



சாதிக ளு஢ அடிசசை ஁சசைச
தேசிய தொழில் கற்கைகள் நிறுவகம்
National Institute of Labour Studies

2021

வார்திக வார்தாலி
வருடாந்த அறிக்கை
Annual Report

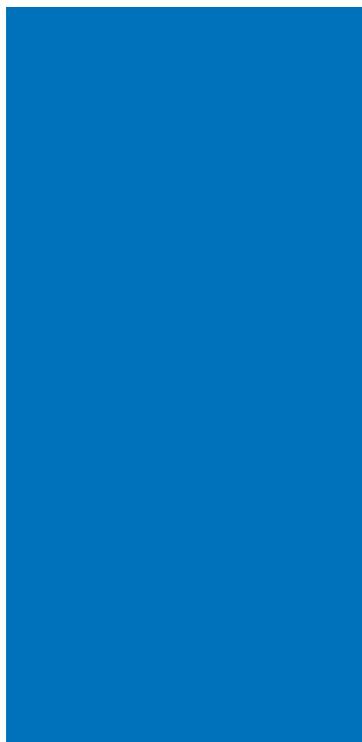


கதீகரஃ அலாசசா஁ச
தொழில் அமைச்சு
Ministry of Labour



NATIONAL INSTITUTE OF LABOUR STUDIES

ANNUAL REPORT
2021



National Institute of Labour Studies Annual Report 2021

All Rights Reserved

Compilation

National Institute of Labour Studies

2nd Floor, Labour Secretariat

Narahenpita, Colombo 05

Printers

Printec Establishment Private Limited

52/1, Ekwatta Road, Mirihana, Nugegoda

Telephone - 0112 815816

Email - salesprintec@gmail.com

Website - www.printec.lk



Contents

	Page
Chapter One: Institutional profile/ Executive Summary	
1.1 Introduction	06
1.2 Vision and mission	06
1.3 Objectives	06
1.4 Organizational structure	07
1.5 Institutional administration	07
1.6 Staff information	08
Chapter Two : Progress of the institute	
2.1 Training programmes	10
2.1.1 Diploma courses	10
2.1.2 Certificate courses	11
2.1.3 Short term training courses	12
2.1.4 Special workshops	14-15
2.2 Examinations	16-17
Chapter Three: Overall Financial Performance for the year ended 31 December 2021	
3.1 Statement of Financial Performance	22
3.2 Statement of Financial Position	23
3.3 Statement of Cash Flows	24
3.4 Notes to Financial Statements	25-27
3.5 Report of the Auditor General	28-34



Figures, Tables, Graphs and Photographs Lineup

Figures

Figure 1.1	Organizational Structure	07
------------	--------------------------	----

Tables

Table 1.1	Board of Governors of the National Institute of Labour Studies	07
Table 1.2	Cadre information of NILS as at 31.12.2021	08
Table 2.1	Diploma courses conducted in the year 2021	12
Table 2.2	Certificate courses conducted in the year 2021	12
Table 2.3	Training programmes conducted in the year 2021	12
Table 2.4	One-day training programmes conducted in the year 2021	13
Table 2.5	Two-day training programmes conducted in the year 2021	13
Table 2.6	Three-day courses conducted in the year 2021	13
Table 2.7	Special workshops conducted in the year 2021	14
Table 2.8	Exam oriented workshops conducted in the year 2021	14
Table 2.9	Examinations conducted in the year 2021	16
Table 3.1	Financial progress targeted and achieved from programmes	21
Table 3.2	Cadre of the Institute	21
Table 3.3	Staff training programmes	22
Table 4.1	Statement of Financial Performance	25
Table 4.2	Statement of Financial Position	26
Table 4.3	Statement of Cash Flows	27

Graphs

Graph 2.1	Overall gross income of programmes of the year 2021	15
Graph 2.2	Monthly gross income of programmes of the year 2021	15
Graph 2.3	Gross income of examination activities of the year 2021	17



01

Chapter One

Institutional Profile/ Executive Summary



1.1 Introduction

The National Institute of Labour Studies (NILS) is a statutory body functioning under the purview of the Ministry of Labour. This Institute established on 11th September 2007 was given legal effect by the National Institute of Labour Studies Act, No.12 of 2010. NILS is administered by a Board of Governors consisting of tripartite stakeholders in the field of labour, i.e. the employers, employees and public sector workers.

The primary function of the Institute is to plan and implement training and research activities required for the creation of a productive labour force well informed about labour legislations, laws, rules and regulations. With the objective of rendering a service of greater efficacy, the NILS is housed and maintained on the second floor of the Labour Secretariat.

1.2 Vision and Mission

Vision

Industrial peace and harmony for socioeconomic development of Sri Lanka

Mission

To facilitate tripartite constituents to develop and maintain productive labour relations through education, research and training.

1.3. Key Objects

- To implement workers education programmes with the collaboration of local or foreign institutes, to take measures to ensure welfare of workers in order to make them active partners in the development process;
- To conduct seminars, workshops, conferences and meetings on labour studies and publish magazines, journals, periodicals and books in relation thereto;
- To undertake research, carry out surveys and provide courses of studies relating to labour studies;
- To establish and maintain libraries and information services;
- To work in close collaboration with institutions, organizations, associations and societies both national and foreign, with similar objectives;
- To conduct courses including Diploma Courses on Labour Studies with the assistance of Universities and similar institutions and award certificates and diplomas where so required; and
- To engage in and promote activities aimed at maintaining industrial harmony.



1.4 Organizational Structure

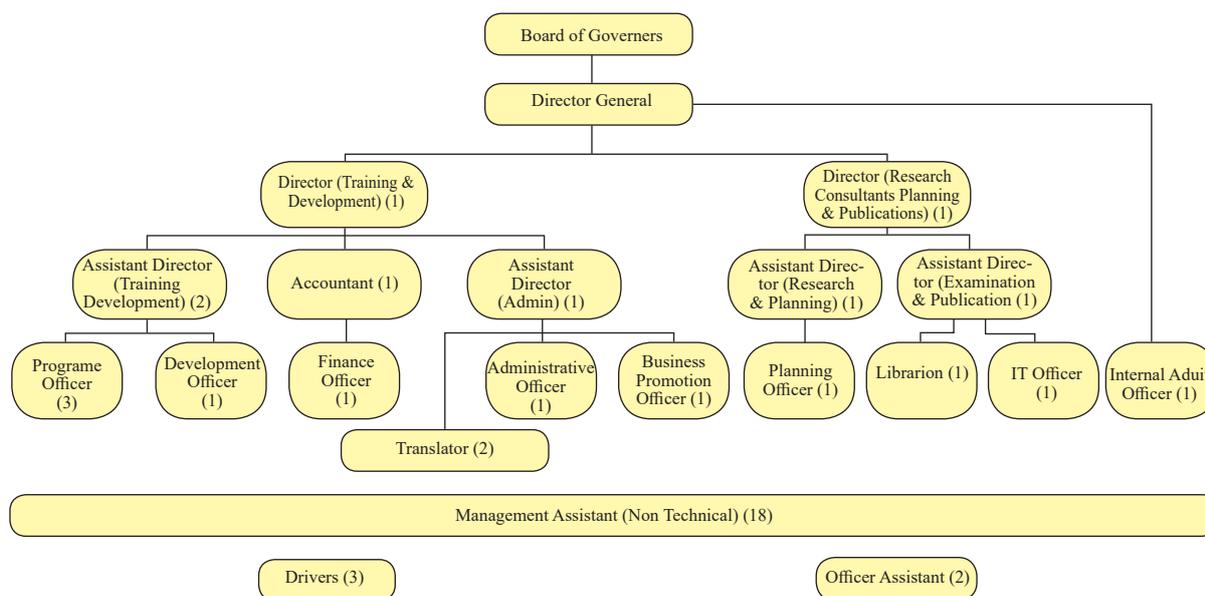


Figure 1.1 Organizational Chart

1.5 Institutional Administration

Board of Governors

For the purpose of administering the affairs of the Institute, the Board shall exercise, perform and discharge the powers, duties and functions conferred on the Institute by this Act.

The Board of Governors consists of six ex-officio members and thirteen members appointed by the Minister in charge of the subject. The Secretary to the Ministry of the Minister in charge of subject of Labour is the Chairman of the Board and the Commissioner General of Labour is the Vice Chairman.

Table 1.1 The Board of Governors of the NILS

Name	Position	Institution
Mr. M.P.D.U.K. Mapa Pathirana	Chairman	Secretary, Ministry of Labour
Mr. B.K. Prabhath Chandrakeerthi	Vice Chairman	Commissioner General of Labour
Mr. J.M.S.P.B. Jayathilake	Director General (Acting)	NILS
Mrs. D.W.W.P. Gunaratne	Member of the Board of Governors	Deputy Director, Ministry of Finance
Mrs. M.A.S. Dabarera	Member of the Board of Governors	Deputy Director, Ministry of Finance
Mrs. B.D.M.L. Dharmasena	Member of the Board of Governors	Deputy Director, Ministry of Industries
Prof. H.D. Karunaratne	Member of the Board of Governors	Senior Professor, University of Colombo
Dr. W.S. Chandrasekara	Member of the Board of Governors	Senior Lecturer, University of Colombo



Mr. W.K.L. Weerasinghe	Member of the Board of Governors	Director General, Chief Executive Officer, Employers Federation
Mr. Diththa De Alwis	Member of the Board of Governors	Senior Assistant Director General, Employers Federation
Mr. R. Panditha Koralage	Member of the Board of Governors	Representative of Employers Federation
Mr. Amarapala Gamage	Member of the Board of Governors	Trade Union Representative
Mr. P.K. Sirisena	Member of the Board of Governors	Trade Union Representative
Mr. Bandula Samankumara	Member of the Board of Governors	Trade Union Representative

Cadre information

Table 1.2 Cadre information of NILS as at 31.12.2021

Post	Approved cadre	Present cadre
Director General	01	01
Director (Research, Consultation, Planning & Publications)	01	-
Director (Training & Development)	01	-
Assistant Director/Deputy Director	05	01
Accountant	01	01
Internal Audit Officer	01	-
Business Promotion Officer	01	-
Administrative Officer	01	01
Planning Officer	01	-
Finance Officer	01	-
Programme Officer	03	01
Development Officer	01	-
Information Technology Officer	01	-
Librarian	01	-
Translator	02	-
Management Assistant (Non-Technical)	18	7
Driver	03	01
Karyala Karya Sahayaka	02	01
Total	45	14



02

Chapter Two

Progress of the Institute



Key activities of the institute

2.1 Training Programmes

The Institute has conducted training and academic activities centered on two overarching subject scopes for the creation of a productive labour force that contributes to socioeconomic development while maintaining harmonious labour relationships.

1. Labour laws and industrial relations
2. Human resources management

The Institute offers academic and training opportunities required for capacity building of employees, employers and trade union leaders in the public sector and the semi-government sector. Short-term and long-term courses designed for this purpose are organized and conducted. They cover a wide variety of fields including labour laws and industrial relations, human resources management, productivity, office management and procurement.

Resource Persons

Training programmes are conducted by a panel of experienced external resource persons with expertise in the relevant field. Amongst them are university lecturers, former and serving academics of national level education institutes, policy makers and serving/retired senior officials of the public and private sector institutions.

2.1.1 Diploma Courses

Two diploma courses under the long-term training programmes were completed in the year 2021 and seven new diploma courses were commenced during the year. Each diploma course comprises eight modules and each module consists of lectures of six weeks.

The modules relevant to the diploma courses are as follows. medium/nvq/online

Modules relevant to the diploma course on labour laws and labor relations

- Terms and conditions of employment
- Social security
- Industrial relations, trade unions and social dialogue
- Settlement of industrial disputes
- Termination of employment
- Emerging issues in Industrial relations
- Occupational safety and health
- Legal system of Sri Lanka relevant to the labour laws

2021 - Two Tamil medium programmes / 02 diplomas in Sinhala medium on human resources

2021 - Two diploma courses on Labour legislation & industrial relations

Modules relevant to the diploma course on Human Resources Management

- Management process and organization
- Human resources management: concept and practices



- Essential competencies for a HR Manager
- Motivation and higher productivity
- Labour laws and industrial relations
- Organizational behaviour
- Occupational safety and health
- Trends and challenges in human resources management

Table 2.1 Diploma courses conducted in the year 2021

S.No	Name of the programme	Duration	No. of participants
01	Labour Laws and Industrial Relations (English medium)	2021/2022	13
02	Labour Laws and Industrial Relations (Sinhala and English medium)	2021/2022	13
03	Diploma on Human Resources Management (Evening group)	2021/2022	12
04	Diploma on Human Resources Management (Sunday group)	2021/2022	14
05	Diploma on Human Resources Management -Sinhala (online)	2021/2022	10
06	Diploma on Human Resources Management -Tamil (online)	2021/2022	19
07	Diploma on Human Resources Management -Tamil (online)	2021/2022	28

2.1.2 Certificate Courses

Certificate courses are conducted with the objective of developing knowledge, attitudes and skills of officials of the public, semi-government and private sectors covering the fields of labour laws and industrial relations, human resources management, office management, procurement, internal audit and English and Tamil languages with each component taking up six days.

Table 2.2 Certificate courses conducted in the year 2021

S.No	Name of the programme	Date conducted	No. of participants
01	Certificate course on Human Resources Management -Sinhala	07.03.2021-30.05.2021	15
02	Certificate course on internal audit	19.03.2021-25.06.2021	33
03	Certificate course on procurement process	25.03.2021- 17.06.2021	28
04	Safety Officer certificate course	26.10.2021-06.01.2022	13
Online programmes			
05	Higher National Certificate Course on Labour Laws & Industrial Relations –Sinhala (Online)	21.02.2021-18.07.2021	14



06	Advanced Certificate Course on Human Resources Management -Tamil (Online)	02.03.2021-03.06.2021	47
07	Advanced Certificate Course on Human Resources Management -Sinhala (Online)	18.05.2021-10.08.2021	16
08	Higher National Certificate Course on Labour Laws & Industrial Relations -Tamil (Online)	28.07.2021-17.11.2021	12
09	Higher National Certificate Course on Labour Laws & Industrial Relations - English (Online)	10.07.2021-30.10.2021	20
10	Advanced Certificate Course on Human Resources Management- English (Online)	31.07.2021-23.10.2021	10

2.1.3 Short-term Training Courses

National Institute of Labour Studies conducts short term courses of two-day, three-day and four-day duration at its training centre and at the premises of external institutions upon their requests.

Nine training programmes were conducted on requests made by external parties for 143 trainees.

Training programmes conducted on requests

Table 2.3 Training programmes conducted in the year 2021

S.No	Name of the programme	Date conducted	No. of participants
01	Effective maintenance of personal files	05.03.2021	30
02	Basic computer knowledge	22.03.2021	04
03	Preparation of project proposals	23.03.2021	20
04	Writing office notes and writing official letters	29.07.2021	20
05	Procurement Process for ancillary staff	08,09.11.2021	12
06	Accounting function and usage	29,30.11.2021	10
07	Procurement process	10.12.2021	14
08	Skills development of staff members	14,15.12.2021	17
09	Procurement process	22,28,30.12.2021	16

NILS has conducted 12 short term courses of one-day, two-day and three-day duration in the year 2021.

One-day training programmes

Table 2.4: One-day training programmes conducted in the year 2021

S.No	Name of the programme	Date conducted	No. of participants
01	Filing	16.02.2021	23
02	Effective maintenance of personal files	16.03.2021	29



03	Preparing salaries	16.03.2021	52
04	How to become a productive leader	30.03.2021	12
05	Resolving industrial disputes	14.08.2021	11
06	Role and responsibility of office in charge of leave	07.12.2021	16
Online programmes			
07	Enhancing knowledge on labour laws for better industrial relations	10.02.2021	24
08	Disciplinary procedure (online)	13.03.2021	21
09	Domestic inquiry (online)	27.03.2021	11

Two-day training programmes

Table 2.5: Two-day training programmes conducted in the year 2021

S.No	Name of the programme	Date conducted	No. of participants
01	Role and responsibility of Karyala Karya Sahayaka	07,08.12.2021	17
02	Driver skills development	16,17.12.2021	21
03	Office management and Financial Regulations	29,30.12.2021	23

Special workshops

Table 2.7: Special workshops conducted in the year 2021

S.No	Name of the programme	Date conducted	No. of participants
01	Right to Information Act	27.01.2021	30
02	Knowledge on industrial law	24.04.2021	11
03	Industrial safety	13.07.2021	07
04	Impact of court decision in interpreting labour law	19.07.2021	21
05	Preparation of salaries	19.07.2021	53
06	Preparation of salaries	16.09.2021	34
07	Filing	06.10.2021	20
08	Procurement process	26.10.2021	17
09	Damages and losses	02.11.2021	16
10	Annual board of survey	02,12,26,19.11.2021	36
11	Office management and Financial Regulations	11,12.11.2021	89
12	Effective maintenance of personal files	23.11.2021	48
13	Preparation of salaries	29.11.2021	46
14	Maintenance of government vehicles	07.12.2021	40
15	Procurement process	08.12.2021	12
16	Outcome based project management	21,22.12..2021	06
17	Accounting role and usage	21,27.12.2021	06



Examination oriented workshops

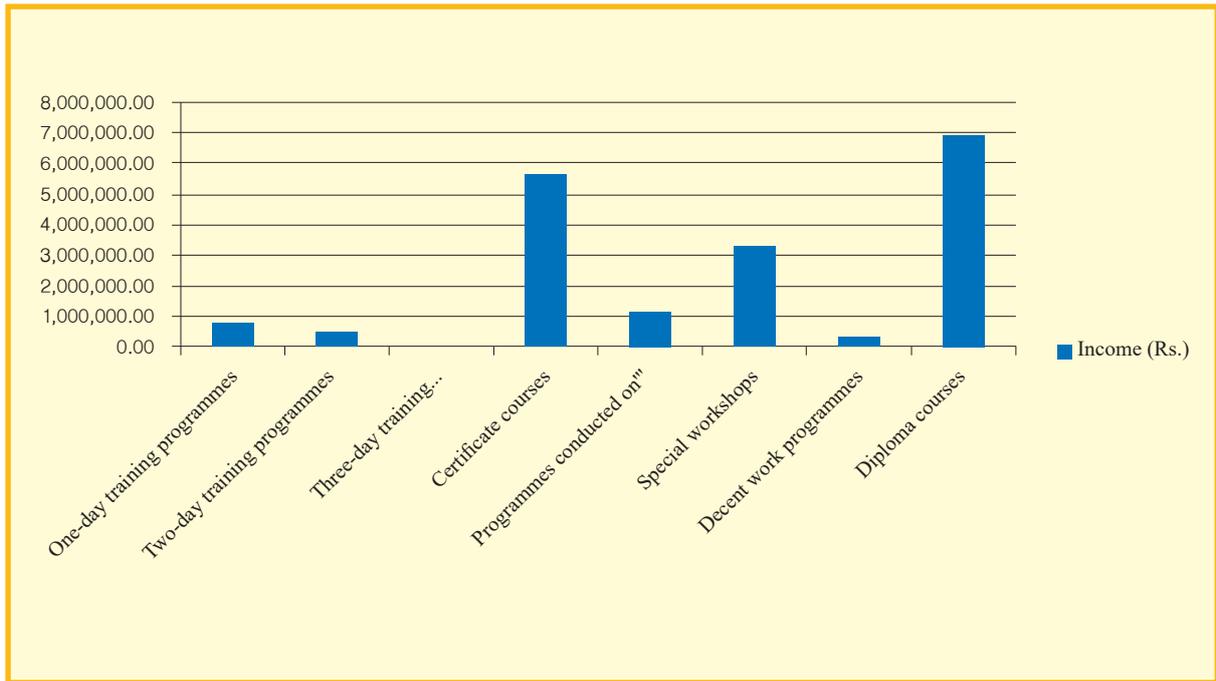
Training programmes conducted on office methods, financial regulations and general knowledge with the objective of providing requisite knowledge and understanding for efficiency bar examinations of officers of government and semi-government institutions.

Table 2.8: Examination oriented conducted in the year 2021

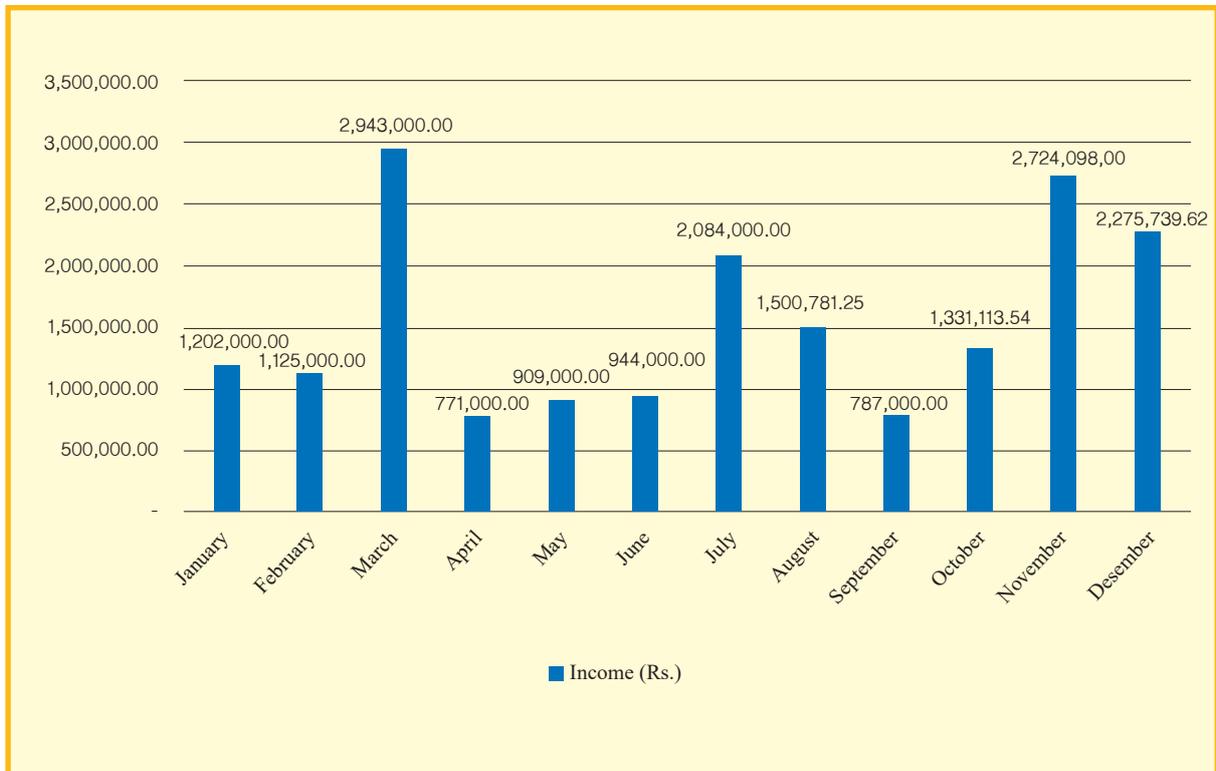
S.No	Name of the programme	Institution	Date conducted	No. of participants
01	Training examination for efficiency bar examination	National Entrepreneurship Development Authority	18.02.2021	03
02	Training examination for efficiency bar examination	National Entrepreneurship Development Authority	19.02.2021	04
03	Training examination for efficiency bar examination	National Entrepreneurship Development Authority	22.02.2021	10
04	Training examination for efficiency bar examination	National Entrepreneurship Development Authority	23.02.2021	06
05	Finance method & subject knowledge	National Youth Corps	09,10.08.2021	78
06	Office system, financial regulation & subject knowledge	National Youth Corps	09.08.2021	13
07	Office system & subject knowledge (Sinhala)	National Youth Corps	12,13.11.2021	11
08	Office system & subject knowledge	National Youth Corps	16.11.2021	07

The gross income from training programmes from January to December 2021 by programmes conducted is as follows ((Given in rupees)





Graph 2.1 Monthly gross income of training programmes from January to December 2021
Gross income of training programmes of the year 2021



Graph 2.2 Gross income of training programmes of 2021



2.1.5 Decent Work Programme -2021

Creating conducive work environment in tea factories for reinforcing employer-employee relationships

1.0 Introduction

The tea industry is prevalent in many parts of Sri Lanka and this industry whilst supporting to uplift the living standard of people living in such areas also makes a significant contribution to economic development of Sri Lanka. The tea industry contributes approximately 1% to the Gross Domestic Income. The annual tea production of Sri Lanka is about 330 million kilograms of which 323 millions are exported. Sri Lanka has a production share of 8% in the global tea production and accounts for 18% of global tea exports. Nearly 20% of the country's population are involved in the tea industry either directly or indirectly and the industry has branched out to many utility industries including the provision of storage facilities, transportation, printing and packaging, etc. In addition, the industry represents 15% of the total foreign exchange earnings of Sri Lanka and as much as 65% in agricultural export income. Currently, the industry generates revenue amounting to 1.5 billion dollars and the expectation is to raise it up to 5 billion. Thus, the tea cultivation, tea industry and export contributes to Sri Lanka's economy in general and to employment and foreign exchange earnings in particular.

However, strained relations between employer-employee in tea industry have badly hindered its progress. In recent times, it is observed that industrial relations in tea factories have severely eroded leading to a decline in workers' rights and duties. Further, it has been reported that the attention paid to industrial disputes and problems in tea industries is at a relatively lower level.

In light of this situation, it has been identified that it is advisable to create a favourable work environment in tea factories underpinned by stronger employer-employee relations through the implementation of recommendations subsequent to the conduct of a study using the participatory method in tea factories selected at the provincial level.

2.0 Justification

It has been planned to create a conducive work environment by submitting and implementing recommendations to solve problems and conducting training programmes for improving knowledge and skills of employers and employees'

This will minimize the employees' quitting the industry whilst enabling the retention of trained employees and the maintenance of productions of higher quality. Further, as duties and responsibilities of employers and employees are properly understood, employees rights will be safeguarded and an increase in the labour productivity will be evident. Similarly, by maintaining favourable industrial relations, not only the rights of employees will be protected, but the profitability too can be increased.



	Overall programme																				
	Activity	June				July				August				September				October			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1.0	Preparing preliminary plans relevant to the programme																				
1.1	Selecting tea factories for the programme																				
1.2	Coordinating resource persons required for the project through the relevant organizations																				
1.3	First field visit to the selected tea factory																				
1.4	Preparing plan for the report containing recommendations and training programme.																				
1.5	Second field visit to the selected tea factory for the training programme																				
1.6	Follow-up on the programme																				

4.0

Year	Month	Date	Name of programme	No. of participants
2021	October	21	Decent work- Rajjuruwaththa Plantations	22
2021	October	27	Decent work- Chilaw Plantations	24
2021	October	31	Decent work- Galpilla Plantations	25
2021	November	13	Decent work- Andaradeniya Plantations	42
2021	November	5	Decent work- Adawaththa Plantations	42
				155

2.2 Examinations

National Institute of Labour Studies has been conducting examinations for public corporations, statutory institutions and private sector entities for many years upon requests. Amongst the examinations thus conducted upon institutional requirements are examinations for recruitment of staff, efficiency bar examinations, assessment and service promotion examinations. Further, examinations relevant to the diploma and certificate courses conducted by the Institute are also held ensuring confidentiality of examinations whilst offering speedy service to its clients.

Despite the Covid-19 pandemic prevailed in the year 2021, twenty examinations were held in the year and an income of Rs. 3.03 million was generated through examinations conducted for external institutions. The total of 1160 candidates sat for these examinations.



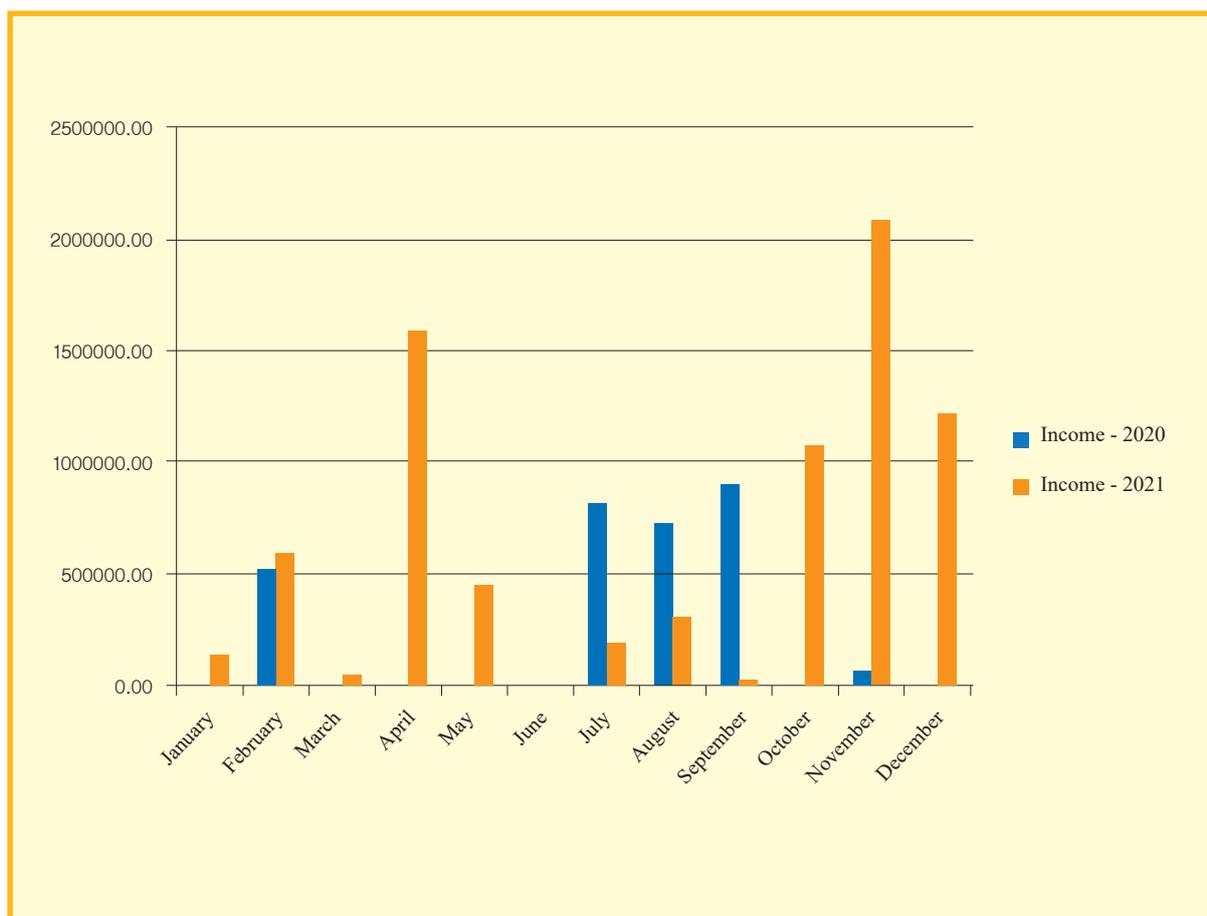
Table 2.9 Examinations conducted in the year 2021

S.No	Month	Institution for which examination was conducted	Date conducted	No. of candidates	Estimated amount (Rs)
01	January	Sports Medicine Institute	2021.01.11	12	76,600.00
		Ministry of Higher Education	2021.01.29	8	57,936.00
02	February	Department of Wildlife	2021.02.06	324	515,000.00
		National Savings Bank	2021.02.03	14	36,513.36
		Ministry of Women and Child Affairs	2021.02.25	1	33,275.00
		Department of Government Printing	2021.02.25	2	10,050.00
03	March	Government Information Department	2021.03.29	4	48,000.00
04	April	National Vocational Training Authority	2021.04.05	17	167,835.00
		Ministry of Defence	2021.04.07	86	284,250.00
		National Youth Corps	2021.04.24	321	774,000.00
		Ministry of Economic Promotion, Western Province	2021.04.24	17	63,943.00
		National Water Supply & Drainage Board	2021.04.25	105	298,262.25
05	May	National Savings Bank	2021.05.02	285	453,375.00
06	June	-			
07	July	National Institute of Occupational Safety & Health	2021.07.27	14	120,767.50
		Sugathadasa Sports Authority	2021.07.28	17	69,550.75
08	August	Ministry of Economic Development	2021.08.06	4	76,892.00
		1 Efficiency Bar –Labour Officer –Dept of Labour	2021.08.07	15	51,422.75
		11 Efficiency Bar- Labour Officer	2021.08.08	92	148,526.00
		Land Use Department	2021.08.17	5	31,234.75
09	September	Paranthan Chemical Factory	2021.09.30	1	27,166.25
10	October	Management Supra Grade recruitment examination	2021.10.06	149	346,679.00
		Exam for recruiting to the post of Stenographer – Dept of Labour	2021.10.07	86	183,237.00
		Exam for recruiting to the post of Stenographer – Ministry of Labour	2021.10.09	131	272,229.00
		Exam for recruiting to the post of Stenographer – Dept of Labour	2021.10.30	54	146,208.50
		Exam for recruiting to the post of Stenographer – Ministry of Labour	2021.10.30	20	71,379.00
		National Savings Bank	2021.10.16	24	58,977.00
		Department of Posts	2021.11.07	753	895,300.00



11	November	Land Use Department	2021.11.11	1	24,745.75
		Department of Social Services	2021.11.13	103	331,325.25
		National Water Supply & Drainage Board	2021.11.13	17	94,219.25
		National Water Supply & Drainage Board	2021.11.13	23	87,936.25
		Department of Buildings	2021.11.13	17	70,323.00
		Department of Social Services	2021.11.13	190	389,185.50
		Petroleum Corporation	2021.11.13	25	57,345.25
		National Water Supply & Drainage Board	2021.11.28	30	100,785.50
		Sports Medicine Institute	2021.11.28	3	34,170.25
		National Water Supply & Drainage Board	2021.12.19	90	216,454.50
12	December	National Water Supply & Drainage Board	2021.12.19	82	193,434.00
		Department of Buildings	2021.12.19	105	331,737.25
		National Water Supply & Drainage Board	2021.12.19	403	363,368.55
		Ministry of Fisheries & Aquatic Resources	2021.12.19	40	115,978.00
Total				3690	7,729,617.41

Gross income of training programmes of the year 2021



Graph 2.3 Gross income of examination activities of the year 2021





03

CHAPTER THREE

Overall Financial Performance for the year ended 31 December 2021



3.1 Statement of Financial Performance for the period ended 31.12.2021

	Note	2021 Rs.	2020 Rs.
Revenue			
Income	4	28,364,579.32	15,932,955.01
Recurrent Re-imburement	5	10,000,000.00	6,100,000.00
Total Revenue		38,364,579.32	22,032,955.01
Expenditure			
Personal emoluments	6	11,318,029.73	14,506,256.23
Travelling	7	5,700.00	66,200.00
Supplies & Consumables used	8	1,016,993.63	928,811.80
Maintenance	9	867,762.38	1,405,113.56
Contractual Services	10	5,354,261.71	6,175,515.60
Depreciation & amortization	11	1,406,568.12	2,005,803.84
Other Operational Expenditure	12	1,099,780.43	1,197,614.00
Programme Activities	13	4,186,055.24	3,173,958.88
Total Operating Expenses		25,255,151.24	29,459,273.91
Net Surplus (Deficit)		13,109,428.08	(7,426,318.90)



3.2 Statement of Financial Position as at 31.12.2021

	Note	2021 Rs.	2020 Rs.
Assets			
Non current assets	14	16,960,264.07	9,856,537.24
Property, plant and equipment	22	55,797,972.59	38,779,423.17
		72,758,236.66	48,635,960.41
Current assets			
Inventories	15	807,248.54	1,087,429.45
Receivables	16	4,166,068.37	2,399,259.85
Cash & Cash equivalent	17	2,928,138.96	10,495,247.31
Total assets		7,901,455.87	13,981,936.61
Liabilities			
Current liabilities			
Received in advance	18	452,000.00	1,618,086.25
Accrued expenses	19	2,652,580.68	6,079,891.94
Retinent benefit Objects	23	1,373,327.50	-
		4,477,908.18	7,697,978.19
Total net assets		76,181,784.35	54,919,918.83
Net assets/equity			
Accumulated fund			
Balance B/F as at 01.01.2021		54,919,918.83	65,717,822.55
Adjustments in respect of previous years	20	(2,668,841.71)	(4,408,727.67)
Adjusted balance as at 01.01.2021		52,251,077.12	61,309,094.88
Salary for Ministry staff		-	37,142.85
Treasury Grant		-	-
capital reimbursement under the decent work		1,000,000.00	1,000,000.00
Under the Sunisi mission		9,821,279.15	-
Excess (Deficit) for the year		13,109,428.08	7,426,318.90
		76,181,784.35	54,919,918.83

The accounting policies on page 07 to 09 and notes on pages 10 to 34 form an integral part of this financial statement. The Board of Directors are responsible for the preparation and presentation of these Financial Statements in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAs). These financial statements were approved by the Board of Directors and signed on their behalf.


Lankika Weerasinghe
 Accountant

Lankika Weerasinghe
 Accountant
 National Institute of Labour Studies
 02nd Floor, Labour Secretariat
 Narahenpita, Colombo 05


J.M.S.P.B. Jayathilake
 Director General (Acting)
 Director General
 National Institute of Labour Studies


M.A.S. Dabarera
 Governing Board Member

M.A.S. Dabarera
 Assistant Director
 Department of Fiscal Policy
 General Treasury
 Colombo 01

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


M.P.D.U.K. Mapa pathirana
 Chairman



3.3 Statement of Cash flows

	Note	2021 Rs.	2020 Rs.
Cash flows from operating activities			
Surplus/ (deficit) from operating activities		13,109,428.08	(7,426,318.90)
Adjustments			
Salaries for Ministry Staff		-	37,142.85
Depreciation	11	1,406,568.12	2,005,803.84
Investment income from fixed deposits	22	(2,532,852.53)	(2,604,707.06)
Retirement facilities		316,482.50	-
Operating profit before working capital charges	23	12,299,626.17	7,988,079.27
Stock (Increase) / Decrease	15	280,180.91	83,095.70
Receivables (Increase) / Decrease	21	(1,752,505.41)	8,692,918.89
(Increase) / Decrease in Cash Advances			1,250.00
Accruals (Increase) / Decrease	19	(3,427,311.26)	4,491,128.71
Prepaid Income (Increase) / Decrease	18	(1,166,086.25)	(12,913.75)
Retirement facilities	23	1,056,845.00	-
Adjustments in previous years	20	(2,668,841.71)	(4,408,727.67)
Previous years Adjustments on Disposal PPE		1,924,207.64	-
Cash generated from operations		6,546,115.09	858,672.61
Financial cost		-	-
Net cash flows from operating activities		6,546,115.09	858,672.61
Cash flow from investing Activities			
Acquisition of property, plant & equipment	14.1	(10,821,279.15)	(1,281,812.30)
Fixed deposit investment		(14,500,000.00)	(10,000,000.00)
Net Cash flow from investing activities		(25,321,279.15)	(11,281,812.30)
Cash flow from Financing Activities			
Treasure Grant	22	10,821,279.15	1,000,000.00
Disposal of property Plant & Equipment (PPE)		386,776.56	-
Net Cash Flow from Financing Activities		11,208,055.71	1,000,000.00
Net Increase/(Decrease) in Cash & Cash Equivalents		(7,567,108.35)	9,423,139.69
Cash & Cash Equivalents at the beginning of the year	19	10,495,247.31	19,918,387.00
Cash & cash equivalents at the end of the year	19	2,928,138.96	10,495,247.31



3.1.1 Institutional Information

3.4.1.1 General Introduction

National Institute of Labour Studies is a statutory institute under the purview of the Ministry of Labour. Having restructured the Employee Education Division of the Labour Department, NILS was established as a separate entity in September 2007 under the Ministry in charge of the subject of Labour and was incorporated by the Act, No 12 of 2010 adopted by Parliament giving the Institute legal effect. In terms of the provisions of the Act, the Institute is administered by a Board of Governors consisting of tripartite stakeholders, i.e. the employers, employees and trade unions which represent public sector workers. Currently, it is housed at second floor, Labour Secretariat, Narahelpita, Colombo 05.

3.4.1.2 Principal activities and Nature of Operations

The primary functions of the Institute are to conduct diverse training programmes in relation to the field of labour law and industrial relations, enhance workplace productivity and preparing publications.

3.4.1.3 Staff of the Institute

Though NILS launched its operational activities in September 2007, the cadre of the Institute was formally approved only in March 2014. In the interim, an operational staff was assigned to the Institute by the Ministry of Labour and the Department of Labour and their salaries were paid by the two respective institutions. Hence, the wages, salaries and allowances indicated in the financial statements are paid by NILS as well as the Ministry of Labour.

3.4.1.4 Financial management of NILS

The financial management of the institution was carried out by the Ministry of Labour until 30 September 2011. (Due to staff shortage and other constraints)

3.4.2. Basis of Preparation

3.4.2.1 Statement of Compliance

The financial statements of NILS comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, Statement Changes in Equity and notes to financial statements. These statements were prepared in accordance with the Sri Lanka Public Sector Accounting Standards prescribed by the Institute of Chartered Accountants of Sri Lanka.

3.4.2.2 Basis for Measurement

The financial statements have been prepared on accrual basis and adjustments have been made towards inflationary factors.

3.4.2.3 Going Concern

The directors have made an assessment of the Institute's ability to continue as a going concern and they do not either intend to liquidate the Institute or to cease its operations.



3.4.2.4 Comparative Information

The Institute regularly updates its accounting policies and as such they are not consistent with those used in the preceding year. Data, information and statements of the previous year are reclassified and used only when it is required to conform with the current year in order to provide a better presentation.

3.4.2.5 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of NILS.

3.4.2.6 Accounting policies of significance

The following accounting policies have been applied conforming to all periods for which these financial statements have been presented.

3.4.3.1 Property, Plant and Equipment

The cost of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. All items of property, plant and equipment are initially recorded at cost less accumulated depreciation or impairment losses. Items of property, plant and equipment are stated at cost or at fair value less accumulated depreciation or impairment losses. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. At the end of each financial year, lands and buildings whose fair value can be measured reliably, are carried at revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Further, in terms of Sri Lanka Public Sector Accounting Standard 7 (SLPSAS 7) depreciation is charged to the statement of comprehensive income on the straight line method at the following rates per annum in order to write off the cost of such assets over their estimated useful lives.

Principal annual rates used are as follows.

Table 4.1

	2021
Machinery and equipment	10 years
Furniture and fittings	13 years (7.5%)
Computers	10 years
Name boards and other	03 years
Books	05 years

The Department of Valuation revalued plant, property and equipment as at 02.10.2013 and the relevant report was issued on 07.01.2014.

3.4.3.2 Inventories

Inventories used during the financial year have been charged to the income and expenditure statement at cost.



3.4.3.3 Cash and cash equivalents

Cash and cash equivalents consist of cash at hand cash deposited in banks.

3.4.3.4 Liabilities and Provisions

Liabilities are recognized in the balance sheet when there is a present obligation arising from past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the balance sheet date are treated as current liabilities in the balance sheet. A provision is recognized in the balance sheet when the Institute has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

3.4.3.5 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the institute from the sale of goods/services where goods have been provided and transferred. Receipts and receivables at fair value, deductions made from taxes collected from the government of Sri Lanka and sales are indicated as sales.

3.4.3.6 Basis for Revenue

Income is computed on accrual basis when the participants make payments. Due to unavoidable circumstances, some participants leave the course before the completion and some course fees cannot be recovered due to variety of reasons. These receivables have not been considered as revenue. However, on such occasions, action is taken to recover balance amounts it is possible. The overall income of the course is determined for the year of the course.

3.4.3.7 Receivables

Trade receivables are stated at the amounts that they are estimated net of allowances for bad and doubtful receivables. Other receivables and dues from related parties are recognized at cost less allowances for bad and doubtful receivables.

3.4.3.8 Defined Contribution Plans

A defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Employees' Provident Fund covering all employees are recognized as expenses in profit or loss as incurred. The Institute contributes 12% and 3% of gross emoluments of employees as respectively to the Employees' Provident Fund and the Employees' Trust Fund.

3.4.3.9 Statement of Cash Flows

The Statement of Cash Flows has been prepared in accordance with Sri Lanka Accounting Standards.



3.5 Auditor General's Report



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல. }
My No. }

LSW/B/NILS/SR/01/2021

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date } 22 June 2021

Chairman
National Institute of Labour Studies

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the National Institute of Labour Studies 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

Copies: 1. Secretary, Ministry of Labour & Foreign Employment
2. Secretary, Ministry of Finance, Economic Stabilization and National Policies

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව.



+94 11 2 88 70 28 - 34



+94 11 2 88 72 23



ag@auditorgenera.l.gov.lk



www.naosl.gov.lk

இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை.

No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல. }
My No. }

LSW/B/NILS/SR/01/2022

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி } 22 June 2022
Date }

Chairman
National Institute of Labour Studies

Report of the Auditor General on the Financial Statements and other legal and regulatory requirements of the National Institute of Labour Studies 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 Opinion

The audit of the financial statements of the National Institute of Labour Studies 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, 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 opinion

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 contained in the Annual Report 2021 of the Institute

Other information means information, though included in the Annual Report 2021 of the Institute 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 thereon.

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

If I concluded that there are material misstatements, on the basis of other information obtained by me prior to the date of this audit and the 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 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 skepticism 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 Institute’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 Institution’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 auditor’s report. However, future events or conditions may cause the Institute 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 will communicate 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 A. In terms of the requirements of section 12 (a) of the National Audit Act No. 19 of 2018, I obtained all information and explanations required for the audit and as far as it appears from my inspection, the Authority 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 presented by the Institute are consistent with the preceding year.
- 2.1.3 The recommendations made by me in the previous year have been included in the financial statements as per the requirement of Section 6(1)(d) (iv) of the National Audit Act No. 19 of 2018.
- 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 Institute has any interest, direct or otherwise, outside normal business status in any contract entered into by the Institute.
- 2.2.2 In terms of the requirement of section 12 (f) of the National Audit Act No. 19 of 2018, except for the following observations, whether the Institute has not complied with any applicable written law, or other general or special directions issued by the governing body of the Institute;



Reference to the laws, rules , regulations etc.

Observations

- (i) Financial Regulation 756 of the Democratic Socialist Republic of Sri Lanka

Action had not been taken as per the recommendation of the Board of Survey before 15th of March of the ensuing financial year regarding 136 units relating to 31 types of unserviceable stores submitted by the Board of Survey through General 47 form.

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

Reference to the laws, rules/ regulations etc.

Observations

- (a) National Institute of Labour Studies Act No.12 of 2010
 - (i) Subsections 3 (a)
 - (ii) Subsection 3 (c)

Though the Institute should take proper action to ensure the welfare of employees to make them active participants in the development process, action had not been taken accordingly.

- (iii) Subsection 3 (d)

The Institute had not conducted the survey related to Labour Studies in the year 2021.

- (iv) Subsection 3 (e)

Although the establishment and maintenance of library and information services is one of the main objectives of the institute, the institute had not implemented such a library and information service until 31 March 2021.

- (v) Subsection 3 (f)

Although there should be close cooperation between national and foreign institutions, associations and societies with similar objectives, such programs had not been formally implemented.

- (vi) Subsection 4 (g)

Though the Institute had held discussions with universities and similar institutions from which it received assistance, (except the Tertiary and Professional Education Commission), conducting courses and awarding certificates and diplomas had not been carried out.

Though agreements should have been entered into with other institutions located in Sri Lanka or abroad for the purpose of exchange and training, research and consultancy services and generally for furthering their common objectives with other institutions with objectives wholly or partially similar to the objectives of the Institute, it had not been done.





(vii) Subsection 16 (1)

Although the Board could appoint such number of technical committees as are necessary for the purpose of carrying out the functions Act, such committees have not been appointed accordingly.

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.

2.3 Other Matters

- (a) Though a van donated to the Employees' Education Division of the Department of Labour in the year 2001 by the United Nations Development Programme had been handed over to the Employees' Education Division of the Department of Labour when it was separated from the Department and established as the National Institute of Labour Studies, the vehicle had not been properly acquired. Though the vehicle had been withdrawn from running due to a technical fault, the Department of Motor Traffic had confirmed that a private owner had a van with the same registration number of this vehicle. Accordingly, a complaint was lodged with the Colombo Fraud Investigation Bureau on 5th January 2020 by the institute and though the Commissioner General of Motor Traffic was instructed by the Bureau through the court order to submit the original file and the transfer file of the vehicle to the institute, the investigation had been halted due to non submission of the files even by 31st December 2021.
- (b) The approved cadre of the institute is 45 and the actual staff as on 31 December 2021 is 14 which was 31 percent of the approved cadre. Accordingly, the institution was running with a staff shortage of 69 percent and 06 out of 09 senior level posts were vacant. No permanent officer was recruited for the post of Director General. According to the staff information of Administration Division, there were 04 Management Assistant posts in 2017 and it had reduced to 01 post by 2022. It was observed that duties are not being performed properly by not recruiting officers for the posts of Program Officer and Assistant Director of the Examination Division.
- (c) The institute conducts training and education activities along 03 main subject areas in order to create an effective workforce that contributes to socioeconomic development while maintaining good labour relations. But in the analysis of the training programs conducted during the last 5 years, a training program plan of a uniform nature was prepared and no innovation or diversification was observed during the audit. That is, the attention of the training department had not been focused on introducing new courses, revising the courses in accordance with the needs of the candidates and conducting training programs in a new way.
- (d) The examination division conducts examinations for staff recruitment, efficiency bar and evaluation and service promotion as per the request of public sector corporations, statutory bodies and private sector bodies. But it was observed during the audit that preparation of question papers according to the relevant subjects and evaluation of answer sheets is not done by a board but by a single person and no supervision is done by another person. Also, in the year 2021, the National Institute of Labour Studies had conducted 6 examinations in two institutes related to the Ministry of Labour and the problems regarding the independence of conducting the examinations could have arisen.





ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

- (e) A Research, Publication and Project Division was established in July 2020 and only an Acting Assistant Director was assigned to the Division. No other staff had been assigned or recruited even by 10th April 2022. Accordingly, the achievement of the expected objectives of establishing this sector remained very slow.

W.P.C. Wickremaratne
Auditor General

Copy- Secretary, Ministry of Labour & Foreign Employment



ජාතික ශ්‍රම අධ්‍යයන ආයතනය

தேசிய தொழில் கற்கைகள் நிறுவகம்

National Institute of Labour Studies

ජාතික ශ්‍රම අධ්‍යයන ආයතනය කමිකරු අමාත්‍යාංශය යටතේ ක්‍රියාත්මක වන ව්‍යවස්ථාපිත ආයතනයකි. මෙම ආයතනය 2007 සැප්තැම්බර් 11 වන දින ස්ථාපිත කරන ලද අතර 2010 අංක 12 දරන ජාතික ශ්‍රම අධ්‍යයන ආයතන පනත මගින් බලාත්මක කරන ලදී. කමිකරු ක්ෂේත්‍රයේ ත්‍රෛපාර්ශ්ව හවුල්කරුවන් වන සේවා, සේවක හා රජයේ සේවකයින්ගෙන් සැදුම්ලත් පාලක මණ්ඩලයක් මගින් පාලනය වේ. කමිකරු අනුපනත්, නීති රීති රෙගුලාසි පිළිබඳව දැනුවත්, එලදායී ශ්‍රම බලකායක් නිර්මාණය කිරීම සඳහා අවශ්‍ය පුහුණු හා පර්යේෂණ කටයුතු සැලසුම් කිරීම සහ ක්‍රියාත්මක කිරීම මෙම ආයතනයේ මූලික කාර්යභාරයයි.

தேசிய தொழில் கற்கைகள் நிறுவகமானது, தொழில் அமைச்சின் அதிகாரத்தின் கீழ் வருகின்ற நியதிச்சட்ட அமைப்பொன்றாகும். இந்த நிறுவகம், 2007 செப்டெம்பர் 11 ஆம் திகதி தாபிக்கப்பட்டிருந்ததுடன், 2010 ஆம் ஆண்டின் 12 ஆம் இலக்க தேசிய தொழில் கற்கைகள் சட்டத்தினால் வலுப்படுத்தப்பட்டிருந்தது. இந்த நிறுவகம், முத்தரப்பு அக்கறைதாரர்களான தொழில்தருநர்கள், பணியாளர்கள் மற்றும் அரச அலுவலர்களைக் கொண்ட ஆளுநர் சபையினால் நிர்வகிக்கப்படுகின்றது. இந்நிறுவகத்தின் பிரதான பணி, தொழில் சட்டங்கள், கட்டளைச்சட்டங்கள், சட்டங்கள், விதிகள் மற்றும் ஒழுங்குவிதிகள் பற்றி அறிந்துள்ள பயனுறுதிவாய்ந்த, ஆக்கத்திறனுள்ள தொழில் அணியொன்றை உருவாக்குவதற்குத் தேவையான பயிற்சி மற்றும் ஆய்வு நடவடிக்கைகளை வடிவமைப்பதும், நடைமுறைப்படுத்துவதமாகும்.

The National Institute of Labour Studies is a statutory body functioning under the Ministry of Labor. This Institute was established on 11 September 2007 and was empowered by the National Institute of Labour Studies Act No. 12 of 2010. This Institute is governed by a governing body consisting of the tripartite partners, the employers, the employees and the public servants. The primary role of this Institute is to design and implement the training and research activities required to create an effective and productive workforce that is aware of labour Acts, Ordinance, laws, rules and regulations.

2 වන මහල, කමිකරු මහලේකම් කාර්යාලය, කොළඹ 05.
2 ஆவது தளம் தொழில் செயலகம், கொழும்பு 05.
2nd Floor, Labour Secretariat, Colombo 5.

Tel : 0112 786541/ 0112 786548 | Email : admin@nils.gov.lk | Web : www.nils.gov.lk