receipts	-	-
Fees, surcharges, penalties and licenses	-	-
Profit	-	-
Non-revenue receipts	-	6,379,140,107
Revenue added by other departments/ministries	731,044,647	-
Imprest receipts	2,389,348,000	-
Cash flow generated from operational activities (A)	3,120,392,647	6,379,140,107
<u>Less: Cash disbursed for</u>		
Personal emoluments and operational expenditure	1,798,873,369	1,479,798,721
Subsidies & transfers		
Expenditure borne for other expenditure heads	28,274,332	-
Imprest settled to the treasury	-	-
Cash flow spent for operational activities (B)	1,827,147,701	1,479,798,721
Net cash flow generated from operational activities (C)= (A)-(B)	1,293,244,946	4,899,341,386
<u>Cash flows generated from investing activities</u>		
Interest	-	-
Dividends	-	-
Divestiture proceeds & sale of physical assets	-	-
Recoveries from on-lending	-	-
Recovery of advances	111,321,342	-
Cash flow generated from investing activities (D)	111,321,342	-
<u>Less: Cash disbursed for</u>		
Construction or purchase of physical assets and acquisition of other investments	1,307,883,464	1,813,415,443
Payment of advances	110,651,852	-
Total cash flow disbursed for investing activities (E)	1,418,535,316	1,813,415,443
Net cash flow from investing activities (F)=(d)-(e)	(1,307,213,974)	(1,813,415,443)
Net cash flows from operating & investment activities (G)=(C)+(F)		
<u>Cash flows from Financing Activities</u>		
Local borrowings	-	-
Foreign borrowings	-	-
Grants received	-	-

Deposits received	2,484,093,602	
Total cash generated from financing activities (H)	2,484,093,602	
Less: Cash disbursed for:		
Repayment of local borrowings	-	-
Repayment of foreign borrowings	-	-
Deposit payments	2,470,124,574	3,085,925,943
Total cash disbursed for financing activities (I)	2,470,124,574	3,085,925,943
Net cash flow from financing activities (J)=(H)-(I)	13,969,028	(3,085,925,943)
Net movement in cash (K)=(G)-(J)	-	-
Opening cash balance as at 01 st January	-	-
Closing cash balance as at 31 st December	-	-

3.4 Notes to Financial Statements

1) Reporting period

The period from 01 January to 31 December 2019 is the reporting period applicable to these financial statements.

2) Basis for preparation

The Financial Statements have been prepared on historical cost modified by the revaluation of certain assets and accounted on a modified cash basis, unless otherwise specified.

The figures of the Financial Statements are presented in Sri Lankan rupees rounded to the nearest rupee.

3) Recognition of Revenue

Exchange and non exchange revenues are recognized on the cash receipts during the accounting period irrespective of relevant revenue period.

4) Recognition and Measurement of Property, Plant and Equipment (PP&E)

An item of Property, Plant and Equipment is recognized when it is probable that future economic benefit associated with the assets will flow to the entity and the cost of the assets can be reliably measured.

PP&E are measured at a cost and revaluation model is applied when cost model is not applicable.

5) Property, Plant and Equipment Reserve

This revaluation reserve account is the corresponding account of PP&E.

6) Cash and Cash Equivalents

Cash & cash equivalents include local currency notes and coins on hand as at 31st December 2019.

3.5 Performance of the revenue collection

Revenue code	Description of the revenue code	Revenue estimate		Collected revenue	
		Original estimate	Final estimate	Amount (Rs)	As a % of final revenue estimate
Not applicable					

3.6 Performance of the utilization of allocation

Type of allocation	Allocation		Actual expenditure	Allocation utilization as a % of final allocation
	Original	Final		
Recurrent	2,207,000,000	2,207,000,000	1,801,750,264	82%
Capital	776,000,000	1,522,010,000	1,307,883,464	86%

3.7 In terms of F.R.208 grant of allocations for expenditure to this Department as an agent of the other Ministries / Departments

S. No	Allocation received from which Ministry/Department		Purpose of the allocation	Allocation		Actual expenditure	Allocation utilization as a % of final allocation
				Original	Final		
01	Ministry of Skills Development, Employment and Labour Relations	054-1-2-0-1403	For the payment of water & electricity bills of the Ministry	230,259.04	2,056,286.10	2,056,286.00	100%

02	Ministry of Skills Development, Employment and Labour Relations	054-1-2-2-2509	To meet the expenditure of Decent Work programme	6,200,000.00	7,859,545.00	7,292,179.00	93%
05	Ministry of Finance, Economic & Policy Development	104-1-2-0-1003	Payment of allowances of graduate trainees	400,000.00	5,760,000.00	3,811,087.00	66%
06	Ministry of Development Strategies & International Trade	195-02-03-13-2509	Implementation of computer data base for the provision of EPF registered numbers online in partnership with the Department of the Registrar of Companies	2,100,000.00	3,461,020.00	1,980,007.00	57%

3.8 Performance of the reporting of non-financial assets

Assets code	Coe description	Balance as per the Board of Survey report as at 31.12.2019	Balance as per financial position report as at 31.12.2019	Yet to be accounted	Reporting progress as a %
9151	Buildings and structures	1,385,400,000.00	1,385,400,000.00		100%
9152	Machinery & equipment	608,682,245.38	608,682,245.38		100%
9153	Land	2,262,720,000.00	2,262,720,000.00		100%
9154	Intangible assets				
9155	Biological assets				
9160	Work in progress	11,849,832,991.41	11,849,832,991.41		100%
9180	Lease assets				

3.9 Auditor General's Report

National Audit Office

My No. LEW/A/DOL/11(1)

Your No.

Date. .. May, 2019

Confidential

(Draft)

Commissioner General of Labour
Department of Labour

Summary report of the Auditor General in terms of Section 11(1) of the National Audit Act No. 19 of 2018 on the financial statements of the Department of Labour for the year ended 31 December 2018

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Department of Labour for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. In terms of Sub-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 Department of Labour was issued to the Accounting Officer on 11 June 2019. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the Department of Labour was issued on 31 May 2019 to the Accounting Officer. This report read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of 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 Department of Labour as at 31 December 2018 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

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor's Responsibility 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 opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting officer for the Financial Statements

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

As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Department.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Chief Accounting Officer and 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 system 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, 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 Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5. Report on Other Legal Requirements

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

- (a) As there was no requirement for the preparation of financial statements by the Department of Labour for the preceding year, recommendations on financial statements had not been made.

1.6 Comments on Financial Statements

1.6.1 Financial statements not complying with circular instructions

- (a) The credits made by cash and cross entries to the Advances Account totalling Rs.110,617,011 should be considered as receipts, However, only credits by cash totalling Rs.76,858,830 had been entered as receipts from Advances Accounts.
- (b) Even though debits during the year by cash and cross entries as payments of advances under the main ledge expenditure amounted to Rs.107,715,724 only Rs.68,328,042 paid as advances by cash had been shown.
- (c) According to the monthly accounts summaries, other receipts under non-income receipts totalled Rs.703,095,430. However, only a sum of Rs.544,272,356 had been shown. Accordingly, the value of other receipts had been understated by Rs.158,823,074 in the financial statements.
- (d) The refund balance after revenue in monthly accounts summaries is Rs. 3,293,686 and even though it should be deducted from the other receipts balance indicated under the non-revenue receipts, it has not been so done.
- (e) For the expenditure on the acquisition of physical assets in the deductions under personal emoluments and operating and investment activities under the operating activities, the sum of Rs. 3,439,659,794 constituted by deducting expenses incurred by other ministries/departments from the total expenditure received through Table 33 and adding expenses borne for other ministries/departments should be shown. However, the Department had shown Rs. 3,293,214,164 and it is observed that the figure had been understated by Rs. 146, 445,630.
- (f) It was revealed during the examination of monthly accounts summaries that a sum of Rs.5,409,982 has been spent for the Head of Expenditure 253 during the current year. However, the said amount had been shown in the Adjustments Account as Rs.149,550, thus understating by Rs.5,260,432.

- (g) Even though Rs. 2,751,411 had been incurred for Expenditure Item 193-1-2-1403 and Rs. 5,965,635 for Expenditure Item 193-1-2-2-259 for Expenditure Head 193 under the monthly accounts summaries, the sum of Rs. 2,751,411 had not been credited to the adjustment account.
- (h) Even though the Imprest Adjustment Account, expenditure borne for other Ministries/Departments expenditure and advances borne by other Ministries/Departments for the Head of Expenditure of the Department should be prepared by only adjusting the changes in account balances, the repayments of Rs.2,982,850 from revenue during the current year were not correct.
- (i) Action had not been taken to adjust by the Adjustment Account, the differences of the balances of receipts of advances and the balances of advance payments (debits) amounting to Rs.9,348,085 and Rs.3,869,478 respectively between monthly accounts summaries and Treasury computerized prints.

Reference : LEW/DoL/F.S./D/2018 (1)

1.6.2 Deposit Payments and Balances

- (a) The deposit balance payable to employees but remained unpaid to employees as at 31.12.2019 from the amount recovered through cases filed in the courts of the Colombo District from employers for defaulting Employees' Provident Fund, gratuity, salaries and other payments relevant to employees was Rs. 301,469,360. Out of that, the balance between 3 years and 8 years amounted to Rs.25,163,394.
- (b) The balance of compensation remained unpaid even by 31 December 2018 deposited in favour of the Commissioner General of Labour by private institutions for payment of employees' compensation amounted to Rs.69,466,119. Out of the said compensation, the balance moneys payable from the years 2012 to 2017 was Rs.53,284,103.
- (c) A sum of Rs. Rs.150,056,545 recovered by District and Sub Labour Offices across the country through labour inspections and lawsuits for the non-payment of Employees' Provident Funds, gratuity, compensation etc. to the officers employed in the private sector by employers remained as deposit balances as at 31.12.2018. Out of which deposit balances more than 05 years totaled Rs.48,184,481.
- (d) Due to the non-payment of EPF, gratuity to employees serving in the Sri Lanka Transport Board, the balance retained in the General Deposit Account without making payment despite having recovered from the Board, was Rs.66,762,658. Even though a period over 05 years had lapsed after the recovery of Rs.62,021,189 out of

the said moneys, no moneys whatsoever had been paid to the employees during the year 2018.

- (e) Even though it has been informed that, in the case of lapsed deposits, inquiries should be made, before their transfer to state revenue, so as to prevent, as far as possible, subsequent applications for refunds as per FR 571(2), money amounting to a value of Rs. 1,602,431 had been recalled on 14 occasions during the year 2018 to be paid to employees.

Reference : LEW/A/DoL/B/2018/06

1.6.3 Property, Plant and Equipment

- (a) Even though, Rs 224,504,085 had been spent for the acquisition of capital assets from the annual expenditure items, the purchase of assets worth only Rs. 66,497,048 had been indicated in the financial statements. Thus the purchase of assets had been understated by Rs. 158,007,037.
- (b) Though the balance of assets of transport equipment, furniture and equipment, buildings and work in progress submitted in the Appropriation Account of the year 2017 (other than MehewaraPiyasa) was Rs. 1,601,10,414 as at 31 December 2017, as a result of only Rs. 11,126,830,105 had been entered in the accounts as the opening balance of the year 2018, the difference in the opening balances was Rs. 9,525,719,691.
- (c) A sum of Rs.1,524,443,966 had been spent during the year under expenditure item 221-1-1-2-2104 for constructing the “MehewaraPiyasa” building. Accordingly, the cost of the building amounting to Rs.8,291,590,160 as at the end of the current year had not been shown under non-financial assets.

Reference : LEW/A/DoL/F.S/D/2018

1.6.4 Advance Account Balances

- (a) The value of loan balances to be recovered from officers retired on 31.12.2018 was Rs. 1,734,351 and as a result of no taking action to recover the amounts from the pension gratuity or the commuted pension in terms of Section 4.2.5 of the Establishments Code, the actual value of 4 loan balances, the recovery of which had been delayed from 3 to 27 years was Rs. 271,310.
- (b) The aggregate value of loan balances recoverable as at 31 December 2018 from 04 interdicted officers was Rs. 1,153,780 and the recovery of loan balances of 4 officers amounting to Rs 554,889 had been suspended for a period ranging from 3 to 7 years.

- (c) Due to the vacation of posts, the recovery of loans recoverable from 42 officers as at 31 December 2018 had been suspended and the value of recoverable balances was Rs. 2,004,420. As a result of not pursuing action in terms of section 4.4.1 of the Chapter XXIV of the Establishments Code for the recovery of loans, the aggregate value of loan balances of officers whose loans could not be recovered over a period of 5 years was Rs. 1,067,424.
- (d) Loan balances amounting to Rs. 240,840 as at 31 December 2018 could not be recovered from deceased officers. These loan balances had not been settled by taking action in terms of section 4.4 of Chapter XXIV of the Establishments Code.
- (e) It was observed that the loan balance of Rs. 10,990 recoverable from an officer who having served in the Department had been absorbed into the Sabaragamuwa provincial public service on 01.11.1990, could not be recovered despite the lapse of 28 years as action had not been taken in terms of section 3.2 of National Budget Circular 118.

Reference : LEW/A/DoL/ A.A./2018

1.6.5 Lack of evidence for Audit

- (a) Since the evidence such as-
 - a. the total number of cases and value thereof not confirmed by Labour Offices through 'C' reports and requisition forms,
 - b. the relevant number of cases in instances where it was identified there were shortcomings in 'C' reports and requisition forms and the value of cases that remained non-settled,
 - c. the number of 'C' reports sent annually to the Central Bank and value thereof,
 - d. time analysis in respect of the balance remitted to the Central Bank and existing in the contribution account,
 was not available with the Department, the transactions amounting to a sum of Rs. 10,755,567,038 could not be satisfactorily scrutinized at the audit.

Reference : LEW/A/DoL/F.S/D/2018

- (b) Information had been called for the audit regarding the institutions which were not subjected to inspection with relevance to topic No. 7 of letter no. LEW/A/General/2019/13 relating to the performance of 40 district labour offices and sub labour offices and the said information had not been submitted by the District Labour Offices of Kandy North, Jaffna, Badulla, Gampaha, Colombo Central, Colombo East.

2.Financial Review

2.1 Expenditure Management

- (a) The savings out of the total provisions relating to 13 Capital and Recurrent votes amounted to Rs. 398,530,928 in the year under review and the savings out of those votes were ranging from 12 per cent to 81 per cent.
- (b) Even though the Department had got a sum of Rs.11,000,000 allocated under vote 221-2-4-1409 (2) for the Project on Re-registration of members of the Employees' Provident Fund and providing them with new membership numbers, no activities whatsoever had been performed in the current year from the allocated funds under the said Project and the entire provision had been transferred to 03 other votes under FR.66.
- (c) The reasons for savings of provisions relating to 03 votes under ACA-2(ii) had been mentioned in the financial statements. Of them, the reason for savings to the value of Rs.12, 670,580 in respect of 03 votes had not been correctly indicated in the financial statements. It was observed that this was due to actions taken without a proper plan in terms of FR. 50.
- (d) A sum of Rs. 10,000,000 had been allocated for the promotion of activities of the Employees' Provident Fund through the media to attract employees of the informal sector under vote No. 221-2-4-2509 (3). It was submitted to the audit that the delay in the registration of employees under the NIC numbers as the reason for savings of provisions amounting to Rs. 1,215,564. Further inspections confirmed that this programme could not be implemented as a result of not amending the EPF Act to enable the formulation of a new registration method. Thus it was observed that Department had got the funds allocated without laying the groundwork for the implementation of the relevant programme.

Reference : LEW/A/DoL/F.S/D/2018

2.2 Incurring of Commitments and Liabilities

- (a) The amount to be settled from the money obtained from the Employees' Provident Fund for constructing the "MehewaraPiyasa" building as at 31 December 2017 was Rs.377,147,334. No funds whatsoever were allocated under 221-1-1-2104(2)(i) of the annual budget estimate during the year 2018 to reimburse this money and no settlements had been carried out.
- (b) The value indicated in the liabilities register at the end of the year under vote 221-2-4-1201 of the Department was Rs. 982,762. However in the Financial Statements, a sum of

only Rs. 27,082 had been indicated as liability in respect of the said vote and it was observed that the liability in the appropriation account had been understated by a sum of Rs. 955,680.

- (c) Liabilities amounting to Rs. 69,687.47 relating to 4 votes which had not been included in the liabilities register in which payments had been made as at the date of the audit through votes of the current year and the Financial Statements were observed in the audit.
- (d) In the inspection of expenditure ledger, it was observed that liabilities of the preceding year amounting to Rs.1,219,200 relating to 10 votes exceeding the value of liabilities recorded in the liabilities register and financial statements, had been settled in the year 2019.

Reference: LEW/A/DoL/F.S/D/2018

2.2 Assurance by the Chief Accounting Officer

Though an assurance in respect of the following matters should be given by the Chief Accounting Officer in terms of the provisions of the Section 38 of the National Audit Act No. 19 of 2018, it had not been followed.

- (a) The Chief Accounting Officer and 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 system and accordingly make any alterations as required for such systems to be effectively carried out and carry out those reviews in writing and present a copy to the Auditor General. However, statements that such reviews were carried out, had not been made available to Audit.

2.3 Non-compliance with Laws, Rules and Regulations

	Reference to Laws, Rules and Regulations	Non-compliance
(i)	<u>Statutory provisions</u> Sections 12(2) and 13(2) of the Factories Ordinance No.45 of 1942	In terms of sections 12(2) & 13(2) of the Factories Ordinance, the Minister should, by regulations, prescribe a standard of adequate ventilation and lighting for factories. However, even by the date of the audit, arrangements had not been made to prepare and submit such suitable standards.
(ii)	<u>Circulars of the Department of Labour</u> a. Paragraph (4) of the Circular No.10/2004 Reference: Letter No.	In terms of letter No. P02/audit/73/2019 dated 02 May 2019, 55,142 reports out of 74,773 inquiries held by Labour Officers relating to 40 District Labour Offices had been submitted with a delay of over 07 days contrary to circular

	FG/PS/01/Miscdated 20.08.2018.	provisions.
	b. <u>Procurement Guidelines</u> 2.5.1 (a)	Though ensuring that funds are received for the purchase of a server for Rs. 699,712 for the LISA programme is a function of the Procurement Committee, action had been taken contrary to the Government Procurement Guidelines by the Procurement Committee by trying to make purchases outside the procurement plan.

3. Operating Review

3.1 Delays in execution of projects

- (a) Even though a sum of Rs. 24,791,203 out of an estimate of Rs. 268,170,000 had been released to the Department of Buildings in the year 2017 for constructing the District Labour Office of Badulla, only the procurement activities thereof had commenced even by the end of the year under review.
- (b) Even though Rs. 43,000 in the year 2016, Rs, 14,807,123 in the year 2017 and Rs. 15,000,000 in the year 2018 had been released to the Department of Buildings for constructing the Hatton District Labour Office to an estimated value of Rs.174,570,000, the progress of constructions by the end of the year under review had been only 12 per cent.
- (c) Even though a sum of Rs. 24,984,143 out of an estimate of Rs. 439,550,000 had been released to the Department of Buildings in the year 2017 for constructing the District Labour Office of Ratnapura, only the procurement activities thereof had been commenced even by the end of the year under review.

Reference: Letter of information bearing No. FG/PS/01Misc and dated 21.08.2018/ Action Plan

3.2 Procurements

As per the Procurement Plan prepared for the year 2018, an estimate of Rs. 85,356,700 had been submitted for the purchase of various items, however even by 31.10.2018, no action whatsoever had been taken to purchase various items to the value of Rs. 37,644,200. according to the Procurement Plan of the year 2018, these items should have been purchased by the end of the third quarter. Accordingly, there was a situation where approximately 44 percent of the estimated procurement had to be carried out within the last 02 months of the year on account of not adhering to the prescribed plan.

Reference: LEW/A/DoL/2018/C/03

3.3 Assets Management

The server purchased for Rs.699,713 for the Labour Inspection System Application programme, has been received by the Department on 21 August 2018 and it had not been made use of over a period of 04 months, even by the date of Audit.

Reference: LEW/A/DoL/2018/C/03

3.4 Management Weaknesses

The Occupational Hygiene Division had not implemented an adequate follow-up mechanism to reexamine whether the conditions unfavourable for occupational safety and health existing in factories inspected by Research Officers had been corrected as per the instructions given after the inspection to the relevant institutions.

Reference: LEW/A/DoL/2018/A,B/01

4. Achieving Sustainable Development Goals

As per the “ Agenda 2030 of the United Nations” on the Sustainable Development, every State Agency has to act on its own and the Department of Labour had not been aware as to how measures should be taken relating to the activities under the purview of its scope in respect of the year under review. Hence, action had not been taken to identify the sustainable development targets and goals relating to its functions and the milestones needed to be reached for the attainment of targets, and indicators needed to measure the attainment of targets.

5. Good Governance

5.1 Rendering of services to public

- (a) When the money collected by the courts is forwarded to the Department, only the case number is mentioned, and due to the non-mention of the relevant labour office, it becomes difficult to definitely identify the employees to whom the money should be paid and it is also time consuming. However, even though the relevant labour office had been identified and mentioned by the courts when money was so forwarded , there was a sum of Rs. 793,357 which had not been settled even by the date of the audit.
- (b) Money deposited by employers in the courts is sent to the Commissioner General of Labour in installments through cheques and a sum of Rs.93,092,779 relating to 181 cases for which payments could not be made due to various shortcomings in “C” Forms and requisition forms prepared for the said amount was revealed at the sample inspection.

- (c) A discussion on the settlement of the balance in the contributions account of the Central Bank of Sri Lanka was conducted jointly by the officials of the Central Bank of Sri Lanka and the officials of the Department of Labour on 12.07.2018. It was agreed at this meeting to take prompt action through labour offices to account the contributions of institutions which had more than Rs. 10 million retained in the Contributions Account without being credited to the members' accounts due to the non-receipt of correct "C" forms. However, only letters had been issued to each Labour Officer to carry out the settlement activities in respect of institutions with more than 10 million and a progress of this special project too was not observed in the audit. There were 23 institutions thus identified with contributions exceeding Rs. 10 million.
- (d) In accounting the EPF contributions recovered through court cases, 'C' reports have to be summoned from the relevant Labour Offices. Due to various shortcomings in 'C' reports so summoned, a sum of Rs. 9,135,181 that could not be sent to the Central Bank was observed on 04 occasions during the audit.

Reference: LEW/A/DoL/2018/B,D/02

Chapter 04

Performance Indicators

Performance Indicators

4.1 Performance indicators of the institution (on the basis of the Action Plan)

Specific indicators	Actual output as a percentage (%) of the expected output		
	100%-90%	75%-89%	50%-74%
The percentage of labour inspections of high quality (A & B) out of the total labour inspections conducted during the year		70%	
The percentage of labour inspections conducted out of the targeted number of labour inspections	88%		
Of the complaints received on child labour, the percentage of the number of completed inspections		86%	
The number of programmes conducted for social dialogue as a percentage of the target	98%		
The percentage of payments of benefits of EPF within 14 days			62%
The percentage of the number of staff members who received training out of the total staff	86%		
The percentage of the provision utilized, out of the overall provision allocated to the Department	90%		

Chapter 05

Performance in achieving Sustainable Development Goals (SDG)

Performance in achieving Sustainable Development Goals (SDG)

5.1 Identified Sustainable Development Goals

Out of the Sustainable Development Goals to be achieved by Sri Lanka by the year 2030, the goal with direct relevance to the Department of Labour as per the mission of the Department is goal 8, i.e. **promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**. Accordingly, the vision and mission of the Department of Labour is in harmony with this goal and the final outcome of all activities of the Department is the attainment of this goal. Thus, the overall progress of the Department reflects the progress in achieving Goal 8.

Aside from this, Goal 1 'End poverty in all its forms everywhere', Goal 5 'Achieve gender equality and empower all women and girls' and Goal 16 'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels' are also relevant, albeit to a lesser degree, as per the activities of the Department.

Goal/ objective		Target		Achievement indicators		Progress of achievements
01	End poverty in all its forms everywhere	1.1	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.	1.1 .1	Proportion of the population living below the international poverty line by sex, age, employment status and geographic location (urban/rural)	Taking relevant measures for the amendment of the National Minimum Wages Act in order to increase the existing minimum salary of Rs. 10,000 of the private sector by Rs. 2,500.00.
05	Achieve gender equality and empower all women and girls	5.1	End all forms of discrimination against all women and girls everywhere.	5.1 .1	Whether or not legal frameworks are in place to promote, enforce and monitor equality and non-discrimination on the basis of sex.	An awareness programme on the protection of labour rights of employed women was conducted for 133 officers of the Human Resources Divisions of private sector institutions concurrent to International Women's Day and awareness was created on the recent amendments made to the labour legislations applicable to women and trafficking of women and preventive measures.
		5.2	Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation	5.2 .1	Proportion of ever-partnered women and girls aged 15 years and older subjected to physical, sexual or psychological violence by a current or former intimate partner in the previous 12 months, by form of violence and by age	Necessary action was taken in respect of 35 complaints received by the Women and Children's Division in respect of service conditions of women and concluding 16 investigations.
		5.6 c	Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels	5.c. 1	Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment	Conducting 93 special group inspections on woman workers covering 465 institutions. One programme with the participation of 75 for capacity development of employed. 03 programmes with the participation of 106 for creating awareness amongst workers of the plantation sector and 05 awareness programmes with the

						participation of 405 male and female workers of the private sector were conducted.
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	8.5 .1	Average hourly earnings of employees, by sex, age, occupation and persons with disabilities	In terms of labour laws, average hourly earnings of employees of the private and semi-government sectors do not vary by sex, age, occupation and persons with disabilities.
				8.5 .2	Unemployment rate, by sex, age and persons with disabilities	
		8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	8.7 .1	Proportion and number of children aged 5–17 years engaged in child labour, by sex and age.	<p>New regulations on hazardous jobs were drafted and approval for same was obtained from the Cabinet of Ministers.</p> <p>Approval of the Cabinet of Ministers was also secured to increase the minimum age a child can be employed from 14 to 16 years.</p> <p>According to the Child Activity Survey - 2016, the child labour of the country is at 1% and necessary action is being pursued to bring it down to zero. Accordingly, a series of hazardous labour raids and awareness programmes were conducted parallel to International Day against Child Labour. It is of special significance that not a single child employed in hazardous jobs was found during the raids conducted by District Labour Offices in areas where higher incidence of child labour had been reported. Investigations into 162 complaints on child labour were concluded and legal action was constituted in 7 instances where child labour was revealed.</p>

		8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	8.8 .1	Rates of fatal and non-fatal occupational injuries by sex and migrant status.	The Department carries out various activities for minimizing fatal and non-fatal occupational accidents. Accordingly, identifying situations with potential for accidents through factory inspections, creating awareness amongst employers and employees of factories, initiating legal action against factories which fail to put in place preventive measures despite instructions and for not reporting accidents. Currently such data is not disaggregated by sex and migrant status but expected to do so in future.
				8.8 .2	Level of national compliance with labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status.	Freedom of association and collective bargaining exists and accordingly the number of trade unions registered in the country as at 31.12.2019 was 1903.
16	'Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16. 2	End abuse, exploitation, trafficking and all forms of violence against and torture of children.	16. 2.3	Proportion of young women and men aged 18–29 years who experienced sexual violence by age 18.	<p>"New regulations on hazardous occupations" was drafted and approval for same was obtained from the cabinet of Ministers.</p> <p>Approval of the Cabinet of Ministers was also secured to increase the minimum age a child can be employed from 14 to 16 years.</p>

5.2 Achievements and challenges in fulfilling Sustainable Development Goals

Though necessary measures had been taken in the year 2019 by the Department for achieving the relevant Sustainable Development Goals, it is difficult to present the progress in the relevant format, as departmental targets and indicators had not been properly formulated in line with the SDGs in the preparation of the Action Plan. But arrangements have been put in place to use the relevant format in the year 2020.

Chapter 06

Human Resources Profile

Human Resources Profile

6.1 Cadre Management

	Approved cadre	Existing cadre	No. of vacancies	No. of vacancies as a percentage of approved cadre
Senior	210	143	67	32%
Tertiary	668	500	168	25%
Secondary	1761	1507	254	14%
Primary	489	452	37	8%
Total	3128	2602	526	17%

6.1.1 Staff of the Department by posts as at 31.12.2019

	Post	Approved cadre	No. available at present	Casual Substitute	Vacancies
Senior					
1	Commissioner General of Labour	1	1		0
2	Additional Commissioner General of Labour (SLAS)	1	1		0
3	Additional Commissioner General of Labour (Dep)	1	0		1
4	Additional Commissioner General of Labour (Engineering)	1	1		0
5	Medical Officer	4			3
	Medical Officer				
	Medical Officer (Research)		1		
6	Commissioner of labour(SLAS) (Two officers serve in foreign diplomatic missions)	6	8		-2
7	Commissioner of Labour	2	0		2
8	Commissioner of Labour(Industrial Safety) and Chief Factory Inspecting Engineer (SLES)	1	1		0
9	Commissioner of Labour(SLMS)	1	0		1
10	Chief Accountant	1	1		0
11	Chief Internal Auditor	1	1		0

	Post	Approved cadre	No. available at present	Casual Substitute	Vacancies
12	Chief Legal Officer and Commissioner of Labour (Enforcement)	1	0		1
13	Deputy Commissioner General of Labour Deputy Chief Factory Inspecting Engineer (SLES)	1	0		1
14	Deputy Commissioner of Labour (SLAS)	15	0		15
15	Deputy Commissioner of Labour(Departmetnal)	9	4		5
16	D.C.L Specialist Research Officer (SLSS)	1	1		0
17	Accountant	5	5		0
18	Assistant Commissioner of Labour (SLAS)	41	29		12
19	Assistant Commissioner of Labour(Departmental)	63	52		11
20	Legal Officer	14	12		2
21	Assistant Director -Planning	1	1		0
22	Specialist Factory Inspector (Electrical Safety)	1	1		0
23	Specialist Factory Inspector (High Risk Machinery)	1	1		0
24	Specialist Factory Engineer (Construction Safety)	1	1		0
25	Specialist Factory Engineer (Mechanical/Chemical Safety)	1	1		0
26	Specialist Factory Inspecting Engineer	3	0		3
27	District Factory Inspecting Engineer	10	5		5
28	Civil Engineer - (SLES)	1	1		0
29	Factory Inspecting Engineer (SLES)	14	11		3
30	Chemical Engineer	2	2		0
31	Senior Research Officer (SLSS)	1	0		1
32	Research Officer (SLSS)	3	2		1
33	Assistant Director (SLI&TS)	1	0		1
	Total	210	143	0	67

	Post	Approved cadre	No. available at present	Casual Substitute	Vacancies
Tertiary Level					
34	Librarian (Supra Grade)	1	0		1
35	Technical Officer (SLTS)	1	0		1
36	Finger Print Inspection Officer (Special Grade) (SLTS)	1	0		1
37	Labour Officer (Supra Grade)	56	0		56
38	Registrar	1	1		0
39	Information & Communication Technology Officer	3	2		1
40	Translator (English-Sinhala)	2	2		0
41	Translator (Tamil –English)	1	1		0
42	Translator (Tamil-Sinhala)	3	0		3
43	Administrative Officer	2	1		1
44	Labour Officer	597	493		104
	Total	668	500	0	168
Secondary Level					
45	Field officer	8	8		0 *
46	Human Resources Development Officer	63	63		0 *
47	Development Officer	96	58		38
48	Technical Officer (Civil)	1	0		1
49	Technical Officer (Electrical)	1	1		0
50	Finger Print Inspection Officer	5	2		3
51	Research Assistant	4	0		4
52	Building Inspector	4	0	1	4
53	Draughtsman	3	1	1	2
54	Librarian	4	3		1
55	Management Assistant Service	1522	1329		193
56	Clerk (EPF)	18	18		0 *
57	Stenographer	15	11	1	4
58	Officer in Charge	4	3		1
59	Hostel Warden	4	1		3
60	Information & Communication Technology Assistant	8	8		0
61	Transport Officer	1	1		0
	Total	1761	1507	3	254
Primary Level					

	Post	Approved cadre	No. available at present	Casual Substitute	Vacancies
62	Driver	89	78		11
63	Electrician	2	2		0
64	Carpenter	1	1		0
65	Fitter	1	1		0
66	Circuit Bungalow Keeper	5	4		1
67	Karyala Karya Sahayaka	350	330		20
68	Watcher	40	35		5
69	Lorry Cleaner	1	1		0
	Total	489	452		37
	Grand Total	3138	2602	4	526

Table 6.1 – Staff of the Department by Posts as at 31.12.2019

Notes:-As per the new cadre approved for the Department of Labour by letter No. DMS/C/08/36//01-Vol1 and dated 30.11.2012 of the Director General of the Management Services Department under the recommendation of adjustment of cadre within the limits of the requirements of state institutions, these posts have been granted as personal to the holder and subject to the abolition thereafter.

6.2 How the dearth or excess of human resources has affected the performance of the institution

The percentage of vacancies of senior level officers of the Department as at 31.12.2019 was 32% and the percentage of vacancies of the tertiary level officers was 25%. Since officers of both these categories contribute to the decision making process, the existence of a high percentage of vacancies at these two levels has given rise to a slew of practical problems in the process of making decisions, assumption of responsibilities and supervision and guidance within the institutional hierarchy. It also leads to declining of productivity in the execution of duties of other officers. Further, the increased workload resulting from overseeing duties of vacant posts in addition to the prescribed duties of officers, adversely affect the productivity in discharging duties and may subject them to physical and mental stress.

Moreover, the Department discharges routine duties relating to 14 legislations on the labour sector and activities pertaining to the payment of Employees' Provident Funds, investigations into complaints are carried out on a daily basis. Owing to the vacancies in the Management Assistants Service, it is difficult to execute these duties with efficacy.

Generally, the absence of an adequate number of officers, has made it difficult to execute the daily functions of the Department efficiently.

6.3 Human Resources Development

Developing professional knowledge, skills and attitudes as well as promoting productivity and efficiency in the delivery of service is the prime objective of training programmes conducted for the officials of the Department. Through the training programmes it is also expected to motivate officers to apply modern technology in their duties whilst competently managing the limited provisions and resources available with the Department, improve trilingual proficiency of officers to offer a friendlier service to the public and building more effective interrelations within the Department. Accordingly, these training programmes are geared towards producing a group of well-experienced, efficient and contended officers.

The participation of departmental officers in the local and foreign training programmes during the year 2019 is as follows.

Participation in local training programmes

S.No	Name of the Programme	No. of employees trained		Duration of the programme	Overall investment (Rs'000)		Nature of programme (Local/Foreign)	Output/Knowledge acquired
		Post	No. of employees		Local	Foreign		
Programmes conducted by the Planning, Research, Training & Publications Division								
1	100 –hour Tamil language certificate course in terms of PA Circular 01/2014 (iv)	Dp.Com.Lab Asst.Com.Lab L.O P.M.A	30	100 hours	120,000.00		Local	Tamil language proficiency of 30 officers improved.
2	Training workshop for Public Management Assistant Officers responsible for duties relating to EPF	P.M.As	80	02 days	112,195.00		Local	Duty related knowledge of officers handling EPF activities enhanced.
3	Three-day workshop for training Dep. Comm. Lab., Asst. Comm. Lab., L.Os on labour law.-Stage 1	Dp.Com.Lab Asst.Com.Lab L.O	200	03 days	2,580,855.00		Local	Duty related knowledge of officers on labour law enhanced.
4	Three-day workshop for training Dep. Comm. Lab., Asst. Comm. Lab., L.Os on labour law (Tamil medium)	L.O.	36	03 days	1,360,350.00		Local	Duty related knowledge of officers on labour law enhanced.

5	Training programme on complaints and joint labour inspections for Labour Officers of the Southern Province	L.O.	69	01 day	65,125.00		Local	Practical knowledge of Labour Officers on complaints and joint labour inspections improved.
6	Orientation programme for newly recruited D.Os & P.M.As	D.O. P.M.A.	80	04 days	129,900.00		Local	Providing orientation training for newly recruited officers
7	Orientation programme for newly recruited KKS officers	KKSs	11	01 day	12,765.00		Local	Providing orientation training for newly recruited officers
Referring officials for trainings of external training institutions								
Workshops								
8	Workshop on procurement and evaluation of items relevant to information technology	Technical Officer P.M.A.	02		17,000.00		Local	Duty related knowledge of officers on procurement and evaluation of items relevant to information technology enhanced.
9	Environmental observation programme	Research Officer	02		123,213.00		Local	Duty related knowledge of officers on the inspection of occupational health enhanced.
10	Workshop on law	Legal Officer	06		18,000.00		Local	Duty related knowledge of officers on labour legislation enhanced.
11	Role of the library for an enlightened society	Librarian	01		8,000.00		Local	Functions of the departmental library expanded and optimized.
12	Use and maintenance of electricity generators	Electrician	01		8,000.00		Local	Productive use of electricity generators of the Department
13	Salary conversion of the public service	Accountant P.M.A.	02		25,000.00		Local	Accurate conversion of salaries of officers of the Department.
14	Workshop on scientific and economical driving for drivers	Drivers	80		251,000.00		Local	Driving of departmental drivers becoming safer and accidents minimized.
15	Designing green buildings	Engineer (Civil)	01		6,000.00		Local	Acquiring new knowledge on designing green buildings.

16	Awareness programme on workshop productivity and mental health			01 day	21,900.00		Local	Improving mental health and productivity of officers
17	Training programme for labour officers	Labour Officers		01 day	221,750.00		Local	
18	Training programme on public sector accounting standards	Officers including the accountant	05	08 days	108,000.00		Local	Knowledge on public sector accounting standards enhanced.
Referring to diploma, degree and post graduate degree programmes								
19	English diploma course	Asst. Comm. Lab	01		25,000.00		Local	Improving the ability of officers to carry out duties in English language.
20	Course on the inspection of pressure equipment including steam boilers	Chief Factory Inspecting Officer	02		40,000.00		Local	Duty related knowledge of officers enhanced.
21	Bachelor of Laws degree	Asst. Comm. Lab L.O.	15		336,066.00		Local	Legal knowledge of officers required for duties increased.
22	Post Graduate Degree in Economics	Asst. Comm.Lab.	03		374,500.00		Local	Knowledge of officers extended.
23	Bachelor of Arts degree in Labour Relations and Human Resources Management	Labour Officer	05		375,000.00		Local	Duty related knowledge of officers enhanced.
24	Post Graduate Degree on Occupational Safety & Health Management	Factory Inspecting Engineer	03		362,000.00		Local	Duty related knowledge of officers enhanced.
25	Post Graduate Degree in law	Asst. Comm. Lab.	01		395,000.00		Local	Duty related legal knowledge of officers enhanced.
26	Master's Degree in Law	Legal Officer	01		300,000.00		Local	Duty related legal knowledge of officers enhanced.
27	Post Graduate Degree in Business Administration	Asst. Comm.Lab	01		100,000.00		Local	Knowledge of officers extended.
28	Master's Degree in Sociology	H.R. Dev. Officer	03		102,500.00		Local	Knowledge of officers extended.

Training programmes organized and conducted by EPF Division								
29	18 officer training programmes conducted by EPF Division	Officers of the Department handling EPF activities	1023					
Programmes conducted under the patronage of ILO								
29	Workshop on social dialogue & collective bargaining	Comm.Lab. D.C.L. A.C.L A.D	50	02 days			Local	Expansion of knowledge required for duties of officers
30	Workshop for finalizing the draft labour inspection policy	A.C.G.L C.L D.C.L., A.C.L. A.D	50	01 day		Financial sponsorship of ILO	Local	The draft policy needs to be redrafted to be in compliance with the restructuring programme of the Department.
31	Workshop on reviewing dispute resolution management process	A.C.G.L C.L.,D.C.L A.C.L., A.D Legal Officer L.O	50	02 days		Financial sponsorship of ILO	Local	Reviewing dispute resolution process
32	Training programme for Labour Officers of the Northern & Eastern Zones.	C.G.L A.C.G.L C.L / D.C.L A.C.L. L.O.	20	04 days		Financial sponsorship of ILO	Local	Knowledge of officers relating to duty enhanced.
33	Workshop on preparing guidelines for addressing employee grievances	C.G.L A.C.G.L C.L / D.C.L A.C.L.	21	02 days		Financial sponsorship of ILO	Local	Drafting guidelines to address employee grievances
34	Workshop on guidance for dialogues in institutions which have no trade unions	D.C.L /A.C.L Secretary of Wages Board L.O. H.R.D.O				Financial sponsorship of ILO	Local	Guidance for dialogues in institutions.

35	Conducting awareness training programmes under 05 stages for Labour Officers on the employment of women, children and young persons	L.O	368	01 day (For each stage)	434,146.00		Local	Creating awareness amongst Labour Officers on the employment of women, children and young persons.
36	Preparing Strategic Plan of Department of Labour	C.G.L. A.C.G.L., C.L. Chief Internal Auditor , D.C.L. Accountant A.C.L. A.D. (Statistics)	28	01 day		Financial sponsorship of ILO	Local	Finalizing the preparation of Strategic Plan of the Dept, of Labour
37	Training of trainers programme for officers of the Dept. Of Labour for the preparation of guidelines for addressing employee grievances.	A.C.L. L.O H.R.D.O.	25	15 days		Financial sponsorship of ILO	Local	Training of trainers for preparing guidelines to address employee grievances.
38	Tripartite workshop on National Occupational Safety and Health	C.G.L. A.C.G.L. D.C.G.L S.F.I. E D.F.I.E. F.I.E., R.O.	17	01 day		Financial sponsorship of ILO	Local	Conducting a tripartite dialogue on National Occupational Safety and Health.
39	ILO National Consultation Promoting Decent Work for invisible workers in Sri Lanka	D.C.L. A.C.L	05	01 day		Financial sponsorship of ILO	Local	Officers becoming aware of the creation of a decent work environment for invisible workers.

Table 6.2 –Participation in local training programmes, Year 2019

Participation in foreign training courses, seminars etc.

S.No	Name of the Programme	No. of employees trained		Duration of the programme	Overall investment (Rs'000)	
		Post	No. of employees		Local	Foreign
1	Challenges and Reform Options in South Asian Social Insurance Delivery Systems (Bangkok, Thailand)	C.G.L.	01	03 days	69,000.00	
2	Building National Capacity in Child Labour and Forced Data Analysis (Bangkok, Thailand)	C.L.	01	05 days	43,920.00	
3	Tripartite Sectoral Meeting on the Recruitment and retention of Seafarers and the promotion of opportunities for women Seafarers (Geneva)	C.G.L.	01	05 days	1,073,360.00	
4	participation of the Second Strategic Workshop of the Alliance 8.7 Supply Chain Action Group, (Abidjan, Côte d'Ivoire)	C.G.L.	01	02 days	715,822.15	
5	Convocation of the 108th Session of the International Labour Conference (ILC) (Geneva, Switzerland)	C.L. A.C.L	03	11 days	51,066.00	
6	Expert Workshop on Strengthening Labour Dispute Resolution Workshop for South Asia (Rajendrapura, Bangladesh)	C.G.L.	01	03 days	114,732.54	
7	The project for Human Resource Development Scholarship by Japanese Grant Aid (JDS) -2020	D.C.L	01	02 years	13,689.75	
8	2019 Social protection Week: Securing the Future of Asia and the Pacific (Philippines)	C.G.L C.L.	02	04 days	272,328.00	
9	Public Policy Development & Public Engagement Programme (Singapore)	D.C.L.	02	07 days	105,840.00	
10	2019 seminar on Financing & Financial Cooperation Management for Developing Countries - China	A.C.L.	01	21 days	23,062.00	
11	occupational Safety and Health From Policy Development to Implementation Measures - Japan	F.I.E.	01	30 days	223,335.44	
12	World social Security Forum From 14 - 18 October 2019 - Belgium	C.G.L.	01	05 days	801,928.80	
13	2019 Seminar on Public Management and E Government for Sri Lanka - China	A.C.L.	02	20 days	371,226.00	

14	Ministerial workshop on forestry sustainable development for BRI countries 20-27 September 2019	C.G.L	01	07 days	111,360.26	
15	Third Meeting of the International Process(IP3) For Considering the Strategic Approach to International Chemicals Management	C.L.	01	12 days	52,212,04	
16	Asia Regional Conference on Reaching SDG Target 8.7 on Forced Labour, Human Trafficking and Child Labour (Kathmandu, Nepal)	C.G.L.	01	03 days	191,362.76	
17	Asia Social Dialogue Forum (ASDF) 12 - 13 November 2019, (Seoul, Korea)	A.C.G.L (Admin)	01	02 days	305,269.10	
18	Seminar on Promotion of the Maritime Silk Road for Developing Countries (China)	A.C.L.	01	23 days	188,896.69	

Table 6.3 – Participation in foreign training courses –Year 2019

Chapter 07

Compliance Report

7.1 Compliance Report

No.	Applicable Requirement	Compliance Status (Complied/Not complied)	Brief explanation for non-compliance	Corrective actions proposed to avoid non-compliance in future
1	The following Financial statements/accounts have been submitted on due date			
1.1	Annual financial statements	Complied		
1.2	Advance to public officers account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)	Complied		
1.4	Stores Advance Accounts	Not complied		
1.5	Special Advance Accounts	Not complied		
1.6	Others	Not complied		
2	Maintenance of books and registers (FR445)			
2.1	Fixed assets register has been maintained and updated in terms of Public Administration Circular 267/2018.	Complied		
2.2	Personal emoluments register/ Personal emoluments cards has been maintained and updated.	Complied		
2.3	Register of Audit queries has been maintained and updated.	Complied		
2.4	Register of Internal Audit reports has been maintained and updated.	Complied		
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date.	Complied		
2.6	Register for cheques and money orders has been maintained and update	Complied		
2.7	Inventory register has been maintained and updated.	Complied		
2.8	Stocks Register has been maintained and updated.	Complied		
2.9	Register of Losses has been maintained and updated	Complied		
2.10	Commitment Register has been maintained and updated.	Complied		

2.11	Register of Counterfoil Books (GA — N20) has been maintained and updated.	Compiled		
3	Delegation of functions for financial control (FR 135)			
3.1	The financial authority has been delegated within the institute.	Compiled		
3.2	The delegation of financial authority has been communicated within the institute.	Compiled		
3.3	The controls has been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package.	Compiled		
4.	Preparation of Annual Plans			
4.1	The annual action plan has been prepared.	Compiled		
4.2	The annual procurement plan has been prepared.	Compiled		
4.3	The annual Internal Audit plan has been prepared.	Compiled		
4.4	The annual estimate has been prepared and submitted to the National Budget Department (NBD) on due date.	Compiled		
4.5	The annual cash flow has been submitted to the Treasury Operations Department on time.	Compiled		
5	Audit queries			
5.1	All the audit queries has been replied within the time specified by the Auditor General	Compiled		
6	Internal Audit			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2)) DMA/1-2019.	Compiled		
6.2	Answers have been submitted to all internal audit reports within a period of one month.	Compiled	More than one month is taken when receiving answers from the relevant offices.	Relevant divisions and offices have been enlightened.
6.3	Copies of all the internal audit reports has been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act	Compiled		

	No. 19 of 2018.			
7	Audit and Management Committee			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019.	Compiled		
8	Asset Management	Compiled		
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017.	Compiled		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular.	Compiled		
8.3	The boards of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016.	Compiled		
8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular.	Compiled		
8.5	The disposal of condemned articles had been carried out in terms of FR 772.	Compiled		
9	Vehicle Management			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date.	Compiled		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.	Not compiled	When a vehicle is condemned in any of the labour offices that cover all districts, a considerable period of time is taken for the appointment of committees for the disposal process and take	When it is reported that a vehicle has been condemned, appointing a disposal committee immediately to carry out the disposal process.

			necessary course of action.	
9.3	The vehicle logbooks had been maintained and updated.	Compiled		
9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Compiled		
9.5	The fuel consumption of vehicles has been retested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016.	Compiled		
9.6	The absolute ownership of the leased vehicle logbooks has been transferred after the lease term.	Compiled		
10	Management of Bank Accounts			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date.	Compiled		
10.2	The dormant accounts that had existed in the year under review or since previous years settled.	Compiled		
10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month.	Compiled		
11	Utilization of Provisions			
11.1	The provisions allocated had been spent without exceeding the limit.	Compiled		
	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Compiled		
12	Advances to Public Officers Account			
12.1	The limits had been complied with.	Compiled		
12.2	A time analysis had been carried out on the loans in arrears.	Compiled		
12.3	The loan balances in arrears for over one year had been settled	Compiled		
13	General Deposit Account			
13.1	The action had been taken as per F.R.571 in relation	Compiled		

	to disposal of lapsed deposits.			
13.2	The control register for general deposits had been updated and maintained.	Compiled		
14	Imprest Account			
14.1	The balance in the cash book at the end of the year under review remitted to Treasury Operations Department.	Compiled		
14.2	The ad-hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task.	Compiled		
14.3	The ad-hoc sub imprests had been issued without exceeding the limit approved as per F.R. 371.	Compiled		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly.	Compiled		
15	Revenue Account	Compiled		
15.1	The refunds from the revenue had been made in terms of the regulations.	Compiled		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account.	Compiled		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176.	Compiled		
16	Human Resource Management			
16.1	The staff has been maintained within the approved cadre.	Compiled		
16.2	All members of the staff have been issued a duty list in writing.	Compiled		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017.	Compiled		
17	Provision of information to the public			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right to Information Act and Regulation.	Compiled		

17.2	Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciate / allegation to public against the public authority by this website or alternative measures.	Compiled		
17.3	Biannual and Annual reports have been submitted as per section 08 of the RTI Act.	Not compiled		Action is to be taken to submit such reports from the year 2020 onwards.
18	Implementing citizens charter	Compiled		
18.1	A citizens charter/ Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2018(1) of Ministry of Public Administration and Management.	Not compiled	A committee was appointed on 23.12.2019 to formulate the Citizen's Charter and activities pertaining to the formulation of the charter have been commenced.	
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens client's charter as per paragraph 2.3 of the circular.	Not compiled		
19	Preparation of the Human Resource Plan			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018.	Compiled	Basic data required for the preparation of the Human Resources Plan has been collected.	
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan.	Not compiled		Due to be taken into account in the preparation of the Human Resources Plan.
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular.	Not compiled		After the preparation of the Human Resources Plan, annual performance agreements are expected to be signed for the staff.
19.4	A senior officer was appointed and assigned the	Not compiled		These activities are

	responsibility of preparing the human resource development plan, organizing capacity-building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular.			expected to be carried out through a formal committee in the year 2020.
20	Responses Audit Paras	Compiled		
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Compiled		

End

