



# ANNUAL REPORT 2021

National Institute of Occupational  
Safety and Health

# Annual Report - 2021

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Occupational Safety and Health

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## Message of the Director General to the Institute

The National Institute of Occupational Safety and Health was established under the Act No. 38 of 2009 and started its functions since 2011. The goal of the Institute is to provide a world class Occupational Safety and Health (OSH) service to the industry while being a self-financing body. NIOSH is the leader in delivering professional Safety and Health information to all our stakeholders. Within the few years of its inception NIOSH could be able to create occupational Safety and Health awareness

among the industry and the general public through carrying out various activities such as organizing seminars, training sessions and qualifying safety officers etc. Since its inception in 2011, the National Institute of Occupational Safety and Health had served as the premiere platform for Occupational Safety and Health professionals in Sri Lanka, to share and update their OSH knowledge and skills to meet the dynamic changes in the Sri Lankan working environment. NIOSH brings together regulators, practitioners, expert, researchers and suppliers towards a common aspiration which is to achieve a safer and healthier workplace for all.

NIOSH is committed to improve, maintain and sustain a safe working environment for all people, through increasing awareness and adherence to proper health and safety measures. NIOSH always respects all our stakeholders and committed to deliver an unbiased and technical services based on the industrial requirement. We provide solutions for any occupational Safety and Health issue arising while in industrial operations, in order to minimize occupational diseases and injuries. We are the pioneers in providing technical training and creating awareness, provision of top-level occupational healthcare and safety practices in terms of business operators, prevention of occupational diseases, and occupational accidents, impact on occupational Safety and Health outcomes, provision of necessary OSH training for students, providing fitness to work services to industry, providing environmental monitoring services to the industry etc. The trainings offered by our organization will ensure the safety of worker while at work, while ensuring safety of others in the workplace. The trainings enable individuals to identify specific hazards at their workplace and identify places where risk is high.

We utilize only the best scientific practices, the best scientific knowledge and resource to deliver our services. We maintain the best quality of our services by occupying the most qualified experts who has the hands-on experience to deliver the services. We provide the best quality OSH services looking for the future of the Sri Lankan industry.

We are the only government organization representing Ministry of Labour in connecting partnerships with the local industry, employers, employees, International organizations, universities and with professional communities in accordance with the global concepts. Furthermore we work with employers, employees and all other stakeholders and committed to maintain the relationships with all tripartite constituents.

**Dr. N C Amarasinghe**

*Director General*

**National Institute of Occupational Safety and Health**

### National Institute of Occupational Safety and Health Institute Board Directors

Name	Position	Position in the Committee
Mr N.P.D.U.K MapaPathirana	Secretary - Ministry of Labour	Chairman
Dr N.C Amarsinghe	Director General	Board Member
Mr.PrabathChandrakeerthi	Commissioner General	Board Member
K.A.B Kuruppu	Chief Accountant	Board Member
Dr.InokaSuraweera	Consultant- Community Physician	Board Member
Mr.IndikaGamage	Senior Manger - Group Human Resources and Administration	Board Member
Mr.VajiraEllepola	Deputy Director General	Board Member
Mr.ChaturaMohottigedera	Senior Assistant Secretary	Board Member
Mr.Abeyasiriwardena	Chief Factories Inspecting Engineer Industrial Safety	Board Member
H.R.J.K Erabadupitiya	Nursing Officer	Board Member
Dr. RavindraUdugamage	Doctor	Board Member
Dr. PalithaRajapakasha	Doctor	Board Member
Dr. Thilak Fernando	Retired Doctor	Board Member
Dr. Pubudusumanasekara	Executive Director	Board Member

# CONTENTS

Message by the Director General	iii
National Institute of Occupational Safety and Health Institute Board Directors	iv
Contents	v - vi
Chapter 1 - National Institute of Occupational Safety and Health	1 - 6
1.1 Introduction	2 - 3
1.2 Vision, Mission, Objectives	4 - 5
1.3 Special Priorities	5
1.4 Institutional Employee Hierarchy	6
Chapter 2 – Institution Service Provision	7 - 12
2.1 Service Provision	8
2.1.1 Routine Activities	8 - 9
a. Environmental Monitoring	8
b. OSH Risk Assessments	8 - 9
c. Fitness to Work Assessments	10
2.1.2 Special Activities	9 - 12
a. Special Trainings	10
• Level One Trainings	10
• Level Two Trainings	10
• Level Three Trainings	10 - 12
b. Occupational Safety and Health Projects	11
c. National Safety and Health Excellence Awards Competition	11
d. The National Occupational Safety and Health Conference	11
e. Occupational Safety and Health Research	11

f. National Occupational Safety and Health Professional Association	<b>11</b>
g. CSR Projects	<b>12</b>
2.1.3 International Collaborations	<b>12</b>
2.2 Service Quality Improvements	<b>12</b>
2.2.1 Quality Management System Certification	<b>12</b>
2.2.2 Infrastructure Developments at NIOSH	<b>12</b>
Chapter 3 – Progress of the Institute	<b>13 - 18</b>
3.1 Progress of Service Delivery	<b>14</b>
3.1.2 Progress of Special Programmes	<b>14 - 16</b>
National Occupational Safety Week	<b>16</b>
National Seminar on Occupational Safety	<b>17 - 18</b>
Diploma and Certificates Awards Ceremony for Occupational Safety and Health Officers and Health	<b>19</b>
National Seminar on Occupational Safety	<b>20</b>
Chapter 4 – Special achievements in the year 2021 and challenges faced by the Institute	<b>21 - 22</b>
Chapter 5 – Financial Progress of the Institute	<b>23 - 30</b>

## List of Tables

Table 1.1	Institutional Employee Hierarchy	<b>6</b>
Table 3.1	Environmental Measurement surveys	<b>14</b>

# Chapter One

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National Institute of  
Occupational Safety  
and Health

## 1.1 Introduction

The National Institute of Occupational Safety and Health was established in April 2005, as a policy making institution in the Ministry of Labour and Labour Relations with the objective of developing Occupational Safety and Health culture in the country. The mandate of the institution is to create awareness on OSH, training and research on occupational safety and health. Currently, functioning as a professional organization, dedicated to the advancement of workplace health and safety. The institute was founded upon the need to promote total physical, mental, and social wellbeing among the Sri Lankan employees, through providing information, training, education research, surveys, solutions, and management systems that ensure Safety and Health in working environments.

Having received the statutory powers in 2009 under the Ministry of Labour and Labour Relations of Sri Lanka, NIOSH empowers employees and employers to raise the awareness, assess the risks and implement world class solutions in improving health, safety and welfare of employees and stakeholders in any organization.

As we all know, healthy workforce is the building block of sustainable economic development of any country and NIOSH is mandated to promote the fundamental human right for individuals to operate from safe and healthy working environment nurturing a safety culture and prevention of work related diseases across Sri Lanka.

It is very important to maintain the work life balance by all employees. But, it is evident that the work pressure gives bad repercussions in person's life and the society as a whole. Due to poor working conditions, poor behaviour practices, unsafe behaviour and unsafe acts among the employees trigger work related accidents and diseases. These factors result in higher levels of absenteeism and turnover among the 8.7 million labour force of Sri Lanka.

The institute encourages and facilitates constant dialogue between organisations and stakeholders on relevant health and safety topics. Individual accountability is encouraged to proactively reduce economic implications due to occupational injuries and improve productivity in the work places, nurturing a healthier and motivated workforce.

NIOSH offers highly focused training programmes conducted by the experts in the field of OSH, to provide information, tools, and skills with resources that helps organizations to address Occupational Safety and Health challenges. These efforts are complemented by liaising with national and international Occupational Safety and Health institutes, and universities and such other organizations, to establish links and networks in order to further develop research work on the subject.

The institute facilitates medical inspections, environmental monitoring safety and health compliance auditing, risk assessments and training on a larger regional scale, forums, conferences, and networking events.

NIOSH as an institution always provide an unbiased, world class OSH service and create a safe and healthy working environment with the objective of minimizing occupational accidents and diseases and focuses to establish and sustain as a self-financing institute.

NIOSH staff is extremely happy to state that we could provide productive service to the consumers to their best satisfaction by performing the above activities in a very successful manner. It is evident that NIOSH has successfully accomplished the given objectives stated in the NIOSH Act No 38 of 2009 within a very short period with great success which we can be very proud of. The follow-up study has further proved this fact that many institutions have constantly obtained the services of National Institute of Occupational Safety and Health.

During the recent past NIOSH has undertaken various programmers and steps to create awareness in terms of protection and safety of the health of employees in the respective institutions in collaboration with those institutions. During this year, too NIOSH has provided quality services to minimize occupational accidents and diseases among many industries.

NIOSH could establish “NIOSH Brand” among all the industries in all free trade zone industries as well as in all industrial sectors such as manufacturing sector, textile and garment agriculture sector, etc. providing a very successful service based on their requests in improving employee’s safety and health.

## 1.2 Vision, Mission, Objectives

### **Vision**

“Occupational safety, health and welfare to all”

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### **Mission**

“To empower through education, trainings, research, and other relevant interventions for preventing and controlling all forms of work- related hazards to ensure safety, health and welfare at work places”

## NIOSH Objectives

- a. to advice the Government in the formulation of a national policy on Occupational Safety and Health and on the working environment for both of employers and employees taking into consideration the nature of the occupation and the safety of the employers and employees
- b. to advice the Government on measures required for the prevention of accidents and injuries relating to occupation at work places
- c. to conduct, undertake and assist in investigations, study programmes, surveys and research in the field of occupational safety and health
- d. to provide advisory services to any institution or person on the correct use of equipment, hazardous substances, physical, chemical or biological agents or products or any other hazards
- e. to educate and provide necessary training to employees, occupiers, workers or any other person required of knowledge and training in Occupational Safety and Health and related subjects either in collaboration with any other institution or university in Sri Lanka or abroad, or by the Institute and award certificates or diplomas on completion of such education or training
- f. to provide required services on the correct use of equipment, hazardous substances, physical, chemical, biological agents or product and psychosocial hazards and avoidance of known hazards

- g. (i) to advise the Minister on legislative requirements with regard to standards, codes, practices and guidelines in matters relating to occupational safety and health
  - (ii) to evaluate and determine the work process, the substances and agents, the exposure to which is to be prohibited, limited or made subject to supervision
- h. to undertake or collaborate in the collection, preparation, dissemination and publishing of information relating to Occupational Safety and Health
- i. to organize or to sponsor conferences, seminars, workshops, symposiums or such other similar programme and publish papers in connection with Occupational Safety and Health
- j. to co-ordinate inter-ministerial projects, programmes and activities on Occupational Safety and Health
- k. to establish and maintain libraries and laboratories for the purpose of promoting and furthering of the practice of Occupational Safety and Health
- l. to develop research and special laboratories
- m. to liaise and establish links and networks with relevant national and international institutions, universities or any other organizations in the field of Occupational Safety and Health
- n. to establish national standards in the field of Occupational Safety and Health

### 1.3 Special priorities

- Create a safety culture based on the objectives specified by the Act No. 38 of 2009 considering the timely needs and challenges in the country
- Provision of a safe and healthy work place for the employees
- Develop and improve technical competencies among the safety officers, through training and awareness creation of the most updated knowledge sharing
- Find solutions for the timely existing OSH challenges in industry

## 1.4 Institutional employee hierarchy

Senior level		Tertiary level		Secondary level		Primary level		Total		
Approved number	Number employed	Percentage of the number of vacancies								
07	02	03	03	10	06	05	05	25	16	36%

Table No 1.1 Institutional employee hierarchy

# Chapter Two

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## Institution Service Provision

# Activities of the Institution

This institution is mandated to carry out training, research and awareness related to Occupational Safety and Health improve the safety culture in the country. Accordingly, there are two broad categories of activities carried out by the institution which is shown as follows.

## 2.1 Service Provision

The institutional mandate is to create awareness, training and research related to Safety and Health for in all employers, employees and for all occupational groups in the country. Accordingly, NIOSH is delivering its quality and unbiased services through its routine activities and specific activities with international and national collaborations.

### 2.1.1 Routine Activities

- Environmental monitoring
- OSH risk assessments
- Fitness to work assessments

#### a. Environmental monitoring

Objective of this activity is to measure and monitor the working environmental conditions as to ensure the its standards and to provide a conducive and healthy workplace for the workers. Working environmental monitoring has to be conducted by obtaining technical parameters such as noise, temperature, chemical components in the work place, lighting levels, flue gas levels in a given area using very sophisticated equipment by specially qualified officers. According to the obtained results the working environmental improvements should be suggested and the recommendations have to be provided. Following facilities are available for environmental monitoring.

Obtaining measurements for indoor air quality and stack emissions using flue gas analyser. Obtaining dust level measurements using dust pumps in industry. Obtaining noise level measurements using sound level meters. Temperature measurements using heat stress monitor

#### b. Occupational Safety and Health Risk Assessments

The safety and health risk assessments are carried out in the factory premises by Occupational Safety and Health Officers and the risks are assessed by a walk through survey and reviewing related documents. The identified risks will be summarized, in the closing meeting and a report with risk prioritizations including the improvement recommendations will be provided.

## c. Fitness to Work Assessments

All workers in any workplace need to be assessed timely, to avoid and assess the exposure to the working environmental hazards. Accordingly, NIOSH team visits the factory premises, and monitor the employee exposure levels or they will visit NIOSH premises and get the testing done by competent technicians. A reliable medical report will be generated based on the test reports as to ensure the fitness to their specified job task. Following testing facilities are available at NIOSH.

- Audiometric examination
- Blood testing for different chemical exposures
- Fitness to work certification
- Lung function testing
- Vision testing

### 2.1.1. Special Activities

NIOSH is conducting special activities such as to support the industry to improve the safety and health status in industry and to minimize occupational injuries in industries such as tailor-made special training, Occupational Safety and Health related projects, safety and health conferences and seminars, Safety and Health Excellence Awards Ceremony etc. Most of these tailor-made programmes and projects are designed based on special requests from the industry and to cater the new challenges faced by the industries due to new technology, processes and human behaviours. Accordingly, special programmes are designed and implemented.

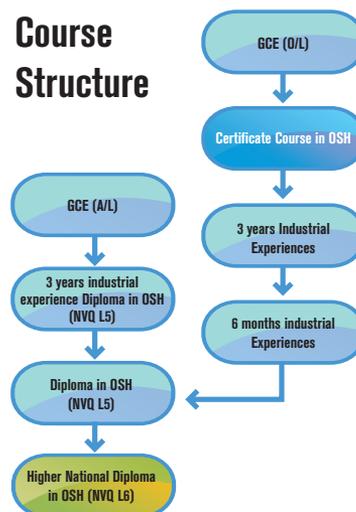
#### a. Special trainings

NIOSH has designed following levels of special trainings

- Level one
- Level two
- Level three

These trainings are designed considering the educational levels of the trainees. The Higher National Diploma in OSH, National Diploma in OSH (NVQ 5) Certificate Course in OSH (NVQ 4) and special short term trainings are developed specially based on the requests by the industries.

NIOSH training path is as follows:



Diagrams 2.1 Course Structure

## ■ Level One Trainings

The short term trainings are considered as the level one trainings which the duration of the trainings are one to five days. Following training sessions were organized by the institution during the year 2019

- Waste and environmental management for industrial workers
- Construction safety work shop
- Occupational Safety and Health introductory session
- Occupational Safety and Health for Industrial nurses
- Safety and Health for health care workers
- Occupational Safety and Health for office workers
- Safe chemical handling for laboratory workers
- Food safety for hotel workers
- Safe chemical handling for technical officers
- Stress management

All these trainings carried out in-house premises or outdoor premises based on the industrial requirement considering the time allocation by the industry and a special certificate is given for all the participants.

## ■ Level Two Training

The second level trainings are considered as long-term training which were designed to provide a competence to manage Occupational Safety and Health in any industry. These types of trainings are important for the employees who are working in the safety and health section in industries as to conduct safety committees, or to manage safety and health management systems or for the executives who would involve with decision making. This training is designed to complete within 15 days completing 750 notional hours and a special consideration was given for the industrial employees. Accordingly, a special consideration was given for the training location and weekend schedules as most of the employed participants does not have enough time during week days. Based on the request by the industries NIOSH has a flexibility to organize these trainings on 15 consecutive days. The session ends with an exam conducted by NIOSH and a certificate will be given only for the participants who successfully complete the exam. The entry criteria for the course are the G.C.E (A/L) qualification.

## ■ Level Three Training

Safe workplace is the building block in occupational injury preventing strategy. In order to do so, qualified Safety Officers play a key role in industry. The Safety Officers should be qualified with the National Diploma in OSH which is the top most qualification accredited as NVQ 5 in Sri Lanka. This diploma curriculum was developed to assist the needs of safety related issues of the industries. There are three modules which should be completed within 1500 notional hours as to qualify as a Safety Officer and

there are module exams to be completed successfully. Furthermore, the students have to submit a project report as a partial fulfillment to get the required marks in order to get the certificate. The employability assessment will be carried out prior to the convocation.

The next development of NIOSH training will be the Higher National Diploma in OSH, which will commence in the year 2020.

## **b. Occupational Safety and Health Projects**

NIOSH in collaboration with the International Labour Organization and many other national and international organizations carries out OSH related projects with the objective of improving safety culture in industry. Mostly these projects are implemented focusing for selected burning OSH issues in the country.

## **c. National Safety and Health Excellence Awards Competition**

National Safety and Health Excellence Awards Competition was initiated by NIOSH during the year 2014 and currently we have completed three competitions. The best Occupational Safety and Health practicing industries were selected through a stepwise process, including a desk review, field verification, expert review. The award ceremony for the year 2018 was held at Nelum Pokuna Theater with the participation of the Hon. Prime Minister of the country.

## **d. The National Occupational Safety and Health Conference**

The National Occupational Safety and Health Conference is one of the major events organized by NIOSH annually. Objective of this conference is to disseminate most updated international and national OSH related information among Sri Lankan industries as to benchmark with the international arena. More than 500 employers and top management participate in this conference. Most of the OSH related products displays also will be one of the key activities in this conference. The conference organizers create a national OSH network among the participants which provide a platform to share the knowledge.

## **e. Occupational Safety and Health Research**

The National Institute of Occupational Safety and Health carried out research projects in collaboration with universities, industry or any other organization which needs assistance to make critical decisions based on evidence.

## **f. National Occupational Safety and Health Professional Association**

This was initiated by NIOSH to develop a strong network with our students and industrial stakeholders. All NIOSH students are qualified to join as a student member and with the upliftment of their qualifications and the support to the national arena they will be awarded associate membership, technical membership, graduate membership and chartered membership respectively. The pinnacle of this ladder will be fellow membership which will be awarded after assessing their achievements in the career development.

## g. CSR Projects

NIOSH is always supporting the needy groups in national disasters such as floods, droughts etc. NIOSH assess the situation based on evidence and try to uplift the OSH status while supporting to overcome the disastrous situation.

### 2.1.3 International Collaborations

According to the given objectives, NIOSH is collaborating with many international partners to develop Safety and Health status in Sri Lankan industries. The international agencies such as the National Institute of Occupational Safety and Health in Malaysia, Singapore, and Asia Occupational Safety and Health Research Institutes in India, Brunei, Indonesia, China, Japan, Korea etc are collaborating with NIOSH Sri Lanka and sharing most updated knowledge.

## 2.2 Service Quality Improvements

The National Institute of Occupational Safety and Health is continuously upgrading its service delivery. NIOSH always believes that all our customers should have user friendly working environment and easily accessible systems. Accordingly, two strategies are taken into consideration in relation to service quality improvements such as; infrastructure developments and quality management system certification developments.

### 2.2.1 Quality Management System Certification

NIOSH believes that the service quality improvements can be achieved through systemizing the service delivery. In order to do so NIOSH has obtained the ISO 9001 quality management system certification and the NVQ standards for all our trainings.

### 2.2.2 Infrastructure Developments at NIOSH

Customers are our asset. Therefore, NIOSH has taken all the steps to develop its infrastructure to provide a happy and comfortable environment to our customers. Furthermore, NIOSH believes that the highest efficacy of the employees could be obtained by providing a conducive working environment for its employees. To fulfill these requirements, NIOSH is devoted to develop its infrastructure as the institution is functioning in an old building. NIOSH has taken initial steps such as, the new laboratory development, and the new auditorium and library development for the institution.

# Chapter Three

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Progress of the  
Institute

## 3.1 Progress of Service Delivery

In the year 2021, our institute conducted 150 environmental measurement surveys as a routine activity of the Institute. Table 3.1 given below provides an overview details of the services rendered by our institute.

Environmental survey	No of institutions
Sound	891
Light	1213
Heat	876
Dust	986
Emission	192
Air survey	184

Table 3.1 Environmental Measurement surveys

With the intervention of the Institute, medical tests are conducted to ascertain whether the level of health of employees is at the desired level. In the year 2021, medical tests were conducted for five institutions.

### 3.1.2 Progress of Special Programmes

One of the key programmes of the Institute is to offer training programmes for Health and Safety Officers. The progress of special programmes conducted in the year 2021 is tabulated below.

Level	Programme	Duration	
First level	Diploma course on National Occupational Safety and Health (English Medium)	17	January 2021- 21 batches
		30	May 2021 – 22 batches
	Diploma course on National Occupational Safety and Health (Sinhala Medium)	01	August 2021- 01 batch

Second level	Certificate course on National Occupational Safety and Health	24	April 2021 – 38 batches
		08	May 2021 – 39 batches
		24	July 2021- 40 batches
		04	September 2021- 41 batches
Tertiary level	Diploma course on National Occupational Safety and Health (Sinhala Medium)	22	February 2021- 02 batches
		22	March 2021- 03 batches
		07	December 2021- 05 batches
	Certificate course on National Occupational Safety and Health	21	January 2021 – 02 batches
		22	March 2021- 03 batches
		25	June 2021- 04 batches
		03	September 2021- 05 batches
	Certificate course for the returnees from foreign countries	28	June 2021
	Awareness workshop on how to conduct the Covid audit	17	March 2021
	Decent Work	10	July 2021
		17	July 2021

Table 3.2 Progress of special programmes

During the year 2021, three diploma courses were conducted. Though our diploma course is conducted in the English medium, for the first time, the course was conducted in the Sinhala medium this year for the first time ever. Originally it was planned to enroll 10 students to the course but due to the high demand, 15 students had to be accommodated. In 2021, two courses were conducted in the English medium and one course was conducted in the Sinhala medium. In addition, four certificate courses on National Occupational Safety and Health were conducted.

Similarly, three foundation courses on National Occupational Safety and Health were conducted in the year 2021. Those students who completed the foundation course have been referred to institutional training.

Arrangements were also made in the year 2021 to offer four courses for executive grade officers. This course was launched for the first time in 2020 and due to persistent requests, 04 courses were conducted this year.

In partnership with the International Labour Organization, a certificate course was conducted for those who returned to the motherland having worked in foreign countries. The course was conducted for a batch of 56 and each participant as provided with a tool kit required for their trade and a guidebook.

In addition to the usual courses conducted by the Institute, two programmes on Decent Work were conducted during the year, one of which was conducted for 10 staff members of banks and the other one was for ten nurses.

Applications were invited this year for the National Occupational Safety and Health Awards Ceremony 2021 and the large number of applications received are being processed now.

Despite the Covid-19 pandemic, National Occupational Safety and Health seminar was held successfully. It was held on 22.11.2021 under the patronage of the Hon. Minister of Labour and the Secretary of the Ministry and the Occupational Safety and Health Diploma and Certificate Ceremony 2021 was held at night.

As part of the National Occupational Safety Week, the National Conference on Occupational Safety was conducted as an online event. The conference was conducted for three days and each day 100- 110 participants took part in the event.

## National Occupational Safety Week

The Cabinet has designated 2nd week of October every year as the National Occupational and Health Week geared towards consolidating and promoting health and safety of employees.

### Objectives

This year's National Occupational Safety and Health Week was conducted from 22 November to 26 October 2021 and the following activities were conducted during this period.

1. National Seminar on Occupational Safety and Health – 22nd November
2. Diploma awarding ceremony for Occupational Safety Officers – 22nd November
3. Certificate awarding ceremony for Occupational Safety Officers – 22nd November
4. National Conference on Occupational Safety – A three-day programme was conducted from 24 to 26 November 2020

## National Seminar on Occupational Safety and Health

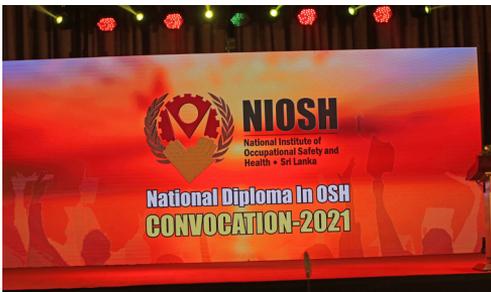
The seminar was inaugurated at 9.00 a.m. on 22 November 2021 and was held with the participation of local and foreign resource persons. This year's seminar was based on the theme 'How to work amidst Covid-19 pandemic and how to move forward despite Covid-19 pandemic'. As the event was held in conformity with Covid-19 health guidelines, the number of participants had to be restricted to 150. The seminar offered the opportunity for Sri Lankan factory workers to share the knowledge and experiences of foreign resource persons.





## Diploma and Certificates Awards Ceremony for Occupational Safety and Health Officers

The Diploma and Certificates Awards Ceremony for Occupational Safety and Health Officers was held under the patronage of the Secretary of the Ministry of Labour at 6.00 p.m. on 22nd November 2021. Certificates were awarded to 135 who successfully completed the Diploma Course and to 85 who successfully completed the Certificate Course.



## Conference of Occupational Safety and Health

The conference was organized as part of the National Occupational Safety Week and was held as an online event for three days from 24th to 26th October. Separate programmes were held for senior management of institutions, the construction industry and women. The number of participants each day ranged from 100-110 and emphasis was laid on educating workers occupational safety and health.



- An awareness raising programme for trade union representative was conducted three days in collaboration with the International Labour Organization.
- The institute contributed to a three-day programme focusing on the elimination of child labour conducted by the Department of Labour.
- A programme was organized for providing artificial limbs to employees whose legs had to be amputated due to workplace accidents.
- On the request of the Covid-19 Task Force, programmes were conducted in partnership with the Ministry of Health to educate workers on how to live with Covid-19, precautions against Covid-19 and Covid-19 preventive measures and the importance of Covid-19 vaccination.
- A two-day online programme was conducted with representations from diverse sectors including the plantations industry, apparel industry, tourism industry, construction industry, food industry and agriculture.
- Participated in the international seminar held by the South Asian Research Organization on Occupational Safety and Health.
- The report for the project related to the plantations industry to be conducted in the year 2022 jointly with the International Labour Organization was drafted and approval for same was obtained.

# Chapter Four

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Special achievements  
in the year 2021  
and challenges  
faced by the Institute

## Special achievements in the year 2021 and faced by the Institute

Posting profits exceeding the expected revenue targets despite the prevalence of the Covid-19 pandemic was the most outstanding achievement of the Institute in 2021. Further, all study courses were started and completed on time which too can be considered as a significant achievement.

One of the major setbacks during the year was the inability to conduct the National Occupational Safety Ceremony 2021 as expected.

# Chapter Five

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Financial Progress of  
the Institute

Chairman

National Institute of Occupational Safety and Health

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the National Institute of Occupational Safety and Health for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act No. 19 of 2018.

The above report is sent herewith.

**W.P.C. Wickremaratne**

Auditor General

Copy: Secretary" Ministry of Labour and Foreign Employment

Chairman

National Institute of Occupational Safety and Health

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the National Institute of Occupational Safety and Health for the year ended 31 December 2021 in terms of Section 12 of the National Audit Act No. 19 of 2018.

## 1. Financial Statements

### 1.1 Qualified Opinion

The audit of the financial statements of the National Institute of Occupational Safety and Health for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 and Finance Act No. 38 of 1971. In terms of Article 154(6) of the Constitution, my report will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the institute as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### 1.2 Basis for the qualified opinion

- (a) As depreciation, interest receipts and working capital variations and the previous adjustments had not been adjusted correctly in computing the cash flow from operating activities of the Institute, the cash flow from operating activities had been overstated by Rs. 11,346,381 in the cash flow statement.
- (b) Capital grants provided by the Ministry of Labour for the purchase of assets are used by the Institute for the purchase of assets. The Ministry of Labour had thus granted two cheques totaling Rs. 1,124,700 for the capital expenditure of the Institute and it was observed that the Institute had used these capital grants for reimbursing its recurrent expenditure. Further, these capital grants had even been taken to the Statement of Financial Performance of the year 2021 as treasury grants. In terms of Sri Lanka Public Sector Accounting Standard 11, the accounting policy used for the identification of the revenue from non-exchange transactions had not been disclosed in the financial statements. For the year 2021, the Institute had received two cheques totaling Rs. 1,964,880 from the Ministry of Labour for capital

expenditure and upon the inspection of the bank statement of January 2022, it was confirmed that both these cheques had been realized on 4th January 2022. However, events after the date of balance sheet which could still influence the situation prevailed as at the date of balance sheet had not been taken to the financial statements.

- (c) As per the depreciation policy of the Institute, even though depreciation should not be carried out in the year of purchase of the asset and the total depreciation should be done in the year of sale, as a result of Rs. 2,102,180 being depreciated for property, plant and equipment purchased in the year 2021 to the value of Rs. 20,440,900, the surplus of the year had been understated by Rs. 2,102,180.
- (d) The statement of changes in equity of the Institute had not been prepared in accordance with the terms set out in Sri Lanka Public Sector Accounting Standard 01 and the contribution of the government and the cumulative fund had been shown therein as the same balance. When compared with the opening balance of the previous year, though a difference of Rs. 6,133,798 was observed in the aforementioned values as well, the reasons for such difference were not clear to the audit.
- (e) According to the information submitted by the Institute, even though the investment interest for the year under review was Rs. 12,753,403, it was indicated as Rs. 9,218,664 thus understating the amount by Rs. 3,534, 739. Therefore the surplus of the year under review had been understated by that amount.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### 1.3 Other information included in the Annual Report 2021 of the Institute

Other information means information, though included in the draft Annual Report 2020 of the Authority which is expected to be handed over to me after the date of this audit but not included in the financial statements and in my audit report thereon. Those charged with management shall be responsible for other information.

My opinion on the financial statements does not cover other information and I do not provide an assurance of any manner or express an opinion on it.

My responsibility in relation to my audit regarding financial statements is to read other information whenever available and in doing so, consider whether there are material inconsistencies between other information and the financial statements or my knowledge gained at the audit or otherwise.

If I concluded that there are material misstatements, on the basis of other information that I obtained prior to the date of this audit report and on the basis of

activities carried out by me, I am required to report such matters. I have nothing to report in this regard.

## **1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

As per the sub Section 16 (1) of the National Audit Act No. 19 of 2018, the Institute 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 Institute.

## **1.5 Auditor's Responsibilities 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, misrepresentations, 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- 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 have communicated with those charged with governance regarding the significant audit findings, including any significant deficiencies in internal control that I have identified during the audit.

## 2. Report on other legal and regulatory requirements

- 2.1 Special provisions are included in respect of the following requirements in the National Audit Act No. 19 of 2018.
  - 2.1.1 In terms of the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, except for the effects of the matters described in the section on the 'Basis for the Audit Opinion' of this report, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Institute had maintained proper financial reports.
  - 2.1.2 In terms of the requirement indicated in Section 6(1)(d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the Institute presented are consistent with the preceding year.
  - 2.1.3 In terms of the requirement indicated in Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018, the recommendations made by me in the previous year have been included in the submitted financial

statements.

- 2.2 On the basis of the procedures followed and evidence obtained and being restricted within the material matters, nothing that warrants the making of the following statements did not come to my attention.
- 2.2.1 In terms of the requirement of section 12 (d) of the National Audit Act No. 19 of 2018, whether any member of the governing body of the Authority has any interest, direct or otherwise, outside normal business status in any contract entered into by the Authority.
- 2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, whether the Authority has not complied with any applicable written law, or other general or special directions issued by the governing body of the Authority;

Reference to Laws, Rules, Regulations etc	Description
(a) Financial Regulation 756 of Democratic Socialist Republic of Sri Lanka	Action had not been taken before 15th March of the next financial year as per the recommendations of the Board of Survey as regards 61 units relevant to 19 types of unusable goods submitted by the Board of Survey of 2021 through General 47 Form.
(b) Section 20 of the Payment of Gratuity Act No. 12 of 1983.	Though the cost of living should be added to the basic or consolidated salary or wage for the computation of the gratuity, the Institute had not taken the cost of living allowance in computing the gratuity.
(c) Paragraph 10.2 and Guideline No: 14 of Public Finance Circular No: 2/2020 dated 28 August 2020	The Performance Report of 2021 submitted to the audit together with the financial statements had not been in accord with the relevant instructions.
(d) Sri Lanka Public Sector Accounting Standard 7-Property, Plant and Equipment	Even though the purchase of property, plant and equipment to the value of Rs. 20,458,790 had been shown in financial statements during the year under review, those purchases had not been included in the Fixed Assets Register.
(e) Section 12.1 of Public Finance Circular 02/2021	The annual reports in respect of years 2019 and 2020 had not been tabled in Parliament even by 21 April 2022.

2.2.3 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the Authority has not performed according to its powers, functions and duties, except for the following observations.

Though the Institute should initiate action to establish national standards in the field of occupational safety and health in terms of Section 3(1) (n) of the National Institute of Occupational Safety and Health Act, No. 38 of 2009, such standards had not been established even by 30 April 2022.

2.2.4 In terms of the requirement of Section 12(f) of the National Audit Act No. 19 of 2018, whether the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

**W.P.C. Wickremaratne**

Auditor General



