



# வார்டிகை கார்ட்டுபாடுவ வார்டாவ - 2020 வருடாந்த செயற்ற்திறன் அறிக்கை - 2020 Annual Performance Report - 2020



கமிகர்ட்டு டெபார்ட்மென்ட்டு  
தொழில் திணைக்களம்  
Department of Labour

# **Annual Performance Report for the year 2020**

**Department of Labour**  
**Expenditure Head No. 221**

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## **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 institution responsible for upholding the rights at work and establishing social protection of workers in the private and semi government sectors. Accordingly, the Department discharges its responsibilities by maintaining an island-wide network of labour offices for the enforcement and promotion of legislations relating to the subject of labour .

The Indian Immigrant Labour Ordinance No. 01 of 1923 was enacted with the objective of providing welfare for Indian immigrant labourers brought to the country by the British colonial rulers to work in tea and coffee plantations under the commercial cultivation of plantations when Sri Lanka remained a crown colony of British Empire. The Department of Indian Immigrant Labour Controller established under the said Ordinance was the genesis of the present Department of Labour. Presently, the Department of Labour discharges the function of strengthening the national economy through the reinforcement of tripartite relations amongst employers, employees and the government.

### **1.2 Vision. Mission and Objectives**

#### **1.2.1 Vision**

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

#### **1.2.2 Mission**

“Contribute to the economic development process of Sri Lanka by establishing decent work environment with secured industrial peace”.

#### **1.2.3 Objectives**

- Consolidating lasting industrial peace in private and semi government sector workplaces.
- Improving conditions of work of the worker by creating a decent work environment and formulating labour standards.
- Securing social protection of the worker
- Guaranteeing employment security of women and young persons and elimination of child labour.
- Creating a work environment conducive for health of workers and free of accidents.

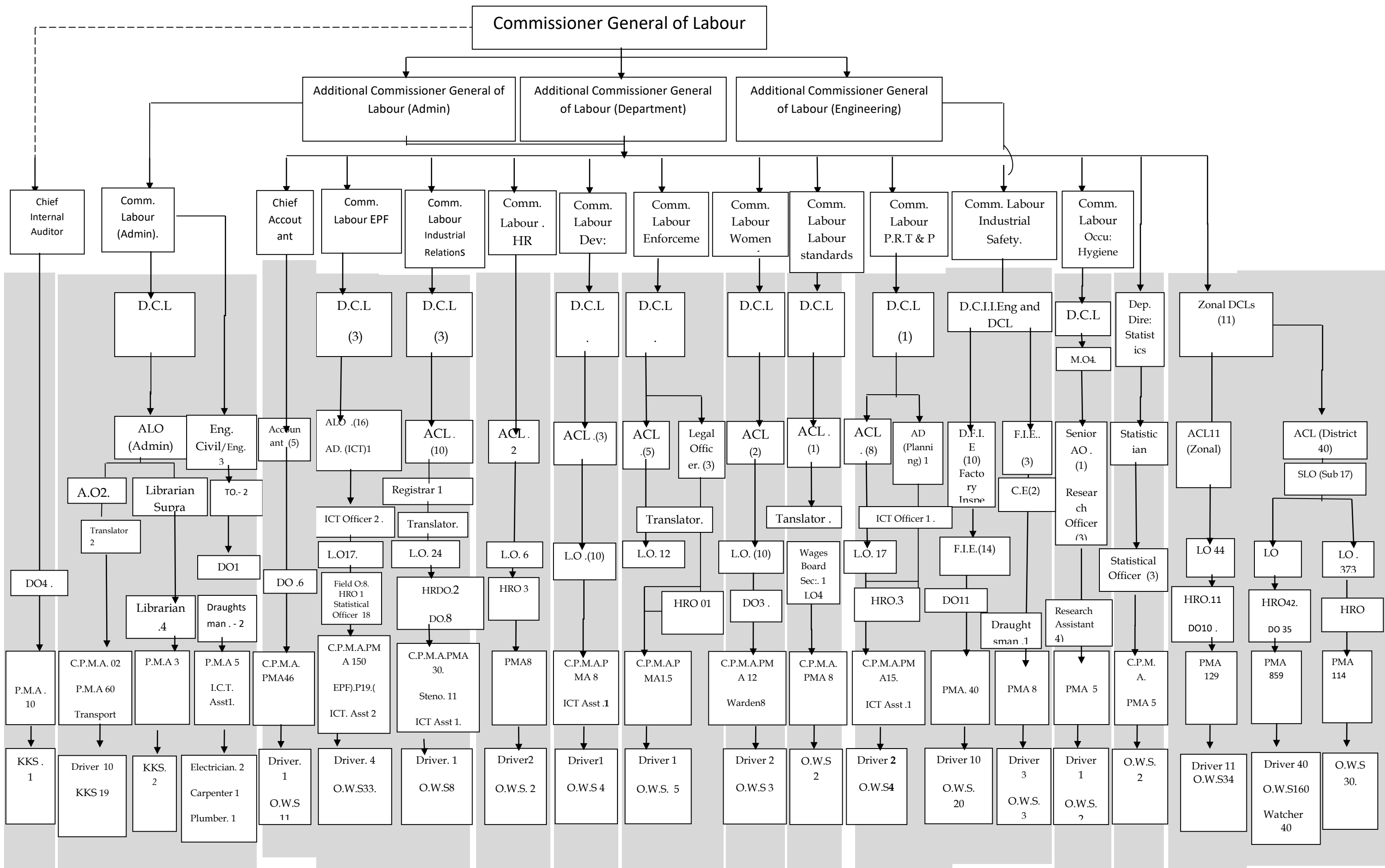
### **1.3 Key Functions**

- Promotion of dialogue amongst employers and employees.
- Enforcement of labour legislation and prevention and of industrial disputes and resolving disputes that have arisen through the promotion of social dialogue.
- Conducting institutional inspections (labour inspections) and upholding the statutory rights of workers by regularly updating the knowledge required by officers of the Department.

- Establishing industrial peace by expanding the knowledge and understanding of labour laws of both the employers and employees.
- Formulation and implementation of labour standards compatible with changes in the national economic structure in line with international labour standards.
- Ensuring that benefits are duly granted to workers through the sound administration of the EPF and the administration of the approved private provident funds and pension allowances with similar efficiency.
- Constructive enforcement of all labour laws including those applicable to women, young persons and children.
- Raising awareness amongst workers on maintaining healthy and accident free work environment and ensuring that workplaces are accident free.
- Collection and analysis of statistics required for making decisions in regard to above functions.
- Taking action to give legal effect to ILO conventions ratified by Sri Lanka.
- Initiating action to eliminate child labour and hazardous forms of child labour.



# 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 a 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, resolving disputes regarding the denial of statutory rights, settling industrial disputes, ensuring workplaces are free of accidents and constituting legal action for the protection of employment 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 Development 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 Administration Division
- 1.5.11 Finance Division
- 1.5.12 Planning, Research, Training & Publications Division
- 1.5.13 Statistics Division
- 1.5.14 Internal Audit Division

Further, 11 offices of zonal deputy commissioners' of labour, 40 district labour offices, 17 sub labour offices and 10 district factory inspecting engineers' 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 force employed 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 employees for boosting the economic growth and development of the country. Industrial Relations Division consists of the Termination of Employment Branch and the Trade Union Branch and is also responsible for coordinating the activities of the Industrial Court.

Accordingly, establishing industrial peace required for uplifting economic productivity, safeguarding service conditions stipulated by labour legislations, gazetting 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 the main objectives this division seeks to achieve.

The following legislations are enforced by this division.

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

### **1.5.2 Human Resources Development Division**

For improving productivity and efficiency of private and semi-government sector institutions scattered across the country, the Human Resources Development Division carries out the process of creating conducive work environment that would strengthen industrial peace between the employer and the employee. Accordingly, the Division executes the following functions.

- 1.5.2.1 Creating workshop 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 private and semi-government sector institutions aimed at creating favourable working environment. (For this purpose, institutional level programmes are organized and conducted for managers and employers)
- 1.5.2.4 Conducting Zonal and District labour advisory councils with the participation of employers, employees and Deputy/Assistant Labour Commissioners to gather information required for building tripartite relationships and formulating policies.
- 1.5.2.5 Conducting regional labour advisory council meetings for knowledge sharing and resolving problematic issues pertaining to labour laws amongst employers and employees.
- 1.5.2.6 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 (SD Excellence Awards) 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 (Sinhala/Tamil), arts, poster and short video clip competition too was conducted concurrently.

### **1.5.3 Special Investigations Division**

In addition to the routine labour inspections and investigations into complaints, requests made from the Commissioner General of Labour for an independent inspection by persons who feel aggrieved by the

way an inquiry into a complaint or an institutional (labour) inspection was conducted are referred as required to the Special Investigations Division. 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 in respect of terms and conditions of service and securing the rights of workers by monitoring the progress of the implementation of labour standards are an integral part of this process and 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 (Regulation of Employment and Remuneration) 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**

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 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 1942 and regulations made there under. It is expected to improve the efficiency of workplaces by creating a safe workforce with no fears of 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 attached to 10 District Factory Inspecting Engineers' Offices established covering the entire island inspect factories to discharge this function and since risky situations identified during labour inspections conducted by Labour Officers are reported to the District Factory Inspecting Engineers' Offices, such information too is used 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 Constituting 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 of Workmen's Compensation and the Shrama Vasana Fund
- 1.5.6.10 Other programmes
- 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 thereby minimizing the risk of workers becoming victims of diseases while engaged in their work due to unhealthy work environment and inspect the service conditions available in workplaces.

Inspecting using scientific methods whether there are conditions in the work environment that could cause health problems to workers immediately or in the long run and quantifying such probable health issues qualitatively and quantitatively under an accepted scientific method and creating awareness on measures to be adopted for the prevention of such accidents primary responsibilities of this Division.

Primarily, 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 decisions of 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 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 labour force of Sri Lanka and elimination of child labour is a statutory responsibility of the government of Sri Lanka and these are the two-fold functional responsibilities of the Women and Children's Affairs Division

One of the prime responsibilities of this Division is to offer a productive women labour contribution to the country by enforcing labour legislations applicable to working women, and reviewing such legislations in a timely manner and recommending necessary amendments

Similarly, elimination of 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.

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 offices 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 effectual 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 female workers

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 Employees' 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 private and 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 fund management. The role expected to be performed under this Act, which was subjected to amendments from time to time is as follows.

- 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
- 1.5.8.6 Approving housing loans based on the account balance of the member in the EPF
- 1.5.8.5 Monitoring the private and 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 throughout the country, the Enforcement Division constitutes legal action against violators of such laws thereby safeguarding the rights of workers while fostering employer-employee relationship.

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

- 1.5.9.1 Initiating action for the prosecution in magistrate courts in instance where 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, Court of Appeal 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 appear for the Department whenever necessary.

#### **1.5.10 Administration Division**

The Administration Division consists of 04 branches. Namely, the Administration Branch, the Establishment Branch, the Building Maintenance Unit and the Library.

Out of these, the Administration Branch handles all the services and supplies of the department. Under this, activities such as identifying the land requirements related to the construction of buildings of the department and acquiring lands, directing the activities related to building construction, rehabilitation and improvement of buildings, renting buildings as required, vehicle administration of the department, providing necessary infrastructure for the zonal and district offices of the department, managing capital goods and equipment, approving overtime, holiday pay, Agrahara Insurance and distress loan are carried out.

The Establishments Branch identifies the staffing requirements of the Department, all matters relating to recruitment as required, promotions of officers, efficiency bar examinations, performance appraisals, salary increments, transfers, retirement of officers, deals with officers' leave and staff discipline.

The Building Maintenance Unit assists to prepare the Annual Budget Estimates and Procurement Plan for the activities related to the construction and rehabilitation and improvement of the buildings of the department, coordinating with the Buildings Department and other institutions regarding the construction of buildings, supervising building rehabilitation and improvement activities as well as all maintenance activities of the Head Office and Regional Offices of the Department.

The Library of the Department of Labour is the premier library in Sri Lanka for Acts and Ordinances, books and publications related to the field of labor. It facilitates the staff of the Department of Labor, the Ministry of Labor and other institutions under the ministry, as well as external readers to refer to all Acts and Ordinances, books, publications, etc. related to the field of labour law.

This library houses over 180,000 books, publications and magazines. This collection can be categorized as Acts and Ordinances, Books, Magazines and Periodicals relating to labor laws, International Labor Organization Publications, United Nations Publications, Child Labor related Publications, etc.

### **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 regional 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
- 1.5.11.7 Paying personal emoluments and advances and allowances of officials of the department.

### **1.5.12 Planning, Research, Training and Publication Division**

The planning and progress review role of the Planning, Research, Training and Publications Division is; preparing the annual action plan and the strategic plan of the department and coordinating the activities of all the divisions and regional offices of the department to achievement of the departmental objectives, coordinating the activities of the monthly meeting of the Commissioners of Labour to discuss the progress of the divisions of the department and their future activities as well, preparing the progress of the department and coordinating the Management Committee Meetings which are held monthly by the Ministry of Labor to review the progress, providing necessary data and reports requested by the Ministry of Labor and other Ministries.

This Division is responsible for conducting progress review activities in the Regional Offices of the Department of Labour. Under this, the Division prepares and monitors the Annual Progress Review Plan of the Regional Offices. There, the Deputy Commissioners of Labour in charge of the zones conduct progress reviews in each zone. The Division also directs monitoring teams to check the progress of each office.

Accordingly, this Division monitors all the District and Sub Labor Offices as well as all the divisions of the Department in terms of their performance and focus towards the relevant annual targets in order to achieve the vision and mission of the Department. Here, the division monitors the work of the divisions and district offices of the department and analyzes the data obtained from it and conducts progress review meetings at the zonal level and makes necessary recommendations to further improve the progress of the relevant offices.



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.

Further, printing and issuing of labor acts, ordinances and Wages Board decisions required for the officers of the department, printing of general forms required for the use of labour officers for field work such as labor inspection reports, monthly diaries etc. are also carried out by this division.

#### **1.5.13 Statistics Division**

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 Statistics Division. This Division functions under the supervision of the Commissioner of labour of the Planning, Research Training and Publications Division.

#### **1.5.14 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 fund management.

Further details on the Fund are given under 1.5.8 of Chapter 01 above and Chapter 02 as well.

## **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 a 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, conducting integrated labour inspections and resolving issues regarding the denial of statutory rights and 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

For fostering productivity and efficiency of semi-government and private sector institutions scattered across the country, the following tasks were carried out in the year 2020 for creating a conducive environment that would strengthen industrial peace between two stakeholders, the employer and the employee.

2.1.1.1 To educate both employers and employees on labour laws through awareness programmes for private and semi government sector institutions aimed at creating favourable working environment, the programmes for managers and employers were organized and conducted as outlined below.

S.No	Programme	No of programmes
01	Institutional level awareness programmes for both employers and employees conducted by Human Resources Development Division	37
02	Programmes conducted at semi-government institutions by Human Resources Development Division	06
03	Inspection of institutions	424
04	Programmes for which resource persons were provided upon requests made by institutions	21

Table 2.1 Activities carried out by the Human Resources Development Division 2020

2.1.1.2 A competition on social dialogue and workplace cooperation (SD Excellence Awards) 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 was conducted on 16.01.2020 under the patronage of the Hon. Minister of Labour.



Photo 2.1 – An institutional level awareness programme for employers and employees conducted by the Human Resources Development Division

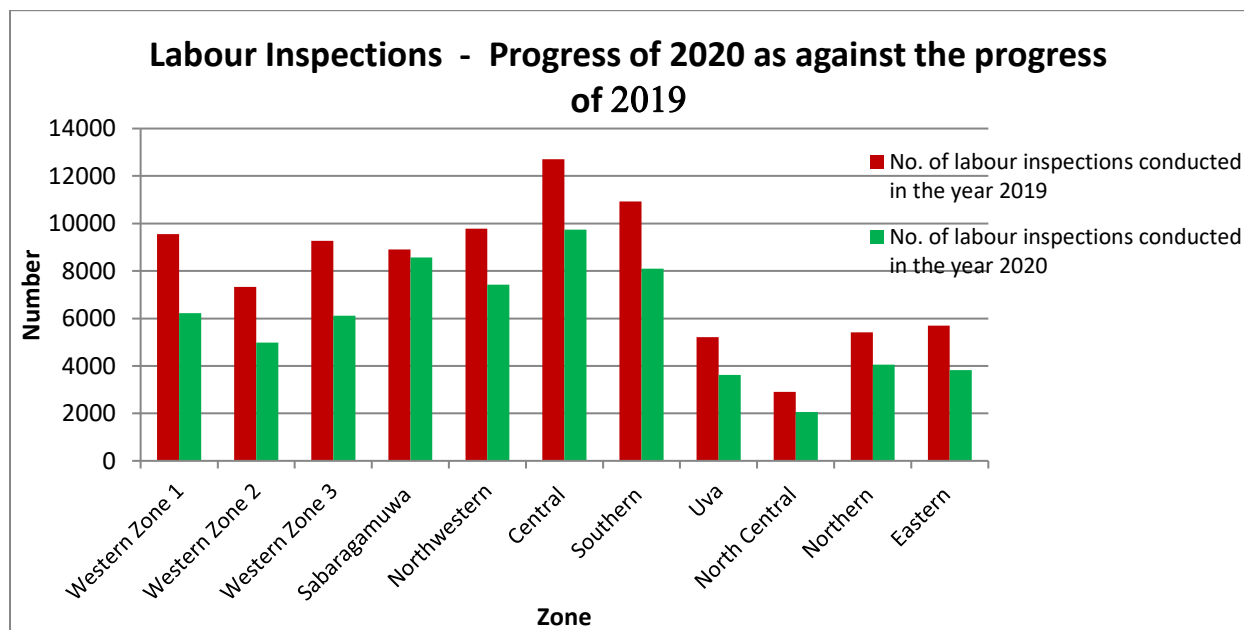


Photo 2.2 – Award ceremony of the competition on Social Dialogue & Workplace Cooperation (SD Excellence Awards)

Due to the Covid-19 pandemic situation, programmes planned to be conducted in the year 2020 had to be limited.

### 2.1.1 Conducting Workplace 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 take necessary action to redress grievances and pave the way for the establishment of cordial relationships between employers and employees. To carry out this function, 11 offices of zonal deputy commissioners' of labour and 40 district labour offices, 17 sub labour offices and 10 district factory inspecting engineers' offices have been established to cover the entire island and the number of Labour Officers deployed as at 31.12.2020 including those serving in the head office was 488. The total number of labour inspections performed by labour officers in the year 2020 was 64,708.



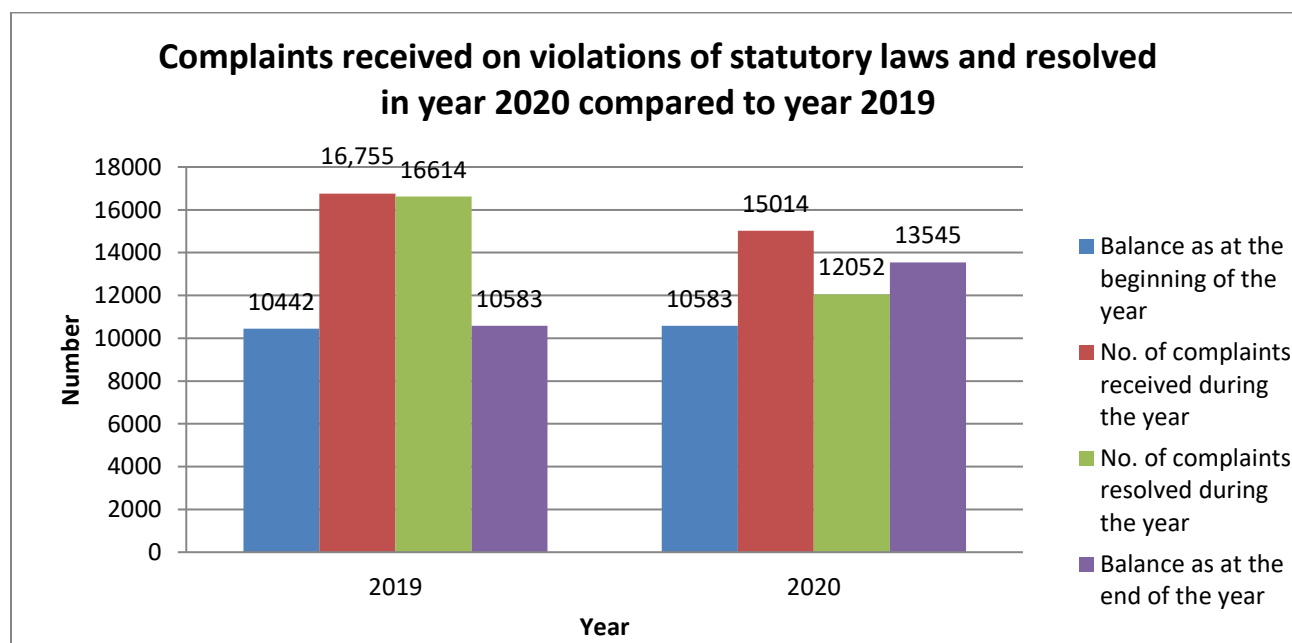
Graph -2.1 Labour inspections – Progress of the year 2020 as against the progress of the year 2019

The number of labour inspections conducted in the year 2020 has seen a reduction compared to the year 2019. This was due to the total suspension of labour inspections in certain months of the year and restrictions imposed on inspections due to the Covid-19 pandemic situation in 2020.

### 2.1.3 Resolving complaints on the violation 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 or trade unions and action is pursued by the relevant offices to resolve such complaints. If their attempts failed, the dispute is referred to an arbitrator or an industrial court for a solution on the reference the Minister in charge of the subject.

Complaints received on the violation of statutory laws and solutions offered in the year 2020 in comparison to the year 2019 are as follows.



Graph 2.2 - Complaints received on the violation of statutory laws and resolved in the year 2020 in comparison to the year 2019

It is observed that the number of complaints received and resolved in the year 2020 is comparatively low due to the Covid-19 pandemic situation.

Details of the complaints received in the year 2020 due to the Covid-19 pandemic situation are as follows.

Number of complaints received during the year due to Covid-19 pandemic situation		Of the complaints received during the year, the number resolved	
No. of complaints received	No of employees relevant to such complaints	No. of complaints resolved	No of employees relevant to such complaints
2262	8913	1044	4850

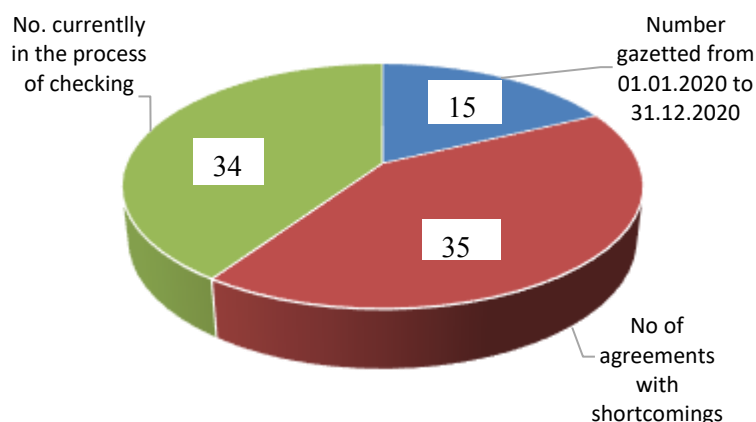
Table 2.2- Number of complaints received during 2020 due to Covid-19 pandemic situation

No sooner a situation that could possibly lead to a strike action is observed, the officials of the Department take action to contain the situation and if a strike is launched, necessary interventions are made to resolve the dispute. Compared to the year 2019, there is a slight increase in the number of strikes reported in the year 2020.

S.No	Event	Plantations	Construction	Manufacturing	Mining	Lodging and food supply	Semi government	Other services	Total
2019	Strikes reported	8	1	11	-	-	-	1	21
	No of employees participated	1952	100	4701	-	-	-	16	6769
	No of man days lost	28218	200	26403	-	-	-	16	54837
2020	Strikes reported	13	-	12	-	2	-	1	28
	No of employees participated	1936	-	4040	-	64	-	85	6125
	No of man days lost	9375	-	12806	-	324	-	85	22590

Table 2.3 – Data reported on strikes -2020 compared to 2019

By entering into collective agreements as a mean of settlement of industrial disputes, a more permanent solution is offered to both the employer and the employee and they enable employees to secure greater privileges than the rights and privileges conferred through labour legislations. Similarly, the Department endeavours to make a greater inducement through social dialogue to move towards collective agreements. The total number of collective agreements in operation as at 31.12.2020, including the 15 collective agreements gazette in the year 2020 were 148.



Graph 2.3 –Gazetting of collective agreements -2020

Industrial disputes which cannot be settled with the intervention of labour offices or with the direct involvement of the Industrial Relations Division of the Department are referred to arbitration or to an industrial court and in the year 2020, there had been 59 references for compulsory arbitration and the number of awards issued were 22.

It is compulsory for all trade unions to register with the Department of Labour. Accordingly, the number of trade unions registered with the Department in the year 2020 were 105 and the total number of active trade unions as at 31.12.2020 were 1843.

## 2.2 Special Investigations

In addition to routine labour inspections and investigations into complaints, a reinvestigation is conducted as and when necessary upon a request made to the Commissioner General of Labour by any party aggrieved by the way an investigation was conducted into a complaint or an investigated conducted by an institution.

Accordingly, 198 office and onsite inspections were conducted in the year 2020 and the value of the EPF in arrears thus computed was Rs. 5,767,050.00 and the value of the statutory allowances in arrears was Rs. 12,055,291.00.

Similarly, investigations into 19 complaints in respect of semi-government institutions too were conducted during the year.

## 2.3 Formulation and Implementation of Labour Standards

Formulating and updating and giving legal effect to policies, standards and conditions of work in order to ensure welfare and job security of the workers employed by the private sector is a foremost role of the Department. Accordingly, the following activities have been conducted in the year 2020.

	Programme/Activity	Physical Progress
1	Appointing representatives to Wages Boards whose official terms will expire.	15
2	Granting approval for five-day workweek.	197
3	Publishing minimum monthly wages of the Wages Board of cocoa, cardamom, pepper cultivating and processing industry	10
4	Examining legal validity of collective agreements	36
5	Making clarifications and giving legal interpretations under the Budgetary Relief Allowance Act No. 04 of 2016	07
6	Making clarifications and legal interpretations under the Wages Board Ordinance	24
7	Making clarifications under legal interpretations under Shop and Office Employees Act	14
8	Granting approvals for requests made for salary deductions under Wages Board Ordinance and Shops and Office Employees Act.	23
9	Granting approval for requests made for establishing fine funds and defray expenditure from such funds.	2
10	Announcing special holidays and election holidays pertaining to Wages Boards through notices published in newspapers.	1
11	Referring soft copies of gazettes, amendments to Acts and regulations published by the Division for uploading to the website of the Department.	44
12	Issuing clearance certificates relevant to the renewal of annual licenses for security service providing institutions.	44

Table 2.4 – Activities pertaining to the standardization of workers’ rights -2020

## 2.4 Ensuring a healthy and hazard free decent work environment

### 2.4.1 Ensuring Occupational health

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

#### 2.4.1.1 Checking 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 2020 areas follows.

	Programmes / Activities	Physical Progress
1	Environmental measurements	78
2	Biological tests	1525
3	Occupational safety and health audits	183

Table 2.5 Activities conducted for inspecting occupational health measures in workplaces.- 2020

#### 2.4.1.2 Providing knowledge required for protecting occupational health in workplaces and conducting awareness programmes

Educational programmes on the occupational health of employees of a workplace are conducted as appropriate for each level from the manager at the highest level to employees at the lowest level. During the year 2020, the Department conducted 137 such awareness programmes. In addition,



awareness programmes were conducted at factory level to make aware of its management on the theme of how the factories should be operated under the Covid 19 epidemic situation.

#### **2.4.1.3 Providing medical board decisions**

Sixteen medical boards were held for employees who claimed EPF benefits on medical grounds and decisions were submitted.

### **2.4.2 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.

Qualified engineers attached to 10 District Factory Inspecting Engineers' Offices established covering the entire country inspect factories to discharge this function.

#### **2.4.2.1 Registration of new factories**

When applications are made for the commencement or registration of new factories, having inspected whether the prescribed standards that prevent unsafe work environment have been followed by such factories, the registration is done if the prescribed standards have been complied with. The number of factories registered under the registration of new factories by the end of the year 2020 is 31,833. This includes the 738 new factories registered during this year.

#### **2.4.2.2 Inspecting and approving building plans**

In constructing buildings for factories, inspections are carried out to ensure their compliance with the Factories Ordinance and the same is certified. During the year 2020, 106 building plans were inspected and certified.

#### **2.4.2.3 Inspection of factories**

Instructions are given to the relevant offices to inspect all the factories in areas of their District Factory Inspecting Engineers' Offices and rectify conditions, if any, that may lead to accidents. The number of factories inspected in the year 2020 were 2130.

#### **2.4.2.4 Investigations into accidents and hazardous events**

During the year 2020, 71 fatal accidents and 1,116 non-fatal accidents have been reported to the Department. By identifying the reasons for accidents, consequent to investigations into all such fatal and serious non-fatal accidents, awareness was created to prevent recurrence of such accidents and legal actions were constituted by the Department against 70 institutions in which accidents had been caused due to action that had violated the Factories Ordinance.

#### **2.4.2.5 Regulating the inspection of high risk machinery**

Action is taken to cause the inspection of machinery used in factories such as steam boilers, steam tanks, air tanks hoisting machines, lifts which should be inspected and inspection report should be obtained under the Factories Ordinance. The number of machinery so inspected in the year 2020 was 9034.

#### **2.4.2.6 Conducting awareness programmes**

In matters relating to improving occupational safety, enhancing knowledge of both employees and employers is as equally important as the enforcement of laws and regulations. Details of programmes conducted in the year 2020 are as follows.

S.No	Relevant Division	No. of programmes conducted	No. of persons participated
01	Construction	06	850
02	Apparel	09	600
03	Other	06	350
04	Total	21	1800

Table 2.6 - Awareness programmes conducted for improving occupational safety -2020

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

Measures were taken to refer 237 accidents reported during the year 2020 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 have scholarships offered to them.

#### **2.4.2.8 Commemoration of World Safety Day and National Occupational Safety and Health Week**

A national seminar conducted by the Department of Labour annually to mark World Safety Day which falls on 28<sup>th</sup> of April every year could not be conducted in the year 2020 due to the Covid-19 pandemic situation. For the same reason, the National Occupational Safety and Health Week too could not be conducted and with a view to promoting occupational safety and health, arrangements were made to telecast a documentary on 20<sup>th</sup> December 2020 from 7.00 p.m. to 7.30 p.m. titled 'Api Yanne Koi Pare' over national television.

Further, action was taken to print 1900 leaflets and 19800 posters in the year 2020 for the promotion of occupational safety and health and arrangements have been made for their distribution in the near future.

## **2.5 Safeguarding the occupational rights of women and young persons and elimination of 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, elimination of child labour with the contribution of all stakeholders, enforcing labour legislation applicable to children less than 18 years of age and recommending amendments to existing laws to be compatible with prevailing social issues too are key responsibilities of this Department.

### **2.5.1 Enforcing existing laws applicable to employed women, young persons and children –Progress of the year 2020**

S.No	Category	Number	Observations
01	Daily inspections	123	Conducting routine inspections was suspended due to Covid-19 pandemic.
02	Night inspections	66	Due to Covid-19 pandemic, night inspections were conducted only in the first and fourth quarters of the year.
03	Investigations on child labour	132	Investigations into 104 complaints were finalized and files were closed. Since the employment of child labour was disclosed in 6 such complaints, legal action has been constituted.
04	Investigations into complaints received on service conditions of women.	23	Investigations into 06 complaints were finalized and files were closed.
05	Granting approval for employing women at night.	652	631 approvals by district offices and 21 approvals by sub officers were granted for employing women at night.  Similarly, employers were given the opportunity to submit their requests for night shifts online to the Department.
06	Special group investigations into hazardous forms of child labour.	58	290 institutions were inspected but no incidence of hazardous forms of child labour was reported.
07	Special group investigations into woman workers	124	607 institutions were inspected.
08	Awareness creation on labour laws	02	The executive staff of the Department of Fisheries and Aquatic Resources Development and final year students of the Management Faculty of the University of Colombo were made aware of the law applicable to women and children

Table 2.7- Enforcement of existing laws relating to the employment of women, young persons and children -2020

### **2.5.2 Conducting relevant main commemorative days and conducting awareness programmes**

#### **2.5.2.1 Raising awareness by conducting the relevant major commemorative days**

##### **2.5.2.1.1. International Women's Day Celebration**

A series of collective inspections was conducted covering the entire country in view of International Women's Day of the year 2020 to ascertain whether maternity leave and nursing breaks are duly granted to women employees.

#### **2.5.2.1.2 World Day against Child Labour**

The commemoration of World Day against Child Labour of 2020 was held on 12 June 2020 under the patronage of the Hon. Minister at the 10<sup>th</sup> Floor Auditorium of the Department of Labour with the aim of preventing Sri Lankan children becoming victims of child labour and hazardous forms of child labour.

The launch of the official YouTube Channel of the Department of Labour and launch of the handbook on occupational safety took place concurrently. Further, the Kalutara, Kandy South and Anuradhapura district offices and the Naula sub labour office which were identified as labour offices that made a standout contribution to the national endeavour for the elimination of child labour by expeditiously and decisively dealing with complaints on child labour referred to the regional labour offices in the years 2018 and 2019 were awarded commemorative plaques in appreciation of their invaluable service.



Photograph 2.3 - Commemoration of World Day against Child Labour 2020

#### **2.5.2.1.3 Commemoration of International Children's Day**

A series of collective inspections associated with the fisheries industry were conducted for the commemoration of International Children's Day 2020. Accordingly, collective inspections were carried out on multi-day fishing vessels at the fisheries harbours where they were lying in anchor in partnership with the National Child Protection Authority (NCPA), Department of Probations and Childcare and Sri Lanka Police. During the inspections, leaflets in child labour and hazardous forms of child labour were circulated to raise awareness amongst fisheries community and affiliated institutions and a poster was given to be displayed at notice boards of fisheries harbours.

#### **2.5.2.2 National Steering Committee(NSC) on elimination of Child Labour**

The government of Sri Lanka has pledged to eliminate child labour from the country by the year 2022. Thus it is necessary to further strengthen the collective efforts of all relevant stakeholders for the elimination of all forms of child labour including hazardous forms of child labour. The National Steering Committee was set up to ensure that the targets are achieved through the collective endeavours of the relevant stakeholders.

The National Steering Committee (NSC) was held on 08<sup>th</sup> December 2020 at the 4<sup>th</sup> Floor Auditorium of the Department of Labour with the participation of 26 officers representing partner institutions.

Similarly, the Technical Committee as proposed by the NSC at its meeting held on the above date was held on 08<sup>th</sup> December 2020 at the 4<sup>th</sup> Floor Auditorium of the Department of Labour with the participation of 11 Officers from relevant institutions.

2.5.2.3 The Department extended its support as indicated below to activities carried out by other ministries, departments and institutions for the safety of women, young persons and children.

- ❖ Despite the Covid-19 pandemic situation, labour officers participated in 19 district/ divisional child development committees and the committee members were made aware of child labour and related issues. Similarly, all District and Divisional Secretaries were made aware of International Year for the Elimination of Child Labour 2021 by the Commissioner General of Labour and a calendar of the year 2021 too was distributed.

#### **2.5.2.4 Details of other important programmes**

- ❖ Zero tolerance of child labour programme– Special investigations and raids

A series of raids was conducted with the coordination of all district and sub labour offices covering the entire country with the objective of creating a safe and secure environment for children by elimination of child labour and hazardous forms of employment from Sri Lanka. During the first and second quarters of the year, 14 and 44 raids were conducted respectively.

#### **2.5.2.5 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 list of hazardous occupations was amended in the year 2018 and action was taken to obtain cabinet approval to the 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.

## **2.6 Social Security of the Employees**

The Employees' Provident Fund, established by the Employees' Provident Fund Act No. 15 of 1958 with the principle objective of ensuring a secured retirement for the country's workforce in the semi-government and private sectors is administered by the Department of Labour. The administration of the Fund is vested to the Department of Labour and the Monetary Board of the Central Bank is responsible for the Fund Management. The overall value of the Fund as at 31.12.2019 was Rs. 2,540,438 million and the number of active accounts of the Fund is 18.9 million.

### **2.6.1 Registration of workplaces in Employees' Provident Fund**

All private and semi-government 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 2020 was 1453. The number of institutions that credited contributions to the Fund in 2020 was 94,171 and the amount of contributions credited to the Fund was Rs. 125.366.55 million.

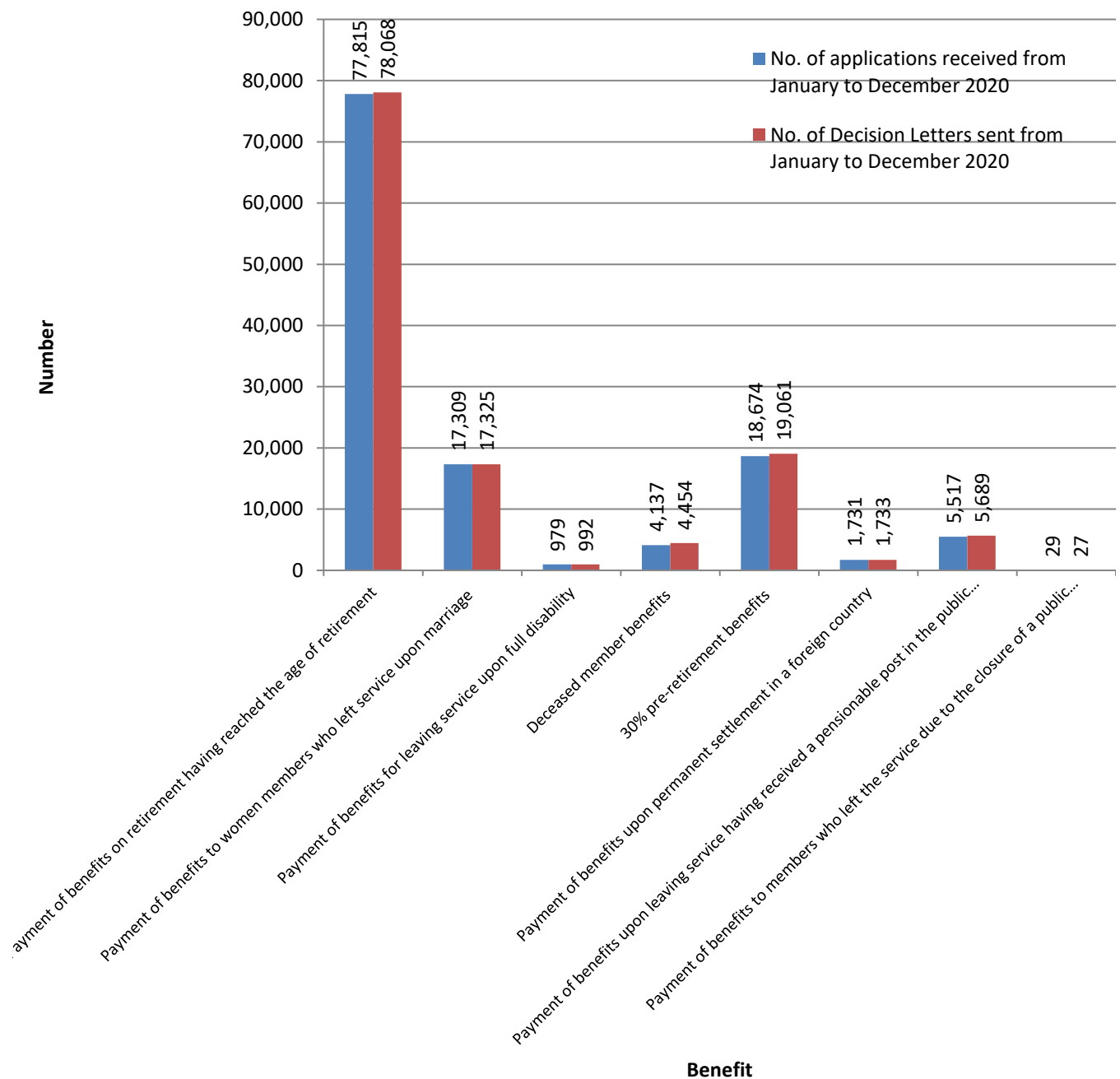
### **2.6.2 Registration of members for Employees' Provident Fund**

Allocating numbers to all employees covered under the EPF Act and register them in the Fund is a responsibility of the employer and the process is monitored by the Department of Labour. Accordingly, the number of members registered with the Department during the year 2020 were 167,352 and as of at present, there are 2.91 million active accounts.

First notices and red notices are issued for employees who fail to make contributions as stipulated and if such notices are not properly responded to, action is taken to constitute legal action and recover the contributions together with the surcharge and account them. During the year 2020, Rs. 5,065 million were recovered by issuing 12,232 first notices and Rs. 3,941 million were recovered by issuing 9,253 red notices.

### **2.6.3 Payment of benefits of EPF**

Facilities have been made to avail this service from the Head Office of the Department and 35 district offices and 12 sub labour offices located across the country and the number of beneficiaries who received benefits in the year 2020 are as follows.



Graph 2.4 –Receipt of applications and forwarding Decision Letters to the Central Bank-2020

#### 2.6.4 Supervision of approved Provident Funds

There are 117 institutions with approved provident funds under the EPF and the membership thereof is 186,473. The functioning of such funds including the crediting of contributions and payment of benefits

is monitored by the Department and those institutions which do not function properly are brought under the purview of the Commissioner General of Labour.

No. of complaints received in the year 2020	52
No of complaints resolved and files closed in the year 2020	40
No. of reports on private provident funds monitored by field officers in the year 2020	72
No. of institutions monitored in the year 2020	72

Table 2.8 Progress of monitoring approved provident funds -2020

## **2.6.5 Benefits granted to members from the fund**

2.6.5.1 Approving housing loans keeping the balance of the EPF account of the member with the objective of uplifting the living standard of members, facilities have been made available to place the balance of the EPF as a security and obtain a housing loan subject to a ceiling of 75%. Accordingly, approval was granted for 6,591 housing loan applications during the year. The amount for which approval was Rs. 3.43 billion.

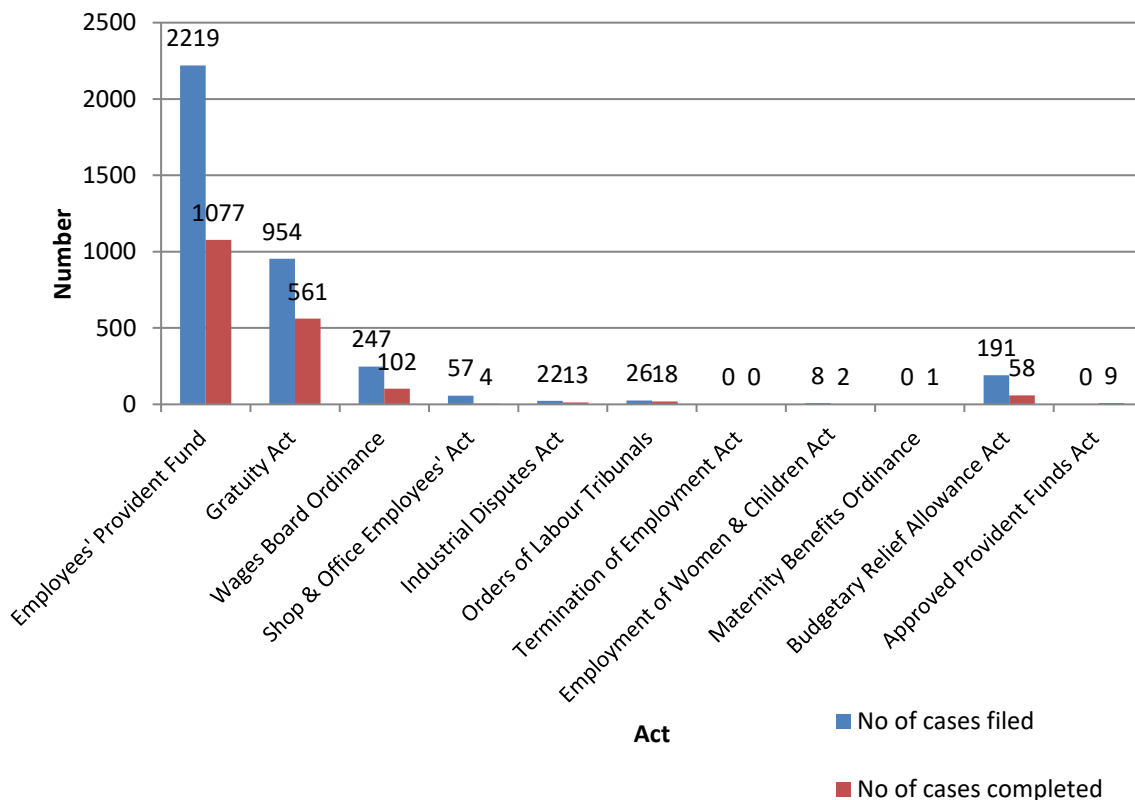
2.6.5.2 Conducting awareness programmes on EPF  
Three mobile services were conducted at Ratgama, Poddala and Homagama with the objective of raising awareness on the EPF amongst both employers and employees and expanding registration.

2.6.5.3 Through the decentralization of the service provided by the Head Office to regional offices., more facilities were made available to members.

## **2.7 Legal protection for safeguarding the rights at work of the employees**

The Department enforces a host of legislation for the protection of rights at work of employees. Accordingly, in order to ensure the uniform execution of the provisions of such legislation required to be enforced by the Department of Labour, action is pursued by the Department to constitute legal action against perpetrators of such violations thereby safeguarding the rights of both employees and employers and promoting the cooperation between the two parties.





Graph 2.5 - Court cases filed by all district offices and cases resolved -2020

Court	Balance brought forward to year 2020	No of cases closed in the year 2020
Supreme Court	114	8
Court of Appeal	160	17
High Court	120	30
Commercial High Court and District courts	216	21

Table 2.9- Court wise performance of cases -2020

## 2.8 Administration

### 2.8.1 Administration

The Administration Division consists of 04 branches. Namely, the Administration Branch, the Establishment Branch, the Building Maintenance Unit and the Library.

Out of these, the Administration Branch handles all the services and supplies of the department. Under this, activities such as identifying the land requirements related to the construction of buildings of the department and acquiring lands, directing the activities related to building construction, rehabilitation and improvement of buildings, renting buildings as required, vehicle administration of the department,

providing necessary infrastructure for the zonal and district offices of the department, managing capital goods and equipment, approving overtime, holiday pay, Agrahara Insurance and distress loan are carried out.

The Establishments Branch identifies the staffing requirements of the department, all matters relating to recruitment as required, promotions of officers, efficiency bar examinations, performance appraisals, salary increments, transfers, retirement of officers, deals with officers' leave and staff discipline.

In addition to the aforementioned routine functions, the following activities were carried out in the year 2020 for optimizing administrative duties.

- Introduction of Slack Application for internal communication of the Department.
- Issuing health guidelines for the prevention of Covid-19 to all labour offices and district factory inspecting engineers' offices island-wide and all branches of the head office.
- Issuing Personal Protection Equipment required for officers of the Department.
- Introduction of a work shift system to officers for reporting to duty during the period of Covid-19 pandemic.

## 2.8.2 Constructions

The Building Maintenance Unit assists to prepare the Annual Budget Estimates and Procurement Plan for the activities related to the construction and rehabilitation and improvement of the buildings of the department, coordinating with the Building s Department and other institutions regarding the construction of buildings, supervising building rehabilitation and improvement activities as well as all maintenance activities of the Head Office and Regional Offices of the Department.

Accordingly, infrastructure facilities of the following offices were upgraded during the year 2020.

Provision for the year 2020(From January to December) Rs Mn	Activities/Projects planned (Major)	Financial progress as at 31.12.2020 Rs. Mn	Physical progress as at 31.12.2020 Rs. Mn
22	Construction of Kurunegala labour office (fire protection system)	22	%20
-	Construction of Ambalangoda labour office	-	Stage II (95%)
53.70	Construction of Badulla labour office	53.70	Stage I(%52)
19.53	Construction of Dambulla labour office	19.53	Stage II(%100)
62	Construction of Hatton labour office	62	Stage I (%62)

Further, establishing of divisions of the Department in the 'Mehewara Piyasa' building opened last year was carried out in the year 2020.

## 2.8.3 Library, Museum and Information Service

The Library of the Department of Labor is the premier library in Sri Lanka for Acts and Ordinances, books and publications related to the field of labor. It facilitates the staff of the Department of Labor, the

Ministry of Labor and other institutions under the ministry, as well as external readers to refer to all Acts and Ordinances, books, publications, etc. related to the field of labor law.

This library houses over 180,000 books, publications and magazines. This collection can be categorized as Acts and Ordinances, Books, Magazines and Periodicals relating to labor laws, International Labor Organization Publications, United Nations Publications, Child Labor related Publications, etc.

The library provides services such as lending books, reference service, photocopy service, collection of newspaper articles and inter-library loans service.

In the year 2020, thirty books and 13 foreign journals were purchased for the library and 2870 books were lent for members. Reference services were also provided to 507 external users.

The Department of Labour also maintains a museum for the conservation of old acts and ordinances and documents relating to the subject of labour. The museum depicts the evolution of the labour sector of Sri Lanka from its inception to date.

## 2.9 Financial Management

The department adopted measures for the efficient, effective and economical administration of financial resources allocated to the department from the budget of 2020 in compliance with state policies.

Accordingly, 94.6% of recurrent provisions and 93.14% of capital provisions allocated to the Department from the annual budget in the year 2019 had been efficiently utilized achieving the financial management targets.

Recurrent expenditure	Provision (Rs.)	2,051,750,000
	Expenditure (Rs.)	1,941,023,284
Capital expenditure	Provision (Rs.)	1,053,800,000
	Expenditure (Rs.)	981,560,511

Table 2.10 –Overall financial progress of the year 2020

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

### 2.10.1 Guiding towards targets by monitoring the functions of the Department

The planning and progress review role of the Planning, Research, Training and Publications Division is; preparing the annual action plan and the strategic plan of the department and coordinating the activities of all the divisions and regional offices of the department to achievement of the departmental objectives, coordinating the activities of the monthly meeting of the Commissioners of Labour to discuss the progress of the divisions of the department and their future activities as well, preparing the progress of the department and coordinating the Management Committee Meetings which are held monthly by the Ministry of Labor to review the progress, providing necessary data and reports requested by the Ministry of Labor and other Ministries.

This Division is responsible for conducting progress review activities in the Regional Offices of the Department of Labor. Under this, the Division prepares and monitors the Annual Progress Review Plan of the Regional Offices. There, the Deputy Commissioners of Labor in charge of the zones conduct progress reviews in each zone. The Division also directs monitoring teams to check the progress of each office.

Accordingly, this Division monitors all the District and Sub Labor Offices as well as all the divisions of the Department in terms of their performance and focus towards the relevant annual targets in order to achieve the vision and mission of the Department. Here, the division monitors the work of the divisions and district offices of the department and analyzes the data obtained from it and conducts progress review meetings at the zonal level and makes necessary recommendations to further improve the progress of the relevant offices.

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.

Further, printing and issuing of labor acts, ordinances and Wages Board decisions required for the officers of the department, printing of general forms required for the use of labour officers for field work such as labor inspection reports, monthly diaries etc. are also carried out by this division.

#### **2.10.1.1 Monitoring District/ Sub Labour Offices**

Towards this end, the methodology developed in the years 2018 and 2019 was implemented in the year 2020. Accordingly, the progress of the district and sub labour offices was monitored under the following aspects.

01. Field inspection activities and judicial activities of Labour Officers
02. Process of recovering EPF in arrears and payment of EPF benefits
03. Efficient resolution of complaints on labour disputes and violations of statutory entitlements received by the Department
04. Administrative activities of offices

Consequently, in order to measure the progress under the above areas, targets to be achieved in the year 2020 were set and the Deputy Commissioners of Labour in charge of zones were summoned and instructed as to 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 Commissioners of Labour.

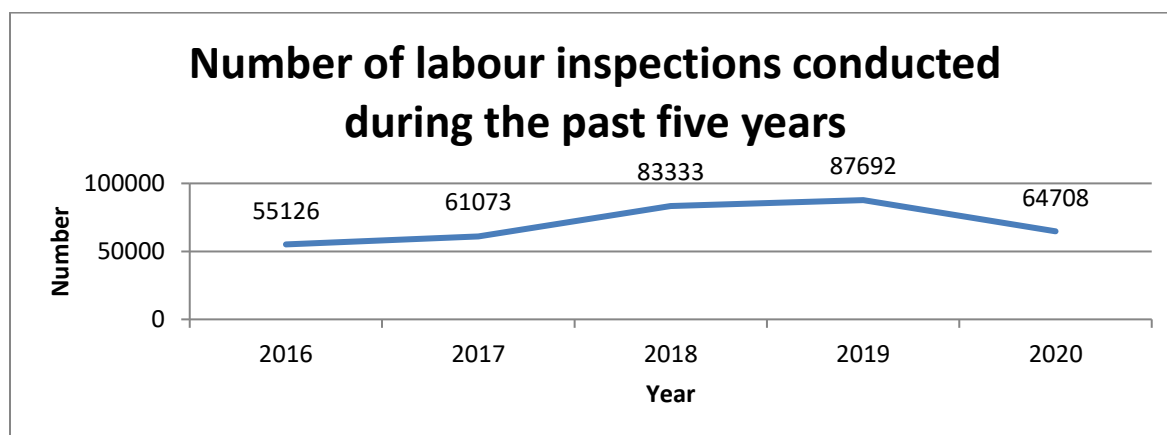
The progress achieved towards the end of the year 2019 was as follows.

#### **01. Field inspections of Labour Officers**

Planning field inspections and obtaining approval, deciding on the institutions to be accorded priority in selecting institutions for this purpose, 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 and the progress thereof is given below.

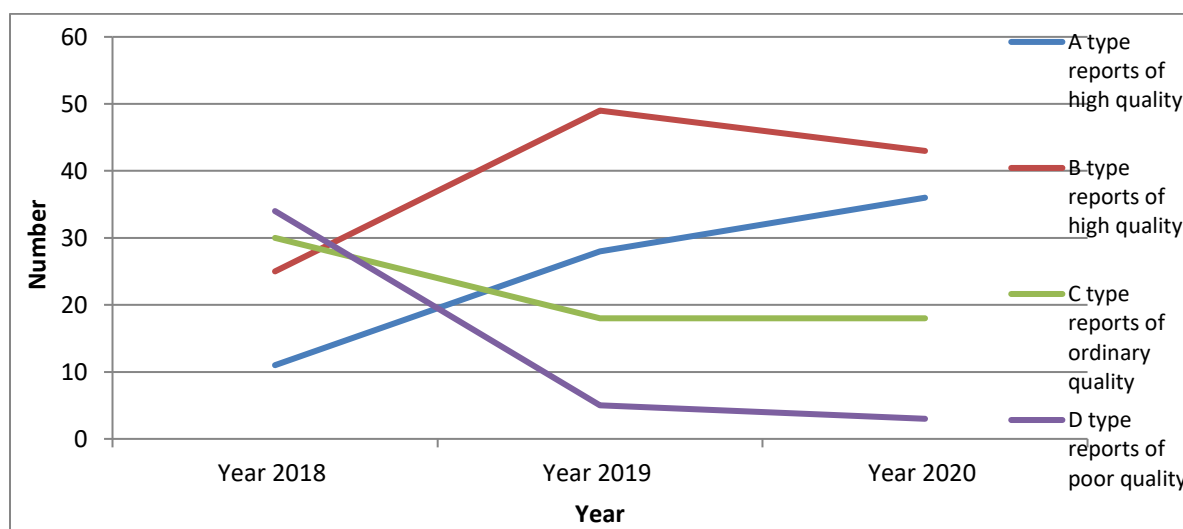
Though there has been a steady increase in the labour inspections conducted during the last four years from 2016 to 2019, the number of inspections conducted in the year 2020 is less when compared to previous years due to the total suspension of labour inspections during certain months and the restrictions imposed in other months of the year 2020.



Graph 2.6 - Number of labour inspections conducted during the past five years.

However, upon the inspection of the quality of reports submitted by labour officers, an outstanding improvement has been observed in the quality of the reports of the year 2020 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 79% as indicated in Graph 2.8.

Comparison of quality of labour inspections conducted in the years 2018,2019 & 2020

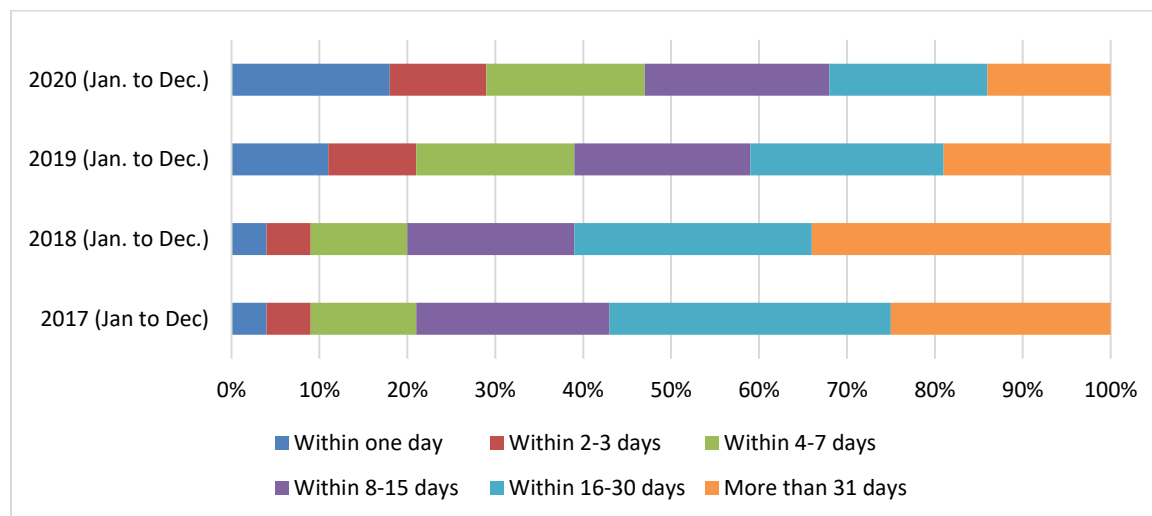


Graph 2.7 - Quality of labour inspections – Years 2018, 2019 & 2020

## 02. Process of recovering EPF in arrears and payment of EPF benefits

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.

Similarly, 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, action was taken to put in place an efficient benefit payment process.



Graph 2.8- Time taken for the payment of EPF benefits – Years 2017, 2018, 2019& 2020

Accordingly, the percentage to whom benefits were paid within 7 days by the end of the year 2020 has increased to 47% as compared to 21% in the year 2017 thus signifying an enhanced efficiency in the payment of benefits.

## 03. Petitions related Activities

Having identified the delays in the process of resolving complaints received by each district and sub offices and the number of files of which resolution has been delayed, relevant instructions and recommendations were given to deal with them speedily.

Similarly, having inspected the progress of each district and sub office and submitted analytical reports, progress review meetings were held at the zonal level. Further, the first progress review meeting of officers in charge of the district labour offices for the year 2020 was held using 'Slack' programme under the patronage of the Commissioner General of Labour. In addition, a meeting was also held under the patronage of the Hon. Minister and action was taken to brief the officers of future activities of the Department.

## 2.10.2 Human Resources Development

It is imperative to develop the capacity of officers for enhancing the quality of the services provided by the Department by improving knowledge of the officials of the Department about the role expected to be performed by them and their ability to take practical measures. 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 training are available, the necessary coordination work is carried out and financial provisions are arranged.

The Human Resource Development Plan of the Department for the next two years has been drafted in the year 2020 as per Public Administration Circular No. 02/2018 and accordingly training programmes are planned to be conducted in next two years.

S.No	Programme	No. of programmes conducted	No. of officers participated
1	Orientation programme for newly recruited Development Officers & Management Service Officers	02	97
2	Training programme on EPF activities	02	68
3	Training programme for arbitrators	01	78
4	Online training workshops conducted under the auspices of ILO	02	40
	<b>Total</b>	<b>07</b>	<b>283</b>

Table 2.11 Training programmes organized and conducted by the Department for officers- 2020

S.No	Programme	No of officers to whom provisions were granted
1	Post graduate degrees	12
3	Certificate courses and workshops	10
	<b>Total</b>	<b>22</b>

Table 2.12 Allocation of provisions to officers of the department for trainings conducted by external training institutes -2020

Expenditure head	Provision for the year 2020 (Rs)	Expenditure as at 31.12.2020 (Rs)	Balance as at 31.12.2020 (Rs)	Expenditure as a percentage of provisions
221-01-01-2401	100,000.00	92,725.00	7,956.00	92.73%
221-02-02-2401	200,000.00	200,000.00	0.00	100.00%
221-02-03-2401	200,000.00	200,000.00	0.00	100.00%
221-02-04-2401	500,000.00	492,394.00	7,606.00	98.48%
<b>Total</b>	<b>1,000,000.00</b>	<b>985,119.00</b>	<b>15,562.00</b>	<b>98.51%</b>

Table 2.13 –Overall expenditure as at 31.12.2020 for capacity development activities -2020

## 2.11 Activities of the Statistics 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 Statistics Division. The Division functions under the supervision of the Commissioner of Labour of the Planning, Research, Training and Publications.

Accordingly, the following activities were conducted in the year 2020.

- 2.10.3.1 Labour Statistics 2018 (Annual Publication) was prepared and submitted for the approval of the publication committee of the Department
- 2.10.3.2 Labour Statistics 2019 (Annual Publication), finalizing tables
- 2.10.3.3 Posting schedules to the relevant institutions and collecting data for the survey on the number of hours worked and labour cost-2020
- 2.10.3.4 Providing data required for the Labour Journal
- 2.10.3.5 Feeding data into the data system designed for the computerization of new EPF registrations.
- 2.10.3.6 Preparing wage indicators monthly as per the wages boards for the relevant periods and submitting such details to the Central Bank of Sri Lanka
- 2.10.3.7 Formulating and submitting 14 key indicators of the labour market of Sri Lanka subject to the ILO standards

### **2.10.3 Decent Work Programme**

Sri Lanka as a member country of the International Labour Organization is committed to implement the basic conventions of the United Nations on the civil and political rights in compliance with the fundamental principles of the world body. Accordingly, 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 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 2020, a provision of Rs. 1,500,000.00 was allocated to the Department for the implementation of multifarious programmes and projects under the decent work programme and these programmes were executed as follows.

<b>Division which implemented the project</b>	<b>Net provision (Rs)</b>	<b>Expenditure (Rs)</b>	<b>Expenditure percentage</b>
Human Resources Development Division	700,000.00	529,305.80	75.62%
Women & children's affairs division	500,000.00 *	456,979.00	91.39%
<b>Total</b>	<b>1,200,000.00</b>	<b>986,284.80</b>	<b>65.75%</b>

Table 2.14 Progress of Decent Work Programme -2020

\*Out of the provision of Rs. 800,000.00 allocated for Women and Children's Affairs Division, Rs. 300,000.00 was reacquired by the Ministry



## 2.12 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. The Department has linked the EPF monitoring system with the EPF data system of the Central Bank.

Further, the “Slack Application” was introduced in the year 2020 for internal communication of the Department enabling internal communication to be carried out instantly minimizing the use of papers and it has also contributed to optimize duties performed by officers during the period where work from home was implemented.

In addition, documents such as specimen applications and forms 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 and could be downloaded as and when necessary. These information are continuously updated.

Accordingly, the services provided by the Department through its website in the year 2020 are as follows.

No	Application	Service	Target group
01	Website of the Department	Posting downloadable information <ul style="list-style-type: none"> <li>All forms (such as applications for obtaining clearance certificates for security services)</li> <li>Statistical data (Annual employment survey, labour statistics Covid-19 survey report)</li> </ul>	Internal and external clients
02	Website of the Department	Updating information posted on website. <ul style="list-style-type: none"> <li>Services provided by the divisions of the head office</li> <li>Contact details of all labour offices</li> </ul>	Internal and external clients
03	Website of the Department	Posting information <ul style="list-style-type: none"> <li>Media releases</li> <li>Foreign scholarship</li> <li>Bid invitations</li> <li>Training programmes</li> <li>Recruitment schemes,</li> <li>labour legislation and extraordinary gazettes</li> <li>Departmental circulars</li> <li>Seniority order of the officers of the Department, trade union list</li> <li>Register of active trade unions</li> <li>The list of names of persons with the certificate issued by the Commissioner General of Labour designated as authorized persons under the Factories Ordinance</li> </ul>	Internal and external clients
04	Website of the Department	Posting staff notice <ul style="list-style-type: none"> <li>Information and results of open and limited examinations</li> <li>Efficiency bar tests notices and applications</li> <li>Information on staff transfers</li> </ul>	Officers of the Department

05	Website of the Department	Giving opportunity to book a time online to hand over applications relevant to the payment of live benefits of EPF.	Internal and external clients
06	Website of the Department	Giving opportunity to submit online the application for obtaining approval for employing women at night work	Internal and external clients
07	Slack application	Using the Slack Application as a medium of internal communication of the Department while working from home during Covid-19 pandemic.	Officers of the Department
08	Meet video conferencing facility	Making facilities available for discussions required for officers working from home due to Covid-19 situation. (15 video conferences were conducted during the year)	Officers of the Department
09	Official YouTube channel of the Department	18 videos have been posted on the official YouTube Channel of the Department raising awareness on labour laws, acts and ordinances enforced by the Department of Labour, services provided by the Department and offices from which such services can be obtained, links for downloading the required documents, instructions for filling applications accurately and the institutions affiliated to the Ministry of Labour and their functions.	Internal and external clients

Table 2.15 - Services provided by the Department through its website. – 2020

### 2.13 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 2020 are as follows.

- As per the audit plan prepared in 2020 by the Internal Audit Division in respect of the year, 07 internal audits were conducted covering district labour offices and the divisions of the Head Office.
- 2 audit queries issued by the Government Audit Division after inspecting various offices of the Department were answered.
- During the year, 03 quarterly Audit & Management Committee meetings were held.

### 2.14 Achievements, challenges and goals

#### 2.13.1 Achievements

Working towards creating a favourable working environment in Sri Lanka in sync with 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 2020.

**i. Amending the labour inspection report format**

Measures have been taken to simplify the format currently being used by Labour Officers to report the details of their field inspections and it is to be used from the year 2021 onwards for field activities. Additional information is expected to be collected about the institutions using this new format since such information is of vital importance in policy formulating and decision making processes.

**ii. A new form was introduced for forwarding complaints on violation of labour laws**

A specific form has been introduced for forwarding complaints on violation of labour laws and facilities have been made available to download it from the Department's website.

**iii. Standard Operating Procedure(SOP) was formulated for the resolution of labour disputes**

A standard operating procedure (SOP) was prepared for integrating of the resolution of labour disputes of all labour offices and expediting the resolution process and it is to be operationalized in the year 2021.

**iv. Facility for forwarding applications for EPPF claims through the website of the Department**

Employees were accorded the opportunity of forwarding their applications for EPF claims through the website of the Department without visiting labour offices in person.

**v. A YouTube Channel was launched to raise public awareness on the services provided by the Department and it will be continued.**

A YouTube channel with an array of short video clips was launched with the aim of raising public awareness on the services delivered by the Department.

**vi. Supervision of district and sub-labour offices**

All district and sub labour offices were given targets to be achieved within a stipulated timeframe and their progress was continuously monitored. This resulted in-

- improved quality of labour inspections;
- efficient calculation of EPF arrears;
- reduction in the number of days taken for the payment of EPF entitlements.

**vii. Authority for the preparation of legal documents under the following Acts and Ordinances was decentralized to the regional labour offices of the Department**

- Employees Provident Fund Act No. 15 of 1958
- Payment of Gratuity Act No. 12 of 1983
- Wages Boards Ordinance No. 27 of 1941
- Shops and Office Employees Act No.19 of 1954
- National Minimum Wages for Workers Act No.3 of 2016
- Budgetary Relief Allowance of Workers Act No. 04 of 2016

- viii. **The drafting of the Bill for raising the minimum age of employment of children from 14 years to 16 years in terms of the approval received thereto was referred to the Legal Draftsman's Department.**
- ix. **Healthy Socioeconomic recovery of Sri Lanka –UN Multi-partner Trust Fund Project was launched in collaboration with the ILO.**
- x. **Management, Awareness and Policy Engagement Project (MAP 16) Project was launched in partnership with the ILO with the objective of eliminating child labour from Sri Lanka.**
- xi. **Measures taken for fostering industrial harmony during the period of Covid-19 pandemic**
  - a. A mechanism has been established to receive complaints on the termination of employment due to the spread of Covid-19 pandemic and resolve them efficiently.
  - b. Granting of approval for employment of women on night work shifts was regularized and the employees were given the opportunity of submitting their requests for employment of women at night to the Department online. This has made the procedure for granting approval for nights shifts more efficient and flexible.
  - c. A grace period of six months was granted to employees without any surcharge for the payment of EPF contributions.
  - d. For night approvals granted previously, an extension was given till the end of October 2020. This has minimized the obstacles for employing women at night during the period of Covid-19 pandemic.
  - e. Recommended guidelines to be followed in employing pregnant or nursing mothers during the period of Covid-19 pandemic have been issued to private sector institutions. This has ensured protection of women employees while encouraging them to be economically more active during Covid-19 pandemic.
  - f. Airing a documentary over national television for the promotion of occupational safety and health.
  - g. An electronic survey was conducted in private sector institutions to assess the impact of Covid-19 on the labour market of Sri Lanka.

During the months of April and May 2020, an electronic survey themed “Covid-19 and beyond –Impact on Sri Lanka’s labour market” was conducted. The objective of the survey was to collect information about private sector institutions affected by Covid-19 and such information is to be used by the government for effective, targeted and well planned policy responses. 2,764 private entities of the formal sector responded to the survey through electronic means.

Short term recommendations of the survey aimed at easing financial burden of employers can be summarized as follows.

- Continuing the awarding of loans for the provision of working capital at a lower interest rate.
- Allowing employers with the concurrence of trade unions or relevant parties to recover in future a part of the 'number of paid hours lost due to no work'.
- Retaining employment with reduced salaries for personnel who had to stay at home due to the absence of work/short term unemployment strategies. This will ensure that they will be reverted to their full time post within a period of six months with the payment of a certain percentage of salary instead of termination of their service. Ensuring social security, EPF and ETF contributions will be paid uninterrupted during this period.
- Permitting employers to make payments on pro-rata basis in terms of the number of hours worked by each employee, if working hours are restricted due to the loss of business opportunities/ the need to maintain social distancing.
- Providing necessary information/ observations regarding new Acts or amendments/ legal provisions introduced in the labour relations sector.

### **2.13.2 Challenges**

- Routine office activities had to be restricted during the period of Covid-19 pandemic. Consequently, labour inspections and factory inspections too had to be restricted temporarily which in turn had a negative impact on all activities of the Department.
- Realizing the vision of the Department using the limited financial and human resources 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.
- Expanding the coverage of the Employees' Provident Fund.
- Creating a sustainable institutional culture on occupational safety and health in all workplaces which is a timely need.
- Addressing issues relating to Covid-19 pandemic period.

### **2.13.3 Targets**

Working towards making the tasks assigned to the Department of Labour under the policy framework of the present government "Vistas of Prosperity and Splendour" and the activities relevant to the Department in terms of the United Nations Sustainable Development Goals (SDGs) a reality is the primary target of the Department in the year 2021. Accordingly, the following activities were accorded priority.

- Digitalization activities of the Department
- Simplifying labour legislations for the convenience of the public
- Reformulating the Labour Code incorporating the relevant amendments
- Implementing the Standard Operating Procedure (SOP) designed for resolving the complaints received by the Department.

- Amending forms and reports used by the department at present for its internal operations with a view to obtaining essential information efficiently.
- Extending support to projects carried out by the ILO as and when necessary
- Taking actions for the elimination of child labour
- Formulating a method for granting an incentive to officers of the Department
- Taking necessary measures to boost the image of the Department
- Conducting the second stage of the survey titled “Covid-19 and beyond- Impact on Sri Lanka’s labour market”, the first stage of which was conducted during April and May 2020.

## **Chapter 03**

### **Overall Financial Performance for the year ended 31 December 2020**

## Overall Financial Performance for the year ended 31 December 2020

### 3.1 Statement of Financial Performance for the year ended 31 December 2020

ACA-F

Rs.

Budget 2020		Actual		
		2020	2019	
	<b>Revenue receipts</b>			
-	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	2,030,323,025	2,389,348,000	ACA-3
-	Deposits	1,873,175,455	2,484,111,832	ACA-4
-	Advance accounts	80,541,111	104,067,383	ACA-5/5(A)
-	Other receipts	845,788,211	730,944,376	
-	<b>Total non-revenue receipts (B)</b>	<b>4,829,827,803</b>	<b>5,708,471,591</b>	
-	<b>Total revenue receipts and non-revenue receipts C= (A)+(B)</b>	<b>4,829,827,803</b>	<b>5,708,471,591</b>	
	<b>Less: Expenditure</b>			
	Recurrent expenditure			
1,468,650,000	Wages, Salaries & and other employment benefits	1,446,432,428	1,352,698,768	
558,550,025	Other goods & services	471,503,483	425,161,532	
2,382,320	Subsidies, grants and transfers	2,382,316	2,087,515	ACA-2 (ii)
22,167,655	interest payments	20,705,058	21,802,449	
-	Other recurrent expenditure	-	-	
<b>2,051,750,000</b>	<b>Total recurrent expenditure (D)</b>	<b>1,941,023,284</b>	<b>1,801,750,264</b>	
	Capital expenditure			
	Capital assets			
42,100,000	Rehabilitation and improvement of capital assets	37,054,504	41,965,155	ACA-2 (ii)
1,010,700,000	Acquisition of capital assets	943,520,888	1,252,189,466	
-	Capital transfers	-	-	
-	Acquisition of financial assets	-	-	
1,000,000	Capacity building	985,119	8,432,242	
-	Other capital expenditure	-	5,296,000	
<b>1,053,800,000</b>	<b>Total capital expenditure (E)</b>	<b>981,560,511</b>	<b>1,307,883,463</b>	
	<b>Main ledger expenditure (F)</b>	<b>1,889,676,410</b>	<b>2,579,784,812</b>	
	Deposit payments	1,803,429,515	2,470,142,804	ACA-4
	Advance payments	86,246,895	109,642,008	ACA-5/5 (A)
	Total expenditure = (D+E+F)	<b>4,812,260,205</b>	<b>5,689,418,539</b>	
	Imprest balance as at 31 December 2020 = (C+G)	<b>17,567,597</b>	<b>19,053,052</b>	



### 3.2 Statement on Financial Situation as at 31 December 2020

Rs.

		Actual	
	Note	2020	2019
<b>Non-financial assets</b>			
Property, plant and equipment	ACA-6	17,049,392,907	16,106,635,234
<b>Financial Assets</b>			
Advance accounts	ACA-5/5(A)	<b>253,610,987</b>	247,920,953
Cash and cash equivalents	ACA-3		-
Total assets		<b>17,303,003,894</b>	<b>16,354,556,187</b>
<b>Net assets/ equity</b>		-	-
Net assets		(609,215,148)	(545,159,242)
Property, plant and equipment reserve		17,049,392,907	16,106,635,234
Rent and work advance reserve	ACA-5(B)	-	-
<b>Current liabilities</b>			
Deposit accounts	ACA-4	862,826,135	793,080,195
Imprest balance	ACA-3	-	-
<b>Total liabilities</b>		<b>17,303,003,894</b>	<b>16,354,556,187</b>

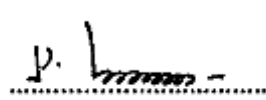
Detail accounting statements in above ACA formats presented in pages from 43 to 44 and notes to accounts presented in page 46 are integral parts of these final accounts. The financial statements have been prepared in complying with the generally accepted accounting principles whereas most appropriate 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 :  
Post :  
Date : 29.06.2021



Accounting Officer  
Name :  
Post :  
Date: 29.06.2021



Chief Accountant  
Name:  
Date : 29.06.2021

**M P D U K Mapa Pathirana**  
Secretary  
Ministry of Labour  
7th Floor, "Mehewara Piyasa"  
Narahrenpita  
Colombo - 05

**B.K. Prabath Chandrakeerthi**  
(Attorney-at-Law)  
Commissioner General of Labour  
Department of Labour  
Colombo 05.

**P. Jeyabaskar**  
Chief Accountant  
Department of Labour  
Colombo - 05.

### 3.3 Statement of cash flows for the year ended 31 December 2020

ACA-C

	Actual Rs.	
	2020	2019
<b>Cash flows generated from operational activities</b>		
Total tax receipts		-
Fees, surcharges, penalties and licenses		-
Profit		-
Non-revenue receipts	854,602,392	-
Revenue added by other departments/ministries	-	731,044,647
Imprest receipts	2,030,298,025	2,389,348,000
<b>Cash flow generated from operational activities (A)</b>	<b>2,884,900,417</b>	<b>3,120,392,647</b>
<b>Less: Cash disbursed for</b>		
Personal emoluments and operational expenditure	1,916,265,110	1,798,873,369
Subsidies & transfers	23,087,373	
Expenditure borne for other expenditure heads	39,640,977	28,274,332
Imprest settled to the treasury	-	-
<b>Cash flow spent for operational activities (B)</b>	<b>1,978,993,460</b>	<b>1,827,147,701</b>
<b>Net cash flow generated from operational activities (C)= (A)-(B)</b>	<b>905,906,957</b>	<b>1,293,244,946</b>
<b>Cash flows generated from investing activities</b>		
Interest		-
Dividends		-
Divestiture proceeds & sale of physical assets		-
Recoveries from on-lending		-
Recovery of advances	93,616,498	111,321,342
<b>Cash flow generated from investing activities (D)</b>	<b>93,616,498</b>	<b>111,321,342</b>
<b>Less: Cash disbursed for</b>		
Construction or purchase of physical assets and acquisition of other investments	981,560,511	1,307,883,464
Payment of advances	87,708,884	110,651,852
<b>Total cash flow disbursed for investing activities (E)</b>	<b>1,069,269,395</b>	<b>1,418,535,316</b>
<b>Net cash flow from investing activities (F)=(d)-(e)</b>	<b>(975,652,897)</b>	<b>(1,307,213,974)</b>
<b>Net cash flows from operating &amp; investment activities (G)=(C)+(F)</b>	<b>(69,745,940)</b>	<b>(13,969,028)</b>
<b>Cash flows from Financing Activities</b>		
Local borrowings		-
Foreign borrowings		-
Grants received		-
Deposits received	1,873,175,788	2,484,093,602
<b>Total cash generated from financing activities (H)</b>	<b>1,873,175,788</b>	<b>2,484,093,602</b>
<b>Less: Cash disbursed for:</b>		
Repayment of local borrowings		-
Repayment of foreign borrowings		-
Deposit payments	1,803,429,848	2,470,124,574
<b>Total cash disbursed for financing activities (I)</b>	<b>1,803,429,848</b>	<b>2,470,124,574</b>
<b>Net cash flow from financing activities (J)=(H)-(I)</b>	<b>69,745,940</b>	<b>13,969,028</b>
<b>Net movement in cash (K)=(G)-(J)</b>		-
Opening cash balance as at 01 <sup>st</sup> January		-
Closing cash balance as at 31 <sup>st</sup> December		-

### **3.4 Notes to Financial Statements**

#### **1) Reporting period**

The period from 01 January to 31 December 2020 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 benefits 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 31 December 2020.

### 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	2,051,750,000	2,051,750,000	1,941,023,284	95%
Capital	1,053,800,000	1,053,800,000	981,560,511	93%

### 3.7 In terms of FR 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	Election Commission	020-1-1-0-1409	For the payment of Election duty expenses	493,515.00	493,515.00	493,515.00	100%
02	Election Commission	020-1-1-4-1409	For the payment of Election duty expenses	3,444,564.00	10,272,787.00	10,272,787.00	100%
03	Ministry of Labour	054-1-1-0-1403	For the payment of water and electricity bills of the ministry	250,000.00	250,000.00	250,000.00	100%
04	Ministry of Labour	054-1-2-0-1403	For the payment of water and electricity bills of the ministry	963,467.00	963,467.00	963,467.00	100%
05	Ministry of Labour	054-1-2-2-2509	For the expenses on Decent work programme	38,600.00	1,416,170.00	324,344.00	23%

06	Ministry of National Policies, Economic Affairs, Resettlement and Rehabilitation, Northern Province Development and Youth Affairs	104-1-2-0-1003	Payment of allowance of graduate trainees	940,000.00	8,140,000.00	7,200,669.28	88%
07	Ministry of Public Services, Provincial Councils and Local Government.	130-1-14-0-1003	Payment of allowance of graduate trainees	3,600,000.00	3,600,000.00	3,465,096.73	96%
08	Ministry of Labour	193-1-1-0-1403	For the payment of water and electricity bills of the ministry	492,353.72	492,353.72	492,353.72	100%
09	Ministry of Labour	193-1-1-0-1409	Mehewara Piyesa facility management fees	1,571,489.97	1,571,489.97	1,571,489.97	100%
10	Ministry of Labour	193-1-2-0-1403	For the payment of water and electricity bills of the ministry	8,932,195.29	8,932,195.29	8,932,195.29	100%
11	Ministry of Labour	193-1-2-2-2509	For the expenses on Decent work programme	1,500,000.00	1,500,000.00	651,540.80	43%
12	Department of Pensions	253-1-2-4-1502	Loan balances of Retired Officers	140,319.35	5,023,518.52	5,023,518.52	100%

### 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 December 2020	Balance as per financial position report as at 31 December 2020	Yet to be accounted	Reporting progress as a %
9151	Buildings and structures	1,387,088,800.00	1,387,088,800.00		100%
9152	Machinery & equipment	617,880,905.30	617,880,905.30		100%
9153	Land	2,262,720,000.00	2,262,720,000.00		100%
9154	Intangible assets	-	-		-
9155	Biological assets	-	-		-
9160	Work in progress	12,781,703,198.91	12,781,703,198.91		100%
9180	Lease assets	-	-		-

### 3.9 Auditor General's Report

Commissioner General of Labour  
Department of Labour

#### **Summary report of the Auditor General in terms of Section 11(1) of the National Audit Report Act No.19 of 2018 on the financial statements of the Department of Labour for the year ended 31 December 2020**

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#### **1. Financial Statements**

##### **1.1 Qualified Opinion**

The audit of the financial statements of the Department of Labour for the year ended 31 December 2020 comprising the statement of financial positions at 31 December 2019 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. This report contains my comments and observations on the financial statements submitted to the Department of Labour in terms of Section 11(1) of the National Audit Act No.19 of 2018. The report of the Auditor General that should be submitted in terms of Section 10 of the National Audit Act, No.19 of 2018 which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka will be presented to Parliament in due course.

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 2020 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

##### **1.2.1 Basis for Qualified Opinion**

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My opinion is qualified on the basis of matters set out in Paragraph 1.6 of this report. 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 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 following:

- (a) Financial statements were consistent with the preceding year;
- (b) The recommendations made by me with regard to the financial statements of the preceding year had been implemented.

## **1.6 Comments on Financial Statements**

### **1.6.1 Accounting deficiencies**

#### **1.6.1.1 Receipts of deposits and payments**

The total of balances in two General Deposit Accounts as per the financial statements prepared by the Department of Labour as at 31 December 2020 amounted to Rs. 862,826,135. Of them, Rs. 267,767,361 had not been settled between periods ranging from 2 to 5 years, Rs. 104,571,143 between 5-8 years and Rs. 33,035,976 between 8 to 10 years. Accordingly it was observed that action had not been taken in terms of Financial Regulations 571 (2) and (3) of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka.

#### **1.6.1.2 Advance Accounts**

In comparing the Treasury Statement and the Statement of Financial Performance, the receipt of advances had been understated by Rs. 857,773 and the payment of advances had been understated by Rs. 693,030.

#### **1.6.2 Imprest Adjustment Account**

Even though the difference of the Advance 'B' account indicated under the deductions of the Imprest Adjustment Account was Rs. 11,592,029, after the correct adjustment of balances the said difference was Rs. 11,448,604 and therefore it was observed that Rs. 143,425 had been deducted in excess from the Adjustment Account.

#### **1.6.3 Statement of Financial Position**

Though the balance of the Advance Account according to the Treasury statement was Rs 253,446,194 as at 31 December 2020, in the Statement of Financial Position it had been stated as Rs. 253,610,987 under the financial assets thus overstating by Rs. 164,793. Further, as a result of the said balance being taken into consideration in calculating net assets in the Statement of Financial Position, the value of net assets had been overstated by Rs. 164,793.

##### **1.6.3.1 Non-financial assets**

The following observations are made.

- (a) As indicated in the statement on non-financial assets (ACA 6) included in the financial statements, the value of plant, property and equipment acquired during the year through purchases was Rs. 943,495,888. However, according to the summarized expenditure statements (ACA-2 (i)) that expenditure was Rs. 943,520,888. Accordingly, the value of plant, property and equipment had been understated by Rs. 25,000 in the Statement of Financial Position based on [(ACA-2(i)) as well.
- (b) According to the balance inspection of the Department as at 31 December 2020, the expenditure for expenditure items No: 221-1-2-2014 and 221-2-4—2104 construction of Mehewara Piyasa building and 221-1-1-2104 buildings and constructions was Rs. 940,730,168. However, that value indicated under 'work in progress' in the statement on non-financial assets was Rs. 931,870,210. Accordingly, the value of works in progress had been understated by Rs. 8,859,958 in the statement on non-financial assets.



- (c) According to the balance inspection as at 31 December 2020, the value of acquisition of machine and machinery under expenditure items No: 221-1-1-2103 and 221-2-3-2103 was Rs. 1,296,347. However, in the statement on non-financial assets, the value of acquisition of machine and machinery during the year was shown as Rs. 9,936,879. Accordingly, in the statement of non-financial assets, the acquisition of machine and machinery had been overstated by Rs. 8,640,532 than the expenditure indicated in the balance inspection.

#### **1.6.4 Cash flow statement**

##### **1.6.4.1 Non-revenue receipts**

Though the total of non-revenue receipts according to the balance inspection as at 31 December 2020 was Rs. 845,791,843, in the cash flow statement it was shown as Rs. 854,602,392 and as a result the value of non-revenue receipts had been overstated by Rs. 8,810,549 in the cash flow statement.

It was observed that the reason for this was the money received from the Election Commissioner's Office for the settlement of the balance of Rs. 8,810,549 which should have been settled at the end of the last year being shown again under the receipt of other revenue when it had been settled through the general deposit account.

## **2. Financial Review**

### **2.1 Expenditure Management**

#### **2.1.1 Savings in expenditure items**

- (a) Out of the total net provision of Rs. 43,200,000 in respect of 20 recurrent expenditure items of the year under review, Rs. 16,274,745 had been saved. This saving amounted to 37.6 percent of the net provision and ranged between 22 percent to 100 percent from the provision of each expenditure item.
- (b) Out of the total net provision of Rs. 12,050,000 in respect of 20 capital expenditure items of the year under review, Rs. 3,940,647 had been saved. This saving amounted to 32 percent of the net provision and ranged between 25 percent to 67 percent from the provision of each expenditure item.

#### **2.1.2 Deficiencies in the preparation of expenditure estimates**

Even though the net provision for the expenditure item No. 221-2-4-1-1404 'Lease rent and local government taxes' was Rs. 65,300,000, only Rs. 31,990,490 or 49 percent during the year. Accordingly the saving was 51 percent or Rs. 33,269,461. Accordingly it was observed that proper projection had not been made in terms of FR 50 of the Financial Regulations Code of the Democratic Socialist Republic of Sri Lanka.

### **2.2 Incurring of Commitments and Liabilities**

The following observations are made.

- (a) Liabilities amounting to Rs. 83,004,986 included in the treasury statement (SA-92) as at 31 December 2020 had not been included in the financial statement.
- (b) Though liabilities amounting to Rs. 2,969,199 had been recorded in the accounting statements, they had not been included in the treasury statement.

- (c) Liabilities of Rs. 61,954 indicated under expenditure items No. 221-1-1-0-1201 and 221-1-1-0-1202 included in the statement of liabilities and commitments had not been included in the liability register.
- (d) Though the value of liabilities relating to 6 expenditure items as at 31 December 2021 was Rs. 2,368,236 according to the financial statement of Head-221 Department of Labour (Project 04), in inspecting expenditure ledger up to 31 March 2021, it was found that payments amounting to Rs. 2,976,746 for liabilities of the previous year. Accordingly, up to 31 March 2021, Rs. 643,485 had been overpaid for liabilities of the previous year.
- (e) In reconciling with the financial statements of the Employees' Provident Fund as at 31 December 2020, liabilities of Rs. 6,637,421 that should have been indicated under expenditure items No. 221-2-4-1-1301, 221-2-4-1-1404 and 221-2-2-4-1-1409 had not been shown in the account statements.
- (f) In terms of section 05 of the State Accounts Circular No. 255/2017 dated 27 April 2017, commitments have been defined as 'the value of the agreement/ purchase order entered with outside parties with the aim of procuring goods and services or placed contractual works'. Accordingly, the commitment as per the agreement entered into with a private entity for the construction of the 'Mehewara Piyasa' building in the year 2013 by the Department of Labour had not been concluded even by the year 2013. The balance of commitments that remained as of 31 December 2020 had not been indicated in financial statements.

Further, though a provision of Rs. 704,900,000 had been allocated under expenditure item No. 221-1-1-2104 for the construction of the 'Mehewara Piyasa' office complex building during the year 2020, Rs. 66,598,182 of that amount remained unspent. Though the non-submission of the final bill for payments had been cited as the reason for this saving, this liability to be paid had not been disclosed even by a note in the statement of liability.

### **2.3 Certification to be made by the Accounting Officer**

Although the Chief Accounting Officer should have given a certification in respect of the following matters In terms of the provisions in Section 38 of the National Audit Act No.19 of 2019, action had not been taken accordingly.

The Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department of Labour and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out and that such reviews should be made in writing and a copy thereof should be submitted to the Auditor General. Nevertheless, statements had not been furnished to audit that such reviews had been made.

## **3. Operational Review**

### **3.1 Procurements**

- (a) The progress of the Procurement Plan prepared for the year 2020 had not been reviewed as at 31 December 2020 and Rs. 20,618,992 had been spent on carrying out work which had not been included in the procurement plan during the year.

- (b) Though it had only been planned to purchase 30 chairs spending Rs. 450,000 as per the procurement plan for the year 2020, 786 chairs had been purchased during the year. However 494 of them had not been used up to 30 June 2021.
- (c) Further, 20 executive high back chairs which had not been included in the contract agreement for the purchase of chairs submitted to the audit, had been purchased.

### **3.1.1 Contract Inspection**

- (a) The Secretary of the Ministry had not approved the cost estimate for the installation of partitions from floor 12 to floor 16 of the Mehewara Piyasa building and though the procurement process had been commenced for the selection of a suitable institution for this purpose, without preparing specifications, inviting bids or obtaining recommendations of Technical Committee, the Procurement Committee had granted approval to award the contract to the Department of Buildings upon the estimate prepared by that Department itself.

Further, even though only 20% of the contract sum can be paid as advance in terms of Section 5.4.4.(i) of the Procurement Guidelines, contrary to this, the total estimated cost of Rs. 135,300,000 had fully been paid to the Department of Buildings. However, even by March of 2020, the work under the contract had not been commenced.

- (b) For carrying out any contract of works, either an advance should be paid or payments should be made for the work done, but on most occasions, the total estimated cost had been paid to the Department of Buildings before the commencement of works. From August to 31 December 2020, the total cost estimate of Rs. 120,239,994 had been paid for 08 construction works at the very commencement of the work.
- (c) According to the information dated 23<sup>rd</sup> December 2020 provided by the Additional Director General of the Department of Buildings and according to the information furnished by the Commissioner General of Labour as at 31 March 2021, the amount paid to the Department of Buildings for the period from Year 2013 to Year 2020 for 25 construction and upgrade works was Rs. 320,106,499. Even by March 31, 2020, the physical progress of such works ranged between 90 percent to 100 percent and there remained a balance of Rs. 41,519,249, i.e. 13 percent out of the total money provided. The department had not taken action to reclaim this balance.

### **3.1.2 Deficiencies in the contract administration**

- (a) In terms of the agreement entered into between Sierra Joint Venture (Pvt) Ltd on 03<sup>rd</sup> October 2013, though it had been agreed to complete the construction of Mehewara Piyasa building in 36 months, the period had been extended up to 30 June 2019 subject to the charging of late fees as per Cabinet decision No: CP/19/1638/101/046-1 dated 26<sup>th</sup> June 2019. However, the works of the contract had not been completed even by 31 December 2020 and action had not been taken to recover late fees in terms of the agreement.
- (b) 39.3 percent of the total contract value amounting to Rs. 7,891 million, i.e. Rs. 3,099,921,236 was for omissions from the original approved estimate and 39.6 percent i.e. Rs. 3,136,654,194 had been included as additional works to the 46<sup>th</sup> payment certificate. Accordingly, it was observed that the original estimate approved at the awarding of the contract had been changed by approximately 40 percent. The comparison sheets required for the identification of these items had not been submitted to the audit.

- (c) A sum of Rs. 21,772,797 had been paid as late fees for 13 Interim Payment Certificates to Sierra Joint Venture (Pvt) Ltd (inclusive of VAT) on 31 December 2020. The approval of the Director General of Buildings had been granted to pay Rs. 8,837,002 of this amount by letters dated 29 December 2017 and 21 September 2018 and to pay Rs. 11,324,990 by a letter dated 31 December 2020. The reasons that led to the payment of late fees had not been disclosed to the audit.

### **3.2 Inspection of Assets**

- (a) 03 buildings which housed the Labour Officers of the Department of Labour remained idle for a period ranging from 01 to 09 years as a result of these offices being shifted to new buildings.
- (b) Action had not been taken even by the end of the year review to assess the value of 4 district offices of the Department of Labour at Mathugama, Mahiyanganaya, Hambantota and Kilinochchi and the District Factory Inspection Engineer's Office, Kurunegala.

## **4. Human Resources Management**

### **Approved staff, actual staff and expenditure for personal emoluments**

The details of the approved and actual staff and vacant posts as at 31 December of the year under review are given below.

	Employee category	Approved cadre	Actual cadre	No, of vacancies
(i)	Senior level	210	136	74
(ii)	Junior level	668	495	173
(iii)	Secondary level	1,758	1,488	270
(iv)	Primary level	489	438	51
(v)	Other (casual/temporary/ contract basis)	13	13	0
	<b>Total</b>	<b>3,138</b>	<b>2,570</b>	<b>568</b>

Accordingly, there existed 568 vacancies since the actual cadre was 2570 as against the approved cadre of 3138 as at 31 December 2020. However, according to the reply of the Commissioner General of Labour, it was stated that the actual cadre was 2,651 as at 30.04.2021 and the number of vacancies as of that date was 487.

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T.G.I. Padmini  
Assistant Auditor General  
For the Auditor General

## **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		79%	
The percentage of labour inspections conducted out of the targeted number of labour inspections			57%*
Of the complaints received on child labour, the percentage of the number of completed inspections		79%	
The number of programmes conducted for social dialogue as a percentage of the target	70%		
The percentage of payments of benefits of EPF within 14 days			68%
The percentage of the number of staff members who received training out of the total staff	12%**		
The percentage of the provision utilized, out of the overall provision allocated to the Department	94%		

\*Note – it became difficult to conduct the targeted number of labour inspections owing to the total suspension of field inspections in certain months and a limited number of field inspections being conducted in other months due to the Covid-19 pandemic situation that prevailed during the year.

\*\*The targeted percentage of conducting training programmes could not be reached during the year owing to the inability to mobilize officers for training programmes and the minimal provisions granted for capacity development programmes during the year.

## **Chapter 05**

### **Performance in achieving Sustainable Development Goals (SDGs)**

## Performance in achieving Sustainable Development Goals (SDGs)

### 5.1 Identified relevant Sustainable Development Goals (SDGs)

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 up to now
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 legal frameworks are in place or not to promote, enforce and monitor equality and non-discrimination on the basis of sex.	A series of collective inspections were conducted covering the entire island concurrent to International Women's Day f 2020 to inspect whether granting of maternity leave and nursing break is implemented properly by private sector institutions.
		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 23 complaints received by the Women and Children's Division in respect of service conditions of women and concluding 06 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 607 special group inspections on woman workers covering 465 institutions.  Two awareness programme on the law applicable to women and children were conducted for the executive staff of the Department of Fisheries and Aquatic Resources Development and the final year students of the Management Faculty of University of Colombo.
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 occupations” were drafted and approval for same was obtained from the Cabinet of Ministers and the final draft thereof has been received from the Attorney General’s Department.</p> <p>The amendment for increasing the minimum age a child can be employed from 14 to 16 years is at the second reading stage of Parliament. 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, special team inspections on hazardous child labour and child labour were conducted in 290 institutions.</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.	“New regulations on hazardous occupations” was drafted and approval for same was obtained from the cabinet of Ministers and the final draft thereof has been received from the Attorney General’s Department. The amendment for increasing the minimum age a child can be employed from 14 to 16 years is at the second reading stage of Parliament.
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## 5.2 Achievements and challenges in fulfilling Sustainable Development Goals (SDGs)

Due to the Covid-19 pandemic situation that prevailed throughout the year 2020, the targets of most of the activities planned for the year could not be achieved.

## **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	136	74	35%
Tertiary	668	495	173	26%
Secondary	1758	1488	270	15%
Primary	489	438	51	10%
<b>Total</b>	<b>3125</b>	<b>2557</b>	<b>568</b>	<b>18%</b>

### 6.2 How the shortage or surplus of human resources has affected the performance of the institution

The percentage of vacancies of senior level officers of the Department as at 31 December 2020 was 36% and the percentage of vacancies of the tertiary level officers was 26%. 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 Service Officers, 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 contented officers.

The participation of departmental officers in the local and foreign training programmes during the year 2020 is as follows.

### Participation in local training programmes

	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	Training programme for new Development Officers and Management Service Officers	Development Officers and Management Service Officers	97	05 days	103,800.00		Local	Providing training for new officers
2	Workshop held under the patronage of the Hon. Minister for arbitrators	Arbitrators	78	01 day	72,870.00		Local	Knowledge on the role of arbitrators enhanced.
Referring officials for trainings of external training institutions								
Workshops								
3	Workshop on Access Control System	Technical Officers	01	01 day	6,000.00		Local	Knowledge of officers enhanced.
4	Internet literacy and use of social media for public sector librarians	Librarians	02	01 day	4,000.00		Local	Knowledge of officers enhanced.
5.	Preparing salaries of public officers	Management Service Officers	02	01 day	8,000.00		Local	Accurate salary conversion of departmental officers
6.	Replying to audit queries	Development Officers and Management Service Officers	03	03 days	30,000.00		Local	Knowledge of officers enhanced on formally responding to audit queries
7	Duties relating to the recruitment to public sector	Management Service Officers	01	02 days	8,000.00		Local	Knowledge of officers enhanced on duties relating to recruitment
8	Procurement process	Management Service Officers	01	02 days	8,000.00		Local	Knowledge of officers enhanced on correct conduct of procurement process
Referring to diploma, degree and post graduate degree programmes								
9	Master's Degree in Sociology	Assistant Commissioners of Labour	01		102,500.00		Local	Duty related knowledge of officers enhanced
10	Post Graduate Degree in law	Legal Officer	01		300,000.00		Local	Duty related knowledge of officers enhanced.

	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		
11	Post Graduate degree in Developmental Studies	Deputy Commissioners of Labour	07		550,000.00		Local	Duty related knowledge of officers enhanced.
12	Human Resources Management	Assistant Commissioners of Labour	01		110,000.00		Local	Duty related knowledge of officers enhanced.
13	Public Administration and Management	Assistant Commissioners of Labour	05		550,000.00		Local	Duty related knowledge of officers enhanced.
14	Post Graduate Degree on Labour Relations and Human Resources Management	Deputy Commissioners of Labour	01		98,500.00		Local	Duty related knowledge of officers enhanced.
Training programmes organized and conducted by EPF Division								
15	Officer training programmes conducted by EPF Division	Officers of the Department handling EPF activities	68		42,975.00		Local	Knowledge required for duties of officers enhanced
Programmes conducted under the patronage of International Labour Organization								
16	Training programme on dispute resolution	Commissioners of Labour /Deputy Commissioners of Labour / Assistant Commissioners of Labour	40	10 days		Financial sponsorship of ILO	Local	Knowledge of officers on dispute resolution updated.
17	International Tripartite Meeting on Supporting Grass Roots Activities through the International Employers' and Workers' Network (SGRA)	Commissioner General of Labour	01	03 day	40,275.00		Foreign (Vietnam)	Sharing experiences with other countries on the SGRA project for which financial provisions are extended by the Government of Japan.

Table 2.16 –Participation in local and foreign training programmes, Year 2020

## **Chapter 07**

### **Compliance Report**



Chapter 07 - 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	<b>The following Financial statements/accounts have been submitted on due date</b>			
1.1	Annual financial statements	Complied		
1.2	Advance to public officers account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)	Not relevant		
1.4	Stores Advance Accounts	Not relevant		
1.5	Special Advance Accounts	Not relevant		
1.6	Others	Not relevant		
2	<b>Maintenance of books and registers (FR445)</b>			
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.	Complied		
3	<b>Delegation of functions for financial control (FR 135)</b>			
3.1	The financial authority has been delegated within the institute.	Complied		
3.2	The delegation of financial authority has been communicated within the institute.	Complied		
3.3	The controls has been adhered to by the Accountants in terms of	Complied		

	State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package.			
<b>4.</b>	<b>Preparation of Annual Plans</b>			
4.1	The annual action plan has been prepared.	Complied		
4.2	The annual procurement plan has been prepared.	Complied		
4.3	The annual Internal Audit plan has been prepared.	Complied		
4.4	The annual estimate has been prepared and submitted to the National Budget Department (NBD) on due date.	Complied		
4.5	The annual cash flow has been submitted to the Treasury Operations Department on time.	Complied		
<b>5</b>	<b>Audit queries</b>			
5.1	All the audit queries has been replied within the time specified by the Auditor General	Complied on most of the occasions	Sometimes, answers not being submitted on due date by the relevant offices and divisions	The relevant offices and divisions were briefed on the need to submit answers on due date.
<b>6</b>	<b>Internal Audit</b>			
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.	Complied		
6.2	Answers have been submitted to all internal audit reports within a period of one month.	Complied	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 No. 19 of 2018.	Complied		
<b>7</b>	<b>Audit and Management Committee</b>			
7.1	Minimum 04 meetings of the Audit and Management Committee has been held during the year as per the DMA Circular 1-2019.	Complied		
<b>8</b>	<b>Asset Management</b>	Complied		
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.	Complied		
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.	Complied		

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.	Complied		
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.	Complied		
<b>9</b>	<b>Vehicle Management</b>			
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.	Complied		
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning.	Not complied	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 necessary course of action.	Taking action to expedite the disposal process by appointing disposal committees twice a year.
9.3	The vehicle logbooks had been maintained and updated.	Complied		
9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident.	Complied		
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.	Complied		
9.6	The absolute ownership of the leased vehicle logbooks has been transferred after the lease term.	Complied		
<b>10</b>	<b>Management of Bank Accounts</b>			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date.	Complied		
10.2	The dormant accounts that had existed in the year under review or since previous years settled.	Complied		
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	Complied		

	balances been settled within one month.			
<b>11</b>	<b>Utilization of Provisions</b>			
11.1	The provisions allocated had been spent without exceeding the limit.	Complied		
	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1).	Complied		
<b>12</b>	<b>Advances to Public Officers Account</b>	Complied		
12.1	The limits had been complied with.	Complied		
12.2	A time analysis had been carried out on the loans in arrears.	Complied		
12.3	The loan balances in arrears for over one year had been settled	Complied	Loan balances in arrears for over one year have been settled to a certain extent and there are loan balances in arrears that remain to be settled.	
<b>13</b>	<b>General Deposit Account</b>			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits.	Complied		
13.2	The control register for general deposits had been updated and maintained.	Complied		
<b>14</b>	<b>Imprest Account</b>	Complied		
14.1	The balance in the cash book at the end of the year under review remitted to Treasury Operations Department.	Complied		
14.2	The ad-hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task.	Complied		
14.3	The ad-hoc sub imprests had been issued without exceeding the limit approved as per F.R. 371.	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly.	Complied		
<b>15</b>	<b>Revenue Account</b>	There is no revenue account for the Department		
15.1	The refunds from the revenue had been made in terms of the regulations.	Not relevant		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account.	Not relevant		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176.	Not relevant		

<b>16</b>	<b>Human Resource Management</b>			
16.1	The staff has been maintained within the approved cadre.	Complied		
16.2	All members of the staff have been issued a duty list in writing.	Complied		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017.	Complied		
<b>17</b>	<b>Provision of information to the public</b>			
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.	Complied		
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.	Complied		
17.3	Biannual and Annual reports have been submitted as per section 08 of the RTI Act.	Complied		
<b>18</b>	<b>Implementing citizens charter</b>			
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 complied	The committee appointed for the formulation of Citizen's Charter has gathered information relevant to all offices and divisions and the work of final stage is in progress.	
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 complied	The committee appointed for the formulation of Citizens' Charter itself has drawn up necessary plans for monitoring and assessing its implementation.	
<b>19</b>	<b>Preparation of the Human Resource Plan</b>			
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.	Not complied	Preliminary draft of the Human Resources Plan has been prepared.	
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 complied	This has been included in the preliminary draft of the Human Resources Plan	
19.3	Annual performance agreements have been signed for the entire staff	Not complied	Expected to be carried out	

	based on the format in Annexure 01 of the aforesaid Circular.		after the finalization of the Human Resources Development Plan	
19.4	A senior officer was appointed and assigned the 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.	Not complied		These activities are expected to be carried out through a formal committee in the year 2020.
<b>20</b>	<b>Responses to Audit Paragraphs</b>			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified	Complied		

**End.**

