

ANNUAL REPORT

2015

SRI LANKA TRANSPORT BOARD

Contents

- 01 Vision, Mission, Aims & Objectives
- 02 Introduction
- 03 Message from the Chairman
- 04 Performance
- 05 Final Accounts
- 06 Auditor General's Report

VISION

The excellent transport provider in the region.

MISSION

To provide the public a safe, dependable and comfortable road passenger transport at a reasonable fare system through a staff dedicated to service and obtain the maximum utilization of all resources functioning as a financially viable organization.

AIMS & OBJECTIVES

1. To Promote a qualitative and quantitative and efficient and effective bus service through 12 Regions by monitoring, coordinating and counseling.
2. To provide a satisfactory bus service to school going children.
3. To provide bus services on uneconomic routes which are neglected by private operators due to pecuniary considerations.
4. To provide long distance services to remote areas from Central Bus Station, Pettah.
5. To coordinate the public and the private sector transport agencies.
6. To coordinate bus services during festivals, special events, Parliamentary/ Provincial Council elections etc.
7. To transport mails and newspapers.
8. To coordinate between General Treasury, National Transport Commission, Provincial Councils, relevant Ministries and other related agencies with regional offices for operation of buses.
9. To provide well trained and disciplined drivers from SLTB Driver Training Schools.
10. To conduct seminars/ Workshops for drivers, conductors, mechanics and supervisory staff.
11. To provide units/ sub units produced by Provincial Workshops to Depots.
12. To provide season tickets to adults and students at attractive discounted rates.
13. To maintain a Transit Stores at S.L.T.B Head Office, Narahenpita for issue of critical spare parts to Provincial Workshops.
14. To conduct security investigations, Flying Squad checks etc. in Depots.

INTRODUCTION

All aspects of transport, no doubt are vital for the economic development of the country. This is specially so, in the case of road passenger transport. In a developing country like Sri Lanka bus services play an important role in connecting towns and villages and thereby linking the whole country.

Bus services in the Island provided by about 80 operators who totally operated about 1200 routes and 3532 registered buses were nationalized by Motor Transport Act No 48 of 1957 on 1957.10.31 and consequently the Ceylon Transport Board (C.T.B) came into being on 1958.01.01

Since then up to 1977 C.T.B enjoyed a monopoly status with regard to road passenger transportation. In 1978 C.T.B was decentralized into 10 Regional Transport Boards coordinated by the Sri Lanka Central Transport Board by Transport Board Law No 19 of 1978.

The Government was of the view that decentralization of C.T.B. would serve the needs of the travelling public more efficiently and effectively as smaller units were expected to be more sensitive to local and regional needs and be capable of providing quicker solutions to local transportation problems.

However, in response to continued escalatory deficits being incurred by CTB and its inability to meet the ever increasing passenger demand generated by the new concept of liberalization of the economy the private sector was permitted to enter road passenger transportation.

The Government with a firm belief in privatization earmarked C.T.B for peoplisation as part of a public sector restructuring. The above conversion was carried out under the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act No 23 of 1987. Each of the 93 Transport Board depots existing at the time of peoplisation became separate Limited Companies with governance by a Board of Directors chosen mostly from the employees. Half the number of shares was distributed among the employees and the balance was retained with the General Treasury. The peoplisation Program commenced in 1990 and concluded in 1993. As peoplisation was implemented in a haphazard method the desired results were not achieved.

Therefore in 1997 Bus Companies were clustered by an amendment to the NTC Act No : 37 of 1991 and the Cluster Bus Companies were formed but this, too, failed to achieve the desired results. Excess staff, serious breakdown in discipline, unfair competition, social obligations, lack of professionalism, inefficiency, escalation of operating costs, political and trade union undue interference, rampant corruption are some of the maladies that affected the Cluster Bus Companies.

In order to find a solution to the above problems the Sri Lanka Transport Board was established effective from 2005.10.19 by SLTB Act No : 27 Of 2005.

MESSAGE FROM THE CHAIRMAN

The year 2015 could be described as a year that has taken decisive steps towards the forward march of the Sri Lanka Transport Board (SLTB) and it is a pleasure to note that the performance of the SLTB was at a satisfactory level.

With the addition of new buses to the fleet, the total operated kilometrage of buses operated by the SLTB increased by 18.6 percent to 440 Mn kmm. while the total passenger kilometrage increased by 19.6 per cent to 15.2 billion kmm. during 2015.

The average number of buses operated per day by the SLTB improved sharply by 1044 to 5270 in the year 2015. The average number of buses owned by the SLTB increased by 1639 to 8047 despite a series of auctions carried out during the year to dispose of condemned buses. The increase in the fleet is mainly attributable to the addition of the remainder of 2200 new buses with the assistance from the General Treasury, of which 1319 buses were delivered at the end of 2014. This included 80 small buses to be operated on rural roads.

The fleet and coverage of super luxury passenger transport services, in addition to regular and semi luxury buses expanded during 2015.

In spite of these improvements, operational losses of the SLTB increased substantially during the year, mainly due to the escalation of the wages bill as a result of new recruitments. The total revenue of the SLTB increased by 6.4 per cent to Rs. 35.8 billion In 2015. However operating expenditure increased by 14.1 per cent to Rs. 40.6 billion, resulting in an operating loss of Rs. 4.8 billion in 2015, when compared to a loss of Rs. 1.9 billion in 2014.

The Sisusariya project implemented by the National Transport Commission to provide safer, cost effective and reliable transport facilities to school children and their parents, operated with 1255 bus services, while the Nisi Seriya project, implemented to provide a secure service to late night and early morning passengers, operated 134 bus services in 2015.

I assumed the office of the Chairman, SLTB for the second time on 23rd March, 2015. On the first occasion I served the SLTB as Chairman from 1994 – 2001. One of my main aims was to make the SLTB a viable Organization. When things were turning around I relinquished my office due to the change of Government. I am happy that this time I will be able to make my dream a reality.

When I assumed office in March 2015 most of the SLTB depots were struggling to pay the monthly salary of employees. Arrears of the statutory dues of SLTB employees ran into billions of rupees. I have been able to make substantial progress in settling SLTB dues to Employees' Provident Fund (EPF) and gratuity etc. and I hope in the years ahead the SLTB will transform into a viable entity.

All what I achieved would not have been possible if not for the unstinted support and assistance I received from the Hon. Minister of Transport and Civil Aviation. I should also place on record my thanks to Secretary, Ministry of Transport and civil Aviation and the other officials of the line Ministry, Treasury, SEMA and other Organizations that helped the SLTB and to the entire staff of the SLTB.

I hope and pray that the workforce of the SLTB will have the courage and strength to march forward to achieve more victories to consolidate the victories already won as the travel partner of the nation.



RamalSiriwardena
CHAIRMAN
SRI LANKA TRANSPORT BOARD

Operations Division

Progress achieved in bus operations

It was possible to increase the number of buses released for operation daily in 2015 when compared to 2014 and the main reason for this achievement was the procurement of 2200 new buses by the Sri Lanka Transport Board (SLTB) with Treasury assistance.

In this background it was possible to increase the monthly operated Kmm from 29 Mn. level to about 39 Mn. Necessary steps are being taken to increase this level further at the end of this year.

The daily waybill revenue during the past year is on the level of an average Rs. 60 Mn. and in 2015 this has increased up to Rs. 65 Mn.

- 2200 buses have been introduced with trilingual destination boards and under this project it was possible to implement the introduction of destination boards tallying with all regions in the Island. Through the introduction of this project the National Language Policy was confirmed and this also has paved the way for social coexistence. Therefore action is being taken to install trilingual destination boards under this project for all buses expected to be procured in future.
- Under continuation of last trips in late night, bus services are starting from Central Bus Station, Pettah at night at 10.00 and there are 30 such services operated now.
- Under the developing of SLTB and Rail coordinated services, action has been taken to fulfill the transport needs of passengers who come to railway stations through railway stations at Delgoda, Kalutara, Moratuwa, Dehiwela and Kollupitiya.
- Monitoring of bus services have been started with GPRS facilities and 2200 new buses procured have been installed with this facility. Thereby it is possible to get information regarding the location of the bus, consumption of fuel and the number of passengers at the point where the bus is in operation.
- The introduction of the issue of electronic season tickets in lieu of School season tickets has started last year and is still being implemented.
- The SLTB has started a special bus service focusing from Anuradapura sacred city and this service is operated on a frequency of 45 minutes from 6.00 a.m. to 7.00 a.m. and 02 normal buses and 02 Luxury buses are engaged in this service.

- At the end of the year 2014 the SLTB had 2800 Electronic ticket machines and further 900 electronic ticket machines have been procured within the first six months of the year to make the total number of ticket machines available to 3700.
- Action has been taken to provide several city services using southern and Katunayake expressways by procuring super luxury buses by the SLTB. It was also possible by the SLTB to provide super luxury buses not only in expressways but also outside. As at present there is a great demand from passengers for these buses.
- Under the SisusariyaSchool service 662 school buses are being operated. Action was taken to increase the number of these school buses to 750 in 2015.

SLTB's contribution for social benefit

▪ Operation of early morning first and late night last trips.

The SLTB is engaged in providing transport services to the workforce that helps to contribute to the economy of the country by operating the first early morning and late last night trips covering all the regions in Sri Lanka. This operation has caused immense loss to the SLTB from the past. However it provides these services continuously treating them as a social obligation.

▪ Bus operations in rural areas

This service is conducted to improve the economy and link the city as the predominant medium of transport, but this service operates at a loss. The project of strengthening rural road services was carried out by utilizing 281 small buses purchased last year. It is hoped to obtain such small buses and strengthen rural services as these services are essential for the rural economic freedom.

▪ Operation of school bus services.

The SLTB is taking action to create social benefits for a better tomorrow by bearing the brunt in issuing season tickets at concessionary rates. Accordingly sacrificing opportunities to earn revenue in popular and remunerative routes, with its limited resources available, it provides accommodation for the future generations considering this as a social and friendly service and a national operation.

- **Bus operation during national festivals**

The SLTB operates bus services for Sinhala & Hindu Tamil New Year, Wesak and Poson, Kandy and Kataragama Esala Peraheras, annual Madhu and Talawila, Sripada festivals providing social service to the people.

- **Season ticket service**

The SLTB by taking action to fulfill the transport needs at various levels by issuing season tickets to students of schools, Universities and adults at concessionary rates provides economic relief to the people. The SLTB has taken action to introduce modern technological electronic season tickets instead of the old season tickets and as at now these tickets are used in Colombo, Gampaha, Kalutara and Kataragama Regions.

- **Transport service in expressways**

The SLTB has been successful in operating buses on the road system as recommended within the expressways system introduced newly in Sri Lanka. Accordingly currently our luxury buses are plying in the expressways system in keeping with the trends in the modern world.

- **When parallel transport services fail the services rendered by the SLTB**

When parallel transport services fail it is the SLTB that provides special relief service to the people. On behalf of the country it is performing the maximum service to the people who are left in the lurch at times, by providing transport facilities with its fleet to rural population.

Secretariat Division

Number of Meetings of the Board of Directors held in the year 2015 is 13.

13 Meetings of the Board of Directors were held including 01 Emergency Meeting of the Board of Directors and 01 Special Board Meeting.

Number of Meetings of the Board of Directors held in the year 2015

1 st Meeting	-	2015/03/01
2 nd Meeting	-	2015/03/31
3 rd Meeting	-	2015/04/07
4 th Meeting	-	2015/04/29
5 th Meeting	-	2015/05/12
6 th Meeting	-	2015/05/29
7 th Meeting	-	2015/06/26
Emergency Meeting of the Board of Directors	-	2015/07/14
8 th Meeting	-	2015/08/06
9 th Meeting	-	2015/08/27
10 th Meeting	-	2015/10/22
11 th Meeting	-	2015/11/19
Special Board Meeting	-	2015/12/01

Related activities performed with regard to the above meetings were:

01. Inform all Members of the Board of Directors and the SLTB Heads of Divisions/Sections about the date on which the meeting of the Board of Directors will be held.
02. Take over the Board Papers and allot them numbers and after registering them prepare files and hand them over to the Members of the Board of Directors.
03. Prepare an Agenda for the meeting mentioning about the Board Papers and the Circular letters.
04. Table Board Papers and the Circular Letters according to the Agenda and the instructions of the Chairman.

05. Record decisions taken by the Board of Directors and the related instructions about respective Board Papers and the Circular Letters accurately and allot item Nos. to each such decision.
06. When approval is received for such decisions of the Board of Directors, hand over the extracts of such decisions to the respective SLTB Heads of Divisions/Sections for implementation.
07. All these activities should be carried out accurately, confidentially and properly.
08. Provide refreshments to the Members of the SLTB Board of Directors and the other Heads of Divisions/Sections who are invited to the meeting of the Board of Directors.
09. Take action to pay the participation allowance to the Members of the Board of Directors (other than the SLTB Officers) who participate at the meeting of the Board of Directors.
10. Take action to pay the Transport Allowance to the Members of the Board of Directors (other than the SLTB Officers) who participate at the meeting of the Board of Directors.

Relevant activities regarding lands belonging to the Sri Lanka Transport Board

It is the main function of the Secretariat Division to carry out basic administrative activities with regard to lands vested or acquired by the Sri Lanka Transport Board at the time of Nationalization, lands acquired under the Land Acquisition Act, lands purchased and lands leased to the SLTB by Government Institutions which have land powers, according to the directions of the senior management such as the Board of Directors, Chairman, Vice Chairman, Chief Executive Officer etc. Accordingly

- 01 When there is a dispute about SLTB land and instructions are needed, a Board paper is prepared incorporating all the details about the land and information report is furnished to the Board of Directors and the decision of the Board of Directors relating to the Board Paper is implemented.
- 02 Most of the lands in possession of the SLTB are not properly acquired or vested and therefore action is taken to coordinate with various State Sector agencies to vest or acquire such lands under the relevant Act.

03. Prepare and submit reports about lands required by the Ministry of Transport or the Minister of Transport.
04. There is a standard law which states that the lands in possession with the SLTB belongs to the Sri Lankan State. According to the Land Manual on State Lands, SLTB takes action in coordination with the Ministry of Lands, Ministry of Transport, relevant Divisional Secretaries and the District Secretaries.
05. When there is a dispute about a SLTB land, appearance is made in Courts and action is taken to confirm the land ownership of the SLTB.
06. When there is a threat to the SLTB land from external forces, complaints are lodged at the relevant Police Stations and appearances are made at the inquiries.
07. Due action is taken to survey the SLTB lands through Land Surveyor and Licensed Surveyors.
08. When necessary, Valuation Report is obtained for SLTB land blocks.
09. Action is taken to recover leasing rental from the relevant lands which have been give to outside parties on decisions made by the SLTB Board of Directors.
10. Coordination with the SLTB officers regarding SLTB lands and give necessary information and instructions to them regarding relevant lands.

Heshan Caterers Private Company Ltd. has obtained the passengers lodge established at SLTB Central Bus Station on a leasing basis from 21/12/2015 to 21/12/2020.

Within 1 st year per month -	120,000 x 12
Within 2 nd year per month -	120,000 x 12
Within 3 rd year per month -	135,000 x 12
Within 4 th year per month -	135,000 x 12
Within 5 th year per month -	135,000 x 12

Commencing action to rent out to store paddy for the Maha season for 2015/2016 in Hall No. 02 of Madawachchiya Provincial Workshop on a leasing basis for 03 months at a monthly rental estimated at Rs. 250,000 /-.

Ratmalana Land

This block of land in extent of 26.50 perches mentioned in Plan No. 546 was handed over to Assistant Government Agent of RatmalanaDehiwela Region by the then Chairman of the Sri Lanka Central Transport Board for establishing an Assistant Government Agent's office for RatmalanaDehiwela Region. But no installments or financial provision was received by the SLTB for the said block of land but action is being taken to obtain compensation/grant. In this connection the Commissioner of Lands has been notified. Secretary of RatmalanaPradeshiyaSabawahas informed verbally that as soon as possible he will obtain the grant for this block of land.

Ratmalana land

A request has been made to the title settlement Deputy Commissioner of Land to cancel the entitlement certificate given to encroachers living in the land bearing block numbers 82, 83 situated at 175, Galle Road, Rathmalana belonging to the SLTB. Occupation of Blocks of land numbers 82, 83 is illegal and legal action is being taken to cancel the entitlement certificates.

Action has been taken to obtain from the Secretary, Pradesiyasabawa, Biyagama in terms of Section 44 of Chapter 460 of the Land Acquisition Act a portion of land in extent of 01 acre, 02 roots and 15.5 purchases for SLTB Delgoda Bus Stand.

Regarding 13 portions of identified lands

According to a decision made at a discussion held under the Chairmanship of the Hon. Minister of Transport and civil Aviation on 06/11/2015 H.E. the President approved the portions of free grants under the State land Ordinance 13 lands situated in the Colombo District under the Land Acquisition Act to settle the cumulative arrears contributions to the Employees Provident Fund by the SLTB.

10 estimate reports with unimproved estimate value in respect of the 13 portions of land mentioned above are given below:

	Land	Estimated unimproved value (Rs. Mn.)
i	Homagama Depot Land	164.00
ii	Maharagama Depot Land	410.00
iii	About 19 acres of Land in which SLTB Moratuwa depot, Katubedda depot situated in Moratuwa Lakshapathiya (N), Land handed over to the Army,	1,660.00

	Sierra Luxury bus depot Ltd. etc are situated.	
iv	Land acquired for Ceylon German Technical Training Institute	750.00
v	Land where Moratuwa Driving School is situated	200.00
vi	Land where Kesbewa depot is situated	518.00
vii	Land where Piliyandala bus stand depot is situated	322.50
viii	Land acquired for Werahara Workshop well	34.00
ix	Land where Department of Motor Traffic is situated	1,192.00
x	Land belonging to Werahara Workshop where Kotelawela Defense university, Teaching hospital, Land where operational track of Motor Traffic Department is situated	5,000.00
	Total	10,250.50

Pagoda Pitakotte Bus Stand

Land of SLTB Pagoda Pitakotte bus stand (0 acre, 0 rood, 22.6 perches) Large extent of Land given to Colombo Municipality on an annual lease rental of Rs. 10,000,000,-.

Brandiyamulla

National Transport Medical Institute has requested to release 30 perches block of land out of land in extent of 0 acre, 3 rood, 21.6 perches where Gampaha, Brandiyamulla SLTB Provincial Workshop is situated. Approval of the Board of Directors and the Ministry have been obtained and action is being taken on this matter.

Deed of declaration was prepared on 26/01/2016 and registered for 0 acre, 3 rood, 21.6 perches on 26/01/2016 and registered.

C.B.S Shops

Increase of the rent of commercial shop premises belonging to the Central Bus Station after the year 1986.

In respect of commercial locations where proper procedure has not been adopted leasing agreements is studied. Subsequently taking into consideration the estimated value by the Colombo Municipal Council and making inquiries on market opinion new leasing rental was reviewed. According to this review the increased monthly rental is Rs. 431,237.30.

Land where the old Bus Stand at Koggalais situated

According to a decision of the Board of Directors on 19/11/2015 action was taken to obtain an estimate report on 24/01/2016 for the Land where Koggala old Bus stand is situated in order to sell this Land to outside parties to pay the Gratuity arrears to Employees of the SLTB. It is reported that the estimated value of the Land is Rs. 66,500,000/- (Rupees Sixty six Millions and five hundred thousand).

Kadawathaold depot Land

The land received by SLTB according to a decision by Gampaha District court Case was folioed on 18/06/2016 and registered.

Badulla Hindagoda Land

After settling the issue of the payment of access road tax to the land of Mr. K.P. Piyasena from SLTB Badulla HindagodaThanthirigewattha land, a caveat was issued in the Secretariat of Badulla Region and his fake entitlement was declared a land subject to prejudice.

According to the leasing agreement of Badulla SLTB Land given to Asia Great Unicorn Company from 1998/10/01 to 30/09/2014 the arrears payable was Rs 1,470,000/-. As at 30/03/2015 the SLTB has recovered this sum.

The SLTB has recovered compensation of Rs. 3,569,975/- through a cheque dated 28/15/2018 for a portion of the land belonging to SLTB Avissawella depot acquired to widen the Kudagama Road.

Obtaining Rs. 11,760,858/- as compensation to the portion of the land in block numbers 242,243 and 303 in the Preliminary Plan No. 9258 acquired for widening Colombo to Horana Road by SLTB Avissawella depot.

A certificate of vesting confirming the ownership of SLTB Rathnapura depot land under Section 44 has been misplaced from the beginning and to obtain that certificate from District Secretary.

Further a compensation entitlement of Rs. 103,786,844.40 is claimed as compensation as action is being taken to vest 228.46 purchases out of the Rathnapura depot land for the proposed expressway.

Hatton Depot

Legal action is being taken to evict the encroachers belonging to Hatton Depot. Further, action is being taken to survey and confirm this land belongs to Land Reform Commission action is being taken in this regard.

Security Section

1. To provide security for all institutions belonging to the SLTB throughout the island.
2. To investigate all written complaints made to the SLTB Regional Offices, Depots, Sub depots, Provincial Workshops and the Driver Training Schools and also the written complaints by the travelling public.
3. Maintenance/repairs/monitoring of fire extinguishers in Institutions belonging to the SLTB throughout the Island.
4. To provide security on a daily basis when cash is paid by sureties in SLTB cases and to the financial transactions of the Head Office.
5. To distribute travel passes to all employees of SLTB workplaces including the SLTB Head Office.
6. Provide security to important SLTB places and to distinguished persons, vehicle parking and controlling and monitor all supplies and issues to relevant agencies.
7. To provide security to institutions belonging to the Ministry of Transport such as

Special Investigations Unit

year	No. of investigations completed
2015	50

In the year 2015 surprise inspections of Depot, Buses and bus parking places were carried out.

Engineering Division

Engines repaired to maintain the bus fleet

No. of engines repaired	613
No. of gear boxes repaired	413
No. of bus bodies repaired	272
No. of new buses obtained	1937
No. of pre-cured tires manufactured by Ampara Tire Factory	12191
No. of bus body parts repaired	3204
No. of fuel pumps repaired	413

INTERNAL AUDIT DIVISION

Finance Section

01. Preparation of Audit plan and Audit Program for the year 2015
02. Financial verification
03. Checking of Cashbook
04. Checking of Salary and overtime
05. Checking of Salary/ Festival Advance Register
06. Checking of Conductors Shortages
07. Checking of Gratuity Payments
08. Checking of Daily Total Register
09. Checking of Local Purchases
10. Auditing of Final Accounts
11. Checking of Other Registers in the Finance Section

Bulk Stores

01. Checking of Season Ticket Register
02. Stores Verification
03. Checking of Fuel consumption
04. Checking of Consumption of Spare parts
05. Checking of tire consumption
06. Checking of Spring Blade consumption
07. Disposal Activities

Operations Section

01. Checking of Waybills
02. Checking of accident register
03. Checking of roster schedule
04. Checking of O/51, O/50, O/40, O/41 registers

Engineer Section

1. Breakdown repairs
2. Excessive Consumption of Spare parts
3. Checking of Spare parts failed prematurely
4. Other Registers in the Engineering Section

Others

01. Checking of Disciplinary Register
02. Checking of Leave Register
03. Checking of Board's Assets
04. Auditing of revenue, expenditure, maintenance and administration sections of Driver Training Schools
05. Checking of Circuit Bungalow Register
06. Checking of Shalika Hall and Stadium
07. Analysis of General Expenses of the Head Office (Water, Telephone, Electricity, Stationery)
08. Special projects implemented according to Government Policy and Board Decision
09. Conducting of monthly conference of Regional Internal Auditors
10. Conducting of Quarterly Audit and Management Committee Meetings
11. Special Checking referred by the Chairman
12. Conducting of Annual Audit Conferences Region wise

Human Resources Division

Detailed report of new driver/conductor appointments in 2015		
No. of Drivers	No. of Conductors	Total
770	628	1398

Service extensions of Executive/Non Executive Employees in 2015

On Contract Basis	29
Assignments	56
Service extension according to HRMD Circular No. 01 of 2015	206
Total	291

Details about Executive appointments

Permanent Appointments	16
Covering Appointments	131
Promotions	08
Confirmation of Covering Appointments	19
Transfers	167
Contract Appointments	06
New recruitments	0

No. of Employees in the SLTB as at 2015/12/31

Executive	1197
Non- Executive	8493
Drivers	10563
Conductors	10532
Mechanics	5001
Trainees	71
Total	35857

Summary of Reemployment in 2015

Ser. No.	Designation	Reinstatement	Contract	Cassual	Total
1	Drivers	381	49	9	439
2	Conductors	236	31	4	271
3	Mechanics	97	17	1	115
4	Except Drivers/ Conductors/Mechanics	204	57	6	267
	Total	918	154	20	1092

Flying Squad Section

Flying Squad Report in 2015 (Islandwide)

Month	No. of teams	No. of checking	No. of buses checked	Serious offences (IV)	Minor offences (V)	No. of passengers find	Fines recovered Rs.
January	38	766	10,460	49	112	324	108,297.00
February	67	814	11,237	56	154	363	121,004.00
March	84	780	11,409	73	222	489	158,183.00
April	117	934	15,046	73	378	702	246,080.00
May	98	965	12,781	81	248	499	169,099.00
June	109	968	14,282	87	271	618	202,158.00
July	108	1,211	16,408	74	416	601	201,105.00
August	97	1,170	15,851	82	381	586	199,348.00
September	108	1,323	17,812	100	554	741	242,159.00
October	124	1,389	18,972	93	528	690	240,534.00
November	117	1,200	17,584	69	412	585	194,530.00
December	127	1,254	18,059	94	412	662	236406.00
Total	1,194	12,774	179,901	931	4,088	6,860	2,318,903.00

Flying Squad Section (Central Flying Squad)

Month	No. of teams	No. of checking	No. of buses checked	Serious offences (IV)	Minor offences (V)	No. of passengers find	Fines recovered Rs.
January	05	63	827	15	15	38	13,356.00
February	05	77	1,273	27	27	96	31,312.00
March	05	79	1,321	37	43	130	42,347.00
April	05	77	1,403	23	29	126	43,562.00
May	05	79	1,392	30	23	93	30,702.00

June	05	93	1,515	29	22	91	31,556.00
July	05	81	1,441	17	26	64	23,050.00
August	05	68	1,247	20	23	74	23,836.00
September	05	70	1,227	27	25	73	15,710.00
October	05	77	1,077	22	28	53	20,294.00
November	05	69	1,086	12	35	49	18,004.00
December	05	75	1,252	24	38	63	23,169.00
Total		908	15,061	284	334	950	319,898.00

Planning Section

01. Preparation of an Action Plan Corporate Plan for the forthcoming years based on the Budget.
02. Preparation of a Corporate Plan for the forthcoming 03 years based on the Budget.
03. Preparation of monthly Progress Report relating to Action Plan.
04. Submission of monthly quarterly report relating to Action Plan.
05. Preparation and submission of various reports requested by the Ministry of Transport & Civil Aviation.
06. Preparation and submission of reports requested by the Central Bank of Sri Lanka and the Department of Census and Statistics.
07. Preparation and submission of reports requested by any other Institution.
08. Preparation and submission of monthly Profit & Loss Statement.
09. Preparation and submission of a summary of monthly report relating to Profit & Loss Statement.
10. Preparation and submission of the season ticket reports.
11. Submission of liability report.

Tender Section

Ser. No.	Tender No.	Activities performed	Current position and progress
01	SLTB/TS/GEN/2015/02 I	Quotations for the Procurement of Motor Spare Parts to S.L.T.B – 2015	Procurement is in progress
02	SLTB/TS/GEN/2015/19 II	Quotations for Toners, Cartridges & Ink Ribbons for SLTB Head Office	Not completed yet
03	SLTB/TS/GEN/2015/19 I	Quotations for stationery items for SLTB Head Office	Not completed yet
04	SLTB/TS/GEN/2015/19 III	Quotations for the purchase of 2200 Nos. Pen Drives for SLTB	Completed
05	SLTB/TS/GEN/65/2015	Calling for quotations for the procurement of tyres for the Super Luxury buses (Yutong)	Only 204 have been procured
06	SLTB/TS/GEN/65 I/2015	Calling for quotations for the procurement of tyres for the Leyland buses operated on Expressways	Procurement stopped temporarily
07	SLTB/TS/GEN/07/2015	Quotations For Fuel Pumps for Orugodawatta&Rathmalana Fuel Filling Stations.	Called for quotations for 02 nd time
08	SLTB/TS/GEN/28/2015	Bid For the Supply & Delivery of 4100 Nos. New Batteries or Batteries of acid.	Procured according to depot requirements
09	SLTB/TS/GEN/12 (I)/2015	Procurement and transport of raw materials for the tyres required monthly for the manufacture of tyres at the Ampara Tyre Workshop	Procurement is in progress
10	SLTB/TS/GEN/07 (I)/2015	Quotations for Supply, Delivery and Installation of an underground fuel Tank and Dispensing pumps for Samanthurai Depot, Orugodawatta&Rathmalana.	On quotations approved by the Tender Board only 02 fuel pumps were procured for Rathmalana Fuel Filling Station
11	SLTB/TS/GEN/2015/76	Quotations for the purchase of 01 No. Digital Camera for SLTB	Completed
12	SLTB/TS/GEN/2015/78	Calling for quotations for the procurement of 02 Water Pumps required for the SLTB Central Bus Station.	Approved
13	SLTB/TS/Civil/2015/16(I)	Quotations for Internal Plastering of Water Sump at CBS – Pettah.	Not done yet
14	SLTB/TS/GEN/2015-2	Quotations for the Supply & Delivery of bus Body Building Materials for the Provincial Workshops.	Completed
15	SLTB/TS/GEN/2015- Rexene	Procurement of rexin required for passenger seats in the SLTB buses	Procured according to requirements of Depots and Regions
16	SLTB/TS/GEN/80/2015	Calling for quotations for the procurement of household items required for employees' rest rooms throughout the island	Completed

17	SLTB/TS/GEN/10/2015	Quotations for the Supply & Delivery and Installation of 100 Nos. electronic devices for SLTB super Luxury Buses.	Procured
18	SLTB/TS/Civil/2015/16 II	Quotation for Earth filling to Shalika Ground.	Not done yet
19	SLTB/TS/Civil/2015/16 III	Construction of Rubble Service Ramp Dambulla Depot.	Approved but not done yet
20	SLTB/TS/Civil/2015/16 IV	Repairing & Maintenance of Main Building in Driver Training School at Kalutara.	Stage I completed by Civil Engineering Division
21	SLTB/TS/Gen/65 (i) 2015	Obtaining tyres for Yutongbuses	Though 254 ordered only 204 were procured
22	SLTB/TS/Civil/2015/16-V	Quotations for Construction of waste water line at Angoda Depot.	Not done yet
23	SLTB/TS/GEN/74/2015	Quotations for the Supply & Delivery of 50 Nos. Computers, UPS, Printers & 10 Nos. of Laptop Computers for SLTB	Completed
24	SLTB/TS/Gen/10/2015/II	Quotations for the Supply & Delivery of Photocopy Machines for SLTB	Completed
25	SLTB/TS/SUB/(Au)01/2015	Calling for quotations to select a suitable auctioneer to dispose of used condemned buses removed from use by public auction.	Completed
26	SLTB/TS/GEN/2015/81	Calling for quotations for the procurement of time registering clocks	Quotations have been obtained to relevant depots to procure
27	SLTB/TS/GEN/2015/02(ii)	Calling for quotations for the procurement of motor spare parts (Tata and Leyland)	Completed
28	SLTB/TS/Adv/2015	Calling for quotations to select a suitable advertising firm for displaying advertisements in 4000 buses.	Only tenders have been opened
29	SLTB/TS/Canteen/2015	Calling for quotations to maintain the SLTB canteen.	Completed
30	SLTB/TS/GEN/2015/80	Calling for quotations for required tools for the repair and maintenance of electricity.	Completed
31	SLTB/TS/GEN/07/2015	Procurement of 60 new fuel dispensing pumps.	Not procured
32	SLTB/TS/Gen/Civil/10/2015/(VIII)	Procurement of metal sheets for repairs to Shalika Stadium Pavilion.	completed
33	SLTB/TS/GEN/2015/84	Quotations for the purchase of new wireless Access point to SLTB Head Office.	Though ordered not supplied yet
34	SLTB/TS/GEN/SpringBlades/01/2015	Procurement of Spring Blades required for SLTB buses	Quotations have been called and procurement will be done by Regional Offices
35	SLTB/TS/GEN/55	Calling for quotations for complete repairs to	Price approved on

	/2015	engines	approval from DGM)T)
36	SLTB/TS/GEN/2015/84	Quotation for Electrical Items at SLTB Head Office.	Referred to Supplies Section
37	SLTB/TS/GEN/Civil/2015/16(IX)	Construction of Service Pit at Siyambalanduwa Sub Depot.	Stopped
38	SLTB/TS/GEN/Civil/2015/16(IX)	Construction of oil Interceptor (Brick Walls) Rubble Service Ramp at Maharagama Depot.	Not Done
39	SLTB/TS/GEN/Civil/2015/16(IX)	Quotation for Proposed Time Keeper Building at Kandy bus stand near the clock Tower.	Not done
40	SLTB/TS/GEN/2015/32	Calling for quotations to fill the required Carbondioxide and to effect related repairs to firefighting equipment.	Not completed yet
41	SLTB/TS/GEN/79/2015	Supply and transport required tubes and flaps to SLTB buses	Brought forward
42	SLTB/TS/GEN/2015/74/II	Quotations for purchase of Computer Server Machine & UPS Machine For SLTB Head Office.	Completed
43	SLTB/TS/GEN/Civil/2015/16(XI)	Construction of Steel Roof & Floor Concreting of CHOGM bus Depot - Katubedda	Done by Civil Engineering Section
44	SLTB/TS/GEN/2015/19/II	Quotations for Toner Item for SLTB Head Office	Completed
45		Calling for quotations for procurement of required clothing material and tailoring charges to supply uniforms to the drivers of Pool Vehicles at SLTB Head Office for the year 2016	Completed
46	SLTB/TS/GEN/05/2015	Calling for quotations for finance division of all SLTB Depots and Regional Officers to print CTB/A/10 receipts for acceptance of cash.	Completed
47	SLTB/TS/Civil/16/2015	Calling for quotations for repair and maintain Metro in Passenger Lodge and Canteen and Central Bus Station Pettah and to rent same on leasing basis for a period of 05 years.	Obtained on a leasing basis
48	SLTB/TS/GEN/28/2015	Calling for quotations for obtaining required new batteries for SLTB Yutong buses	Not obtained
49	SLTB/TS/GEN/18/2015	Quotation for the supply of a Generator for SLTB	Approval received
50	SLTB/TS/GEN/05 – (II)/2015	Calling for quotations to print the annual requirement of season tickets for all SLTB depots for the year 2016	Completed
51	SLTB/TS/GEN/2015/65(II)	Calling for quotations for the supply and transport of 900 Yutong new tyres of SLTB Yutong buses.	Brought forward
52	SLTB/TS/GEN/05 – (III)/2015	For printing of required printing forms for SLTB Head Office - 2016	Price approved and Depots have been informed to obtain according to requirements
53	SLTB/TS/GEN/A	Calling for quotations to select a suitable	Completed

	DD/2015	commercial advertising Firm to display advertisements in SLTB buses.	
54	SLTB/TS/GEN/90/2015	Calling for quotations to rent out on leasing basis the land premises at Hindugoda, Thanthirigewattha belonging to SLTB Badulla	Stopped temporarily
55	SLTB/TS/PS/01//2015	Calling for quotations to obtain security services for Regional Offices, Provincial Workshops and Depots belonging to SLTB	Suitable services have been approved
56	SLTB/TS/GEN/05/2015	Calling for tenders to print passenger ticket books and luggage ticket books for SLTB buses -2016	Price approved and Depots have been informed to obtain according to requirements
57	SLTB/TS/GEN/25/2015	Bid for the obtaining of new Insurance Coverage For year – 2016	Only quotations have been called and services will be obtained by Regional Offices and depots
58	SLTB/TS/GEN/25/2015	Opening of tenders calling for procurement of required materials to SLTB Provincial Workshops	Completed
59	SLTB/TS/GEN/2015/32 I	Calling for quotations for the firefighting equipment required for the Yatinuwara Provincial Workshop and for procurement of materials required to manufacture a machine to fill hydrogen gas and repairs to fire fighting equipment	Not obtained yet
60	SLTB/TS/GEN/07/2015	Quotations for the Purchase of Air Conditioners for SLTB	Completed
61	SLTB/TS/GEN/45/2015	Quotations for the Supply of Electric Geezer for Circuit Bangalow (I) at Nuwara Eliya SLTB	Completed
62	SLTB/TS/GEN/18-I/2015	Quotations For the Supply of Generator for SLTB Hatton Depot.	Not procured
63	SLTB/TS/Toner(Scrap)/2014	Selling of toners removed from use by the SLTB Head Office	Completed
64	SLTB/TS/old Newspapers/2015/I	Calling for quotations for old newspapers	Completed
65	SLTB/TS/SUI/01/2015	Sale of condemned spare parts removed from use from SLTB Depots belonging to Uva, Eastern Region and Yatinuwara Provincial Workshop	Completed
66	SLTB/TS/SUB/01/2015	Tenders for sale of condemned buses in depots belonging to Colombo, Rajarata, North, Gampaha and, Kalutara Region at Lakdiwa Engineering Company, Madawachchiya Provincial Workshop and Kalutara Driver Training Schools.	Completed
67	SLTB/TS/GEN/2015/93	Calling for tenders for the sale of buffin powder from SLTB Tyre Workshop	Completed

Information, Communication & Technology Division

1. Procurement of 200 computers.
2. Procurement of 100 Printers.
3. Procurement of 200 UPS
4. Procurement of 2200 electronic bus ticket machine.
5. Installing 2200 Destination boards with GPS Equipment.
6. Implement a software for salary system.
7. To train SLTB employees in the relevant software.
8. To solve the day to day problems about computers and related problems arising at the SLTB Head Office in the depots and take necessary steps and give direction and manage the maintenance of computers.

Supplies/Commercial Division

01. Procurement of spare parts and accessories for all the Provincial Workshops throughout the Island according to procedures, stocking them issuing them and to send payment vouchers to the Finance Section. In addition procurement of required spare parts for depots throughout the Island on the recommendation of Technical Division and the issue them at stated above and refer them for payment.
02. Particulars of the annual requirement of stationery, toners, pen drives and computers should be collected from all Divisions and Sections and submitted to the relevant Tender Board and after calling for quotations the prices and the Schedule should be submitted to the Evaluation Committee and based on the decision of that Committee the Prices and the Suppliers should be selected and accordingly 02 months' requirement should be ordered and entries should be made in the Bin Card and payments and settlements should be made and action should be taken to distribute the items.

03. Procurement of all office equipment (Computer and related accessories, Printers, UPS Machines, Air Conditioners, Finger Print Machines and Fax machines) and office furniture according to requirement should be procured after obtaining approval from the Tender Board and payment and settlement should be made.
04. Inform all SLTB depots, Provincial Workshops and Regions giving details of Approved Prices and the Suppliers so that they could procure required office equipment and office furniture according to their requirements.
05. Procurement, issue, payment and settlement and inventorying of required furniture, kitchen utensils and electrical equipment for all SLTB Circuit bungalows and Holiday Homes according to the approved tender prices.
06. Procurement on approval of the Tender Board of generators and raw materials, maintenance of air conditioners, repairs of accessories/electric accessories to the SLTB Head office and to workplaces functioning under the financial allocation of the Head office and issue, payment and settlement.
07. Distribution of new tire kits and batteries required for SLTB buses in all the depots throughout the Island through the Regional offices according to their requirement and to maintain relevant registers properly, control stock and to attend to payments.
08. Printing and maintaining a stock of season ticket annual requirement for the SLTB, distribution to all depots according to their requirements, maintain relevant registers and prepare vouchers necessary for payment.
09. Procure raw materials required for printing travel passes to SLTB employees and outsiders and issue them and to maintain related registers and refer for payment.
10. Procurement of spare parts and accessories required for Yutong buses from Chinese Suppliers, get the relevant goods cleared by the Sri Lanka Custom and distribute them according to requirement and maintain control of stocks and prepare necessary registers for relevant payments.
11. Procure and supply all goods and materials requirement for Circuit bungalows and Holiday Homes under the SLTB and maintain relevant schedules and files.
12. Procure vehicles and other materials for Driver Training Schools throughout the Island according to requirements and to maintain related Stock Schedules.
13. Preparation of vouchers and maintenance of other related schedules and files for Procurement of vehicles (Pool vehicles).

14. Calling for quotations for urgent requirement when approved quotations are not available with the Tender Board. Preparation of schedules and obtaining covering TenderApproval.
15. All the above procurements should be separated subject wise and workshop wise under Part Nos. and to assign duties and the employees to perform duties assigned to them.
16. All subjects of procurement of supply should be entered in the bin card and should be stock controlled regularly.
17. Action should be taken to computerize duly issue vouchers registers (S – 1), issue vouchers (S – 1) receiving vouchers (S -5 – RV). and issue vouchers (S – 6 – IV) and orders.
18. When relevant registered quotations are called for all procurements through tenders, to participate as an officer of the Committee when such tenders are opened. To submit to the Tender Board for approval of the price.
19. Annual Procurement Plan should be prepared and should be referred to the Audit & Management Committee and the Board of Directors for approval and thereafter relevant progress report should be prepared.
20. Monitoring of the daily activities of the Main Stores and to give necessary instructions and stocking, introducing procedures and to act accordingly.
21. When photo copy machines, computers and other equipment are under repairs, refer them to repairs and ottake action to maintain them.
22. Prepare schedules after all tender activities are over, prepare letters, submit for evaluation and prepare evaluation reports.
23. Sale of scrapped buses, tyres, old newspapers should be sold according to the approved tender price and the relevant quotations should be listed and the relevant schedule should be prepared.
24. Refer all bills of quotations for final payment. Register them.
25. Details should be maintained about Supplies Officers and Storekeepers in all SLTB depots, Provincial Workshops and Regional Offices and should participate in

interviews held for appointments and to give relevant recommendations and monitoring for transfers.

Training, Research and Development Division

Ser No.	Training programs	Trainers	No. Trained	Cost (Rs.)
01	E.R.P Colombo/Gampaha/ Kalutara	R.A Manager/Regional Manager (Operation/Finance/Engineer)/ Depot Manager/Assistant Manager (Operation/Finance/Engineer)/Computer Operator	143	42,645/-
02	Wayamba	R.A Manager/Regional Manager (Operation/Finance/Engineer)/ Depot Manager/Assistant Manager (Operation/Finance/Engineer)/Computer Operator	59	Through the Region
03	Ruhuna	R.A Manager/Regional Manager (Operation/Finance/Engineer)/ Depot Manager/Assistant Manager (Operation/Finance/Engineer)/Computer Operator	62	Through the Region
04	Kanady	R.A Manager/Regional Manager (Operation/Finance/Engineer)/ Depot Manager/Assistant Manager (Operation/Finance/Engineer)/Computer Operator	57	Through the Region
05	Badulla	R.A Manager/Regional Manager (Operation/Finance/Engineer)/ Depot Manager/Assistant Manager (Operation/Finance/Engineer)/Computer Operator	36	Through the Region
06	Sabaragamuwa	R.A Manager/Regional Manager (Operation/Finance/Engineer)/ Depot Manager/Assistant Manager (Operation/Finance/Engineer)/Computer Operator	42	Through the Region
07	Rajarata	R.A Manager/Regional Manager (Operation/Finance/Engineer)/ Depot Manager/Assistant Manager (Operation/Finance/Engineer)/Computer Operator	30	Through the Region
08	Northern	R.A Manager/Regional Manager (Operation/Finance/Engineer)/ Depot Manager/Assistant Manager (Operation/Finance/Engineer)/Computer Operator	40	Through the Region
09	Store Keeper	Store Keepers - Group I	80	32,685/-

		- Group II	80	35,555/-
10	Leadership training and Management	All Depot Managers	105	21,605/-
				20,409/-
				22,355/-
				20,090/-
				21,545/-
				18,110/-
				22,445/-
				19,557/-
				19,520/-
				21,820/-
			47,650/-	
11	Road Safety Training	Bus Drivers	90	17,635/-
			90	19,995/-
12	Research concept	Assistant Manager (Finance)	43	19,197/-
		Assistant Manager (Engineering)	51	21,793/-
		Assistant Manager (Operations)	46	18,160/-
				<u>462,771/-</u>



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

CTP/A/SLTB/FA/01/2015/62

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

20 June 2018

The Chairman,
Sri Lanka Transport Board

301

Report of the Auditor General on the Financial Statements of the Sri Lanka Transport Board for the year ended 31 December 2015 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971

The audit of financial statements of Sri Lanka Transport Board for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, 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 Section 13(1) of the Finance Act, No. 38 of 1971 and Section 24 of the Sri Lanka Transport Board Act, No. 27 of 2005. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2) (c) of the Finance Act appear in this report.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.



1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit conducted in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 – 1810).

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the statement of financial position, comprehensive income statement, statement of changes in equity and cash flow statement.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Going Concern of the Board

As the Board had been incurring continuous losses, the net assets had extensively eroded and as a result, the net assets by the end of the year under review had become a negative value of Rs.28,977,203,239. It was observed in audit that without the financial assistance of the Treasury or the Government, the going concern of the Board could be uncertain.



In analyzing the financial position for the year under review and the 4 preceding years, current assets to cover up the current liabilities had been at a level lower than 34 per cent of the total current liabilities during the period from 2011 to 2015 and this level had been at 42 per cent in the year 2010. Non-settlement of payables as specified, failure in taking action to recover receivables and the balances brought forward for a long period without being settled had mainly attributed to this position.

2.2.2 Sri Lanka Accounting Standards

The following non-compliances were observed.

(a) Sri Lanka Accounting Standard 01

In terms of paragraph 32 of the Standard, assets and liabilities and income and expenditure should not be offset except required or permitted by a Standard. However, the following offsets had been carried out.

- (i) According to the schedules presented, overdraft balances out of beneficial cash balances of 30 bank accounts amounting to Rs.27,390,759 had been offset while overdraft balances of 14 bank accounts amounting to Rs.20,691,606 had been offset against beneficial balances. As such, the bank cash balance and bank overdraft had been understated by Rs.45,853,652 and Rs. 45,853,652 respectively in the financial statements.
- (ii) Out of trade creditors balance totalling Rs.649,233,033 of 3 depots and regional offices, creditors debit balance of Rs.32,700,544 had been offset and shown as trade creditors balance of Rs.616,532,489 in the financial statements.
- (iii) Out of trade debtors balance amounting to Rs.12,657,758 of the Kalutara Driver Training School, a credit balance of Rs.46,080 had been offset and shown in the financial statements.



(iv) Out of the balance of Rs.66,516,172 payable to the Ceylon Petroleum Corporation, a debit balance of Rs.45,568,987 had been offset and shown in the financial statements.

(b) Sri Lanka Accounting Standard 07

The balances of the Stock Adjustment Account and the Fuel Surplus/Deficit Account amounting to Rs.120,428,954 and Rs.42,471,837 that had been adjusted to the profit of the year under review respectively had not been adjusted under Non-cash items in the cash flow statement.

(c) Sri Lanka Accounting Standard 16

The following observations are made.

- (i) In terms of paragraph 55 of the Standard, depreciation of an asset begins when it is available for use and shall be allocated on a systematic basis over its useful life. However, the Board had not made provisions for depreciation relating to property, plant and equipment valued at Rs.51,541,669 purchased on cash and on lease basis and utilized in the year under review.
- (ii) In terms of paragraph 58 of the Standard, the value of lands and buildings should be separately identified and shown in the financial statements. However, contrary to that, a sum of Rs.319,799,319 had been shown as lands and buildings in the statement of financial position. Out of that total value, depreciation had been computed annually at the rate of 2.5 per cent considering fifty per cent, that is a sum of Rs.159,899,660 as the value of buildings. As such, depreciation of Rs.1,048,812 had been made by the year 2015 exceeding the cost of buildings.
- (iii) Even though the useful life of non-current assets had not been reviewed annually, 988 Items of Assets costing Rs.3,037,266,897 had been fully depreciated. However, they had still been in use. Accordingly, action had



not been taken to revise the estimated error in terms of Sri Lanka Accounting Standard 8.

- (iv) Even though 825 bus engines valued at Rs.1,004,452,160 purchased in the year 2006 should be capitalized to the value of the relevant bus and re-estimated the life span in the installation of the engines to buses, contrary to that, the bus engines purchased had been separately brought to account and 20 per cent depreciation made therefor.

(d) Sri Lanka Accounting Standard 17

The following observations are made.

- (i) In terms of Section 31(b) of the Standard, in disclosing lease liability in the financial statements, the fair value of such lease assets or the present value of lease payments payable, whichever is lower should be disclosed and it should have been disclosed as follows. Contrary to that, only the financial lease liability at cost and the interest thereon on sum of digit method had been computed by the Board and shown as Rs.10,032,569,943 under lease liability.
- * Reconciliation between the minimum lease instalment at the end of the period and their present value.
 - * The total of future lease instalments at the end of the accounting period and their present value for periods not less than one year, over one year and less than five years and over five years.

(e) Sri Lanka Accounting Standard 19

In terms of paragraph 57 of the Standard, the post- employee benefit liability should be accurately estimated based on the Projected Unit Credit Method. However, without doing so, the provision for total gratuity had been computed by



adding the Cost of Allowance and additional allowances to the average salary of each Grade and multiplying by the number of officers.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) Direct receipts to bank accounts of 09 depots and bank fees of Rs.36,612,935 and Rs.2,629,593 had not been identified and brought to account as income and expenditure respectively according to bank reconciliation statements as at 31 December of the year under review. A sum of Rs.1,973,578 which had been debited twice in the cash book in 07 instances had not been rectified and direct credits of Rs.7,885,175 had not been settled on long term in 40 instances.
- (b) Depreciation of Rs.201,247,403 had not been brought to account for buses valued at Rs.1,751,869,409 purchased in the year under review on cash and on lease basis.
- (c) In making provisions for gratuity in the year 2015, the interim allowance had been added to salaries and wages. As such, overprovisions of Rs.357,740,000 had been made for gratuity.
- (d) Even though 900 electronic ticket machines valued at Rs.31,619,700 had been purchased for the year 2015 and issued to depots, it had been recorded as Rs.28,863,689 under depot assets. As such, the balance of assets in the financial statements and the payable balance of the current account of the Head Office had been understated by Rs.2,756,011.
- (e) Even though the renovations of the Kataragama Rest House had been completed on 16 July 2015, a sum of Rs.14,813,358 which was its construction cost had been shown under Work-in-Progress in the financial statements without capitalizing to the Building Account. As such, the depreciation relating to that building had not been brought to account from that date up to 31 December.
- (f) Even though the constructions of the new depot at Horowpathana had been completed and utilized for the purposes of the Board from 10 June 2012, a sum of



Rs.32,436,772 incurred for its constructions had been shown as Work-in-Progress without capitalizing to the Buildings Account. As such, depreciation of Rs.2,838,218 relating to 3 ½ preceding years for these buildings had been omitted from computing and accounting.

- (g) According to financial statements, interest of Rs.4,548,371 received for the two fixed deposits totalling Rs.9,000,000 of the Central Bus Stand had been reinvested. However, instead of debiting the Investment Account in that value, the Income Receivable Account had been debited.
- (h) The interest receivable for a fixed deposit relating to the period from 01 June up to 31 December 2015 had been understated by Rs.162,503 in accounts.
- (i) The sum of Rs.8,183,702 receivable for warrants issued to the Civil Security Force had been recorded twice in the income of the year and income receivable. As such, the loss for the year and the warrant fees receivable had been understated and overstated by that amount respectively.
- (j) The income from stall rent amounting to Rs.1,726,367 receivable for the year 2015 of the Central Bus Stand had not been brought to account.
- (k) The value of condemned buses at the end of the year under review amounted to Rs.1,592,669,139 and the scrap value of a bus had been identified as Rs.1,000. Nevertheless, overprovision of Rs.2,924,746 had been made for depreciation exceeding even that scrap value.

2.2.4 Unexplained Differences

The following observations are made.

- (a) According to the comprehensive income statement of the year under review, the depreciation value for property, plant and equipment was Rs.2,146,560,160. However, depreciation value had been shown as Rs.2,147,944,061 under



operations in the cash flow statement. As such, a difference of Rs.1,383,901 was observed.

- (b) According to the financial statements of the Board for the year under review, an income of Rs.60,759,000 from sale of 427 buses had been brought to account as other income. However, according to the information of the Technical Division, it was recorded that an income of Rs.85,424,111 had been received by sale of 584 buses. As such, according to the income shown in the financial statements and the books of the Technical Division, a difference of Rs.24,665,111 was observed.
- (c) According to the financial statements of the Driver Training School in Kalutara, a sum of Rs.3,091,346 from the Badulla depot and a sum totalling Rs.6,756,442 from Uva and Sabaragamuwa regional depots and the Kataragama depot had been shown as receivable as at 31 December of the year under review. Nevertheless, according to the financial statements of the Badulla depot, only a sum of Rs.2,871,970 had been shown as balance payable.
- (d) According to the financial statements of the Board, a sum of Rs.1,033,171 had been shown as cash receivable from the Udahamulla Driver Training School to the Head Office. However, according to the accounts of the Udahamulla Driver Training School, the amount payable to the Head Office had been Rs.570,834. As such, the difference was Rs.462,337.

2.2.5 Suspense Accounts

The credit balance which amounted to Rs.3,941,993 after adjusting the debit and credit balances in the Suspense Account, had not been settled from a long period.

2.2.6 Lack of Evidence for Audit

Due to lack of evidence indicated against the following transactions, they could not be satisfactorily vouched or accepted in audit.



Item of Account	Value	Evidence not made available
	(Rs.)	
(i) Trade Creditors	228,781,504	Detailed Schedules and Age Analyses
(ii) Workshop Creditors	64,187,315	
(iii) Cashiers' shortages	1,271,364	
(iv) Conductors' discrepancies	15,249,736	
(v) Sundry Debtors	99,647,683	
(vi) Income Receivable	253,051,561	
(vii) Gratuity	3,641,172,333	
(viii) Trade Debtor balance	3,193,451	Details of officers who had been paid Schedules
(ix) Current Accounts, Savings Accounts and Fixed Deposit Accounts	2,087,218,462	Letters of Confirmation of balances for 91 accounts
(x) Lands and Buildings	319,799,318	Register of Assets, Detailed Schedule and Assessment Reports
(xi) 06 Journal Entries	5,016,723,610	Details relating to Journal entries
(xii) Stocks	744,821,576	Detailed stock reports
(xiii) Performance Bonds	1,312,727	Detailed documents and registers
(xiv) Construction of the Horowpathana new depot	4,548,536	Letters with approval for exceeding the estimated amount



(xv) Discounts on income from warrants	399,385,714	Documents and registers on approving discounts
(xvi) Balances not credited to the bank	2,843,042	Age Analysis of credit balances
(xvii) Balances debited in excess to the cash book	457,460	Letters on Confirmation of Period, Detailed Schedules
(xviii) Cheques not debited shown in the Bank Reconciliation Statement	7,090,334	Letters on Confirmation of Balances and Detailed Schedules
(xix) Inactive accounts - debit	9,935,375,095	Age Analyses and Letters on Confirmation of Balances
(xx) Inactive accounts - credit	26,054,948,782	Age Analyses and Letters on Confirmation of Balances

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) Sums of Rs.1,569,519 and Rs.2,174,792 had been recoverable to the Giriulla and Alawwa depots from the Treasury as salaries paid to employees who died due to terrorist activities during the period from the year 2003 up to the year 2009.
- (b) The security officers of the Sri Lanka Transport Board were deployed in the service of the Department of Motor Traffic, Ministry of Private Transport Services, National Transport Commission and the National Transport Medical Institute and salaries and allowances of Rs.40,604,269 had been paid in the year under review to those security officers by the Board. A sum of a further



Rs.36,922,769 had not been reimbursed from the year 2013 up to 31 December 2015.

- (c) Action had not been taken to settle balances totalling Rs.12,070,995 older than 10 years payable to external parties relating to 5 regional depots.
- (d) Action had not been taken even up to the end of the year under review to recover an outstanding cashier balance of Rs.33,662,732 of the Badulla depot brought forward since the year 2011 and receivable balances of Rs.9,260,302 and Rs.8,455,334 of the Monaragala and Badulla depots respectively.
- (e) According to the information made available to Audit, a sum of Rs.1,778,661,537 representing 93 per cent and a sum of Rs.721,380,174 representing 38 per cent had been advances granted before 01 year and 2 years respectively as per the Age Analysis relating to balances unsettled in the Purchase Advances Account and they had not been settled.
- (f) Out of income receivable relating to a bank account, a sum of Rs.193,375,188 had remained outstanding and the amount receivable relating to the Provident Fund Loan Account represented 81 per cent out of the said amount and no Age Analysis had been submitted therefor.
- (g) Income from Army warrants and special rents of Rs.41,784,537 and Rs.188,616,652 respectively, receivable as at 31 December 2015, had not been recovered.
- (h) The balance under income receivable from the year 2008 to 31 December 2015 of the Bandarawela depot had been increasing from Rs.1,108,756 to Rs.12,537,456 while the percentage of non-recovery had been ranging from 43 per cent to 90 per cent accordingly.
- (i) The electricity and water charges billed for the stalls rented out by the Central Bus Stand relating to the year 2015 amounted to Rs.2,314,383 and Rs.1,197,133 respectively. Moreover, only the values of Rs.1,816,471 and Rs.866,601 received by cash respectively during the relevant period had been brought to account. As



such, balances and income receivable amounting to Rs.828,444 had not been accounted for.

- (j) A sum of Rs.1,863,414 is being brought forward since the year 2009 as outstanding income from stall rent of the Central Bus Stand and no action had been taken to recover that amount even by the year under review.

2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following instances of non-compliance were observed.

Reference to Laws, Rules, Regulations etc.	Non-compliances
(a) Section 11 of the Finance Act, No.38 of 1971 and Section 8.2.2 of Public Enterprises Circular No. PED/12 of 02 June 2003	Even though a sum of Rs.19,733,819 had been invested in fixed deposits in the year under review, the concurrence of the Minister of Finance and the approval of the Minister in charge of the subject had not been obtained therefor.
(b) Section 16 of the Employees Provident Fund Act, No.15 of 1958 as amended by Act, No.26 of 1981	Contributions amounting to Rs.1,662,003,377 of the Head Office and regional offices of the Board had not been remitted to the Employees Provident Fund.
(c) Section 5(1) of the Payment of Gratuity Act, No.12 of 1983 and (Amendment) Act, No.62 of 1992	Gratuity should be paid within 30 days of termination of services. Nevertheless, action had not been taken even up to the end of the year under review to make gratuity payments of Rs.67,244,193 payable to 172 employees of 5 depots who had retired in 2015 and in preceding years despite a delay



ranging from 1 year to 19 years as at 31 December 2015.

(d) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

- (i) Financial Regulation 177 (1) The monies received should be remitted either daily or at the earliest possible opportunity. A sum had been deposited less by Rs.34,249,522 relating to the period from the year 2012 up to the year 2015 of the Badulla depot. However, the depot had not identified the said deposits by less amounts and taken action in that connection.
- (ii) Financial Regulation 177 (3) An income of Rs.1,214,386 collected in the years 2014 and 2015 by the Walapone and Theldeniya depots had not been banked even up to 31 December 2015.
- (iii) Financial Regulation 395 (b) Out of 156 bank current accounts maintained by the Board, Bank Reconciliation Statements relating to 59 current accounts had not been made available to Audit in the year under review.
- (iv) Financial Regulation 395 (e) According to audit test checks, schedules on cheques issued but not presented for 7 bank accounts totalling Rs.20,838,069 and cheques deposited but not realized for a bank account totalling Rs.129,845 had not been mentioned in the bank reconciliation statement.





- (v) Financial Regulation 396 (d) In the assignment of duties to officers, the duty of preparing bank reconciliation statements should be assigned to a person who has no connection in preparing the cash book. However, it had not been so done.
- (vi) Financial Regulation 395 (h) Out of 95 bank accounts presented to Audit relating to December of the year under review, 58 cheques issued but not presented for payment shown in the bank reconciliation statements of 15 bank accounts with a lapse of 06 months, totalled Rs.1,880,020. Even though these cheques remained for about a period of 04 years, action had not been taken in terms of Financial Regulations.
- (vii) Financial Regulation 757 Action had not been taken to conduct a Board of Survey for the year under review and to present the relevant reports to the Auditor General.
- (e) Treasury Circular No. 842 of 19 December 1978 Even though the Board owned property, plant and equipment valued at Rs.11,633,840,656, as at the end of the year under review, a Register of Fixed Assets had not been maintained in an updated manner so as to include all those assets.





3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result for the year ended 31 December 2015 had been a deficit of Rs.751,260,743 as compared with the corresponding deficit of Rs.1,228,021,529 in the preceding year, thus indicating a decrease in the deficit by Rs.476,760,786 for the year under review as compared with the preceding year. Even though the operating expenses and administrative expenses of the Board had increased by Rs.4,566,544,326 and Rs.1,612,418,157 respectively, the increase in passenger transport income and other income by Rs.7,045,280,367 had mainly attributed to the decrease in the above deterioration.

An analysis of financial results for the year under review and four preceding years revealed that the deficit of the Board had gradually increased from the year 2011 to the year 2012 while the deficit from the year 2013 to the year 2015 had gradually decreased.

Taking into consideration the employees' remuneration and depreciation on non-current assets, the contribution of the Board had improved in the year 2012 as compared with the year 2011 and the contribution which was Rs.11,499,778,412 in the year 2012 had continuously improved up to Rs.21,644,512,472 in the year 2015.

4. Operating Review

4.1 Performance

In terms of the Sri Lanka Transport Board Act, No. 27 of 2005, the objectives of the Board, are as follows.

- To provide in consultation with the National Transport Commission and relevant Provincial Transport Authorities an efficient regular omnibus service which is efficient and effective ensuring economic viability;
- In order to achieve the above objective, the Board shall prepare an annual plan embodying its proposals identifying the manner in which implementation is to be carried out, along with the identification of the relevant stakeholders





responsible for the different proposals and the likely time frames involved in the implementation of the entire plan. An annual budget in relation to the Annual Plan shall also be prepared accordingly;

- To conduct the business of the Board in such a manner that the entire operations of the Board will be conducted and maintained in order to ensure viability of such operations to the maximum extent possible;
- To implement any other scheme or service in the transport sector, that will enhance the quality of public transport.

The following observations are made in respect of the performance of the year under review in accordance with the Action Plan, Progress Report and the Budget prepared as per the Corporate Plan relating to the achievement of the objectives of the Board in the year 2015.

(a) Attention had not been drawn in preparing the Corporate Plan on the following activities that could have been implemented in accordance with the powers vested in the Board in terms of Sri Lanka Transport Board Act, No. 27 of 2005.

- Providing bus halts or shelters for the road passengers transported by the Board.
- Providing bus services for the routes considered by the Board as being difficult or impractical.
- Supplying and maintenance of places for stopping the buses belonging to the Board.

(b) The following observations are made in respect of targets intended to be achieved during the year according to the Action Plan of the year 2015.

- (i) Even though it had been targeted to increase the number of buses operated daily up to 6,000, according to the reports of the



Planning Division, only 5,270 buses had been operated per day. As such, it had failed to reach a target of 12 per cent.

- (ii) Even though the number of kilometers expected to be operated in the year 2015, stood at 643,184,516, only 440,424,544 kilometers had been operated. As such, out of the targeted number of kilometers, 202,759,972 kilometers representing 31.5 per cent could not be operated.
 - (iii) Even though it had been planned to increase the daily route income up to Rs.80 million, only a sum of Rs.66 million had been earned. Accordingly, 17.5 per cent of the expected target could not be achieved.
- (c) It had been targeted to repair and get into operating condition, the buses which should be totally repaired and the buses which are being removed from operating due to minor repairs occurred daily. Even though the total fleet of buses existed as at 31 December 2015 stood at 7,797, out of them, 1,511 buses or 20 per cent were not in operation due to following reasons.

Description	Number of Buses not in operation
Buses not operated without tyres, tubes and batteries	169
Buses not operated without units and sub-units	400
Buses which are in dock	90
Buses being repaired due to accidents	77
Buses being repaired due to minor mechanical defects	261
Buses not operated due to repairs of units	226
Buses not operated due to major repairs	260
Buses which are not economically benefitted by repairing	28
Total	1,511



Five hundred and sixty nine buses had not been operated due to unavailability of tyres, tubes and sets. Moreover, 778 out of the said fleet of buses had been older than 15 years.

- (d) Provisions of Rs.880 million had been made by the Board relating to the year 2015 for the project of rehabilitation of buses and adding them to the fleet of buses and a sum of Rs.1037.12 million had been received during the year 2015 from the Treasury. Even though the Board had spent that total amount of Rs.1,917.12 million, according to the reports of the Planning Division, out of the targeted number of buses for rehabilitation, 861 buses or 48 per cent could not be rehabilitated. Detailed information on the achievement of expected targets is given below.

Description	Target	Year 2015		not
		Actual Position	Quantity achieved	
Engine Sets	720	500	220	
Gear Boxes	720	173	547	
Bus Bodies	360	266	94	
Total	1,800	939	861	

4.2 Management Activities

The following observations are made.

- (a) Lands of 127 acres in extent belonging to the Board are enjoyed by other institutions and persons. However, the Management had not taken action to acquire, legally vest or sell those lands.
- (b) Even though the lands of 18 acres in extent located in Colombo District are used by the Board on long term lease basis, action had not been taken even by 15 September 2017, the date of audit, to obtain Grants which should be obtained according to the Land Ordinance.



- (c) The building and the land of 3.4125 hectares in extent, located at Park Road, Colombo 05 obtained on lease basis from 26 July 1966 belonging to the Anderson Golf Links Ground, Shalika Hall and Ground had been shown under lands and buildings in the financial statements to the value of Rs.300,000. Nevertheless, the legal ownership of that land had not been obtained by the Board. According to the approval of the Cabinet of Ministers dated 18 February 2009, the purpose of obtaining a Grant for this land had been assigned to the Divisional Secretary. However, a Grant had not been obtained even by 15 September 2017, the date of audit.
- (d) According to the Cabinet Decision No.අමස 04/1196/023/015-I dated 15 September 2004, the land of 160.02 perches in extent (0.4055 hectares) called Thahanam Kele depicted in the Preliminary Plan No.9167, located at Dehiwala Road, Maharagama, owned by the Sri Lanka Central Transport Board had been handed over to the Urban Development Authority by the Board on 09 November 2004. This land had been valued by the Chief Government Valuer to the value of Rs.112,000,000 in February 2016 and action had not been taken to recover this amount even by 15 September 2017, the date of audit.
- (e) Even though the land of 26.5 perches in extent, located at No.175, Galle Road, Ratmalana, acquired under the Motor Transport Act, No.48 of 1957 had been granted to the District Secretary for the establishment of the Divisional Secretariat, Ratmalana, action had not been taken to value the said land and to recover moneys.
- (f) In the purchase of spare parts for the Depots belonging to the Sri Lanka Transport Board, the Head Office had selected suppliers and made payments therefor. However, the suppliers had supplied spare parts directly to the Depots. Moreover, the unsettled balance of advances of Rs.1,831,859,235 that remained in the Purchase Advance Account of the Head Office as at 31



December 2014 had increased to Rs.1,907,294,471 as at 31 December 2015 due to the failure in submitting the relevant invoices and the goods received notes to the Head Office by the Depots. Even though payments should be made after receipt of Goods, taking action in purchase of spare parts contrary to that, had been the reason for the increase in the balance of advances.

- (g) Lease agreements are valid by 31 December 2015 only for 9 out of 58 stalls situated at the Central Bus Stand and lease rental agreements in remaining 49 agreements were out dated. Further, it was observed that certain agreements out of them have been remaining since the year 1970 and action had not been taken to update those lease agreements by relevant Divisions.
- (h) The Central Bus Stand had installed sub water meters and sub electricity meters and provided water and electricity for stalls leased out and the amount recovered by billing them for the year 2015 had been Rs.1,197,133 and Rs.2,314,394 respectively. However, the Central Bus Stand had paid Rs.7,130,972 and Rs.7,975,010 for water and electricity respectively. As such, the additional expenditure incurred for water and electricity by the Central Bus Stand had been Rs.5,933,839 and Rs.5,660,616 for the year under review. When the units of electricity and water consumed are increased, the rate as well is increased and as a result, the Central Bus Stand should pay more money and it was further observed that in the recovery of water and electricity bills from stall owners, recovery of low rates without considering it had been the reason for this position.

4.3 Operating Activities

The following observations are made.

- (a.) The loan installments amounting to Rs.84,733,235 recovered by the end of the year under review from the loans granted to the employees from the Employees' Penalty Fund Account in view of employees welfare, had been retained without crediting to the relevant Fund.



- (b.) Loan installments of Rs.249,486,944 deducted from the salaries of the employees with respect to the loans granted to the employees from the Provident Fund of the Board, had been retained by the Board without being credited to the relevant fund. The Provident Fund of the Board has been abolished at present and as such, the information as to the settlement of those funds was questionable in audit.
- (c.) Despite having paid a sum of Rs.7,912,368 for constructions of Phase 02 of the Katharagama Rest House, the contractor had abandoned the project halfway on 20 June 2013 and as a result, a loss had been sustained by the Board and action had not been taken to recover that loss from the officers who are responsible in respect of the failure to cash the performance bond of Rs.658,351 before its maturity in terms of the contract agreement to minimize the loss.
- (d.) In terms of the Gazette Extraordinary No.1533/16 of 25 January 2008 and the National Environment Act, No.47 of 1980, a licence should be obtained therefor by all Depots from which motor vehicle services are carried out. However, according to the information made available, it was observed that only 7 Depots in 6 regional offices had obtained this licence and 35 Depots had not obtained licences.

4.4 Apparent Irregularities

In making payments to a private company for supplying suspension blades produced under the name Napco for Depots belonging to the Sri Lanka Transport Board from the year 2012 to the year 2015, a sum of Rs.127,150,000 had been paid by the Board as per the request made by the Napco Company for obtaining money recoverable, without verifying the receipt of suspension blades in terms of Financial Regulations 137 and 138. Nevertheless, the supplier had not supplied relevant suspension blades even up to 31 December 2017.



4.5 Identified Losses

The following observations are made.

- (a) A sum of Rs.2,718,706 had been paid as surcharges in the year 2015 due to failure in making proper payments to the Ceylon Petroleum Corporation for obtaining fuel by the Depots in Wariyapola and Mahawa.
- (b) Sums of Rs.5,291,223,198 and Rs.52,065,963 to be credited to the Employees' Provident Fund and the Employees' Trust Fund of the Central Bank of Sri Lanka respectively had not been remitted on the due date. As such, sums of Rs.124,276,193 and Rs.11,458,689 had to be paid as surcharges to the Employees' Provident Fund and the Employees' Trust Fund respectively by the end of the year under review.
- (c) Provisions for the contribution amounting to Rs.45,491,197 which should be credited to Employees' Provident Fund on behalf of the Head Office had not been made in the year under review and it was observed that a surcharge of Rs.12,728,496 had to be paid by the Board according to the Employees' Provident Fund Act.

4.6 Resources of the Board released to other Government Institutions

The following observations are made.

In terms of Section 9.4 of the Public Enterprises Circular No. PED/12 of 02 June 2003, resources of the Board should not be released to external institutions. However, officers and motor vehicles of the Security Division of the Board had been released to the Ministry of Transport. Moreover, a sum of Rs.4,723,789 had been paid by the Board for the year 2015 as salaries and allowances for security officers who had been released to the Ministry of Transport. Three motor vehicles obtained on monthly hire basis had been released to the Ministry of Transport and Office of the Deputy Minister of Transport and the expenditure on fuel thereof had been incurred by the Board and further, sums of Rs.356,852 and Rs.393,392 had been paid by the Board as hiring charges of 03 motor vehicles and as salaries and allowances of drivers respectively.

4.7 Transactions of Contentious Nature

The following observations are made.

- (a) A number of 143 buses costing Rs.97,462,160 had been handed over to the Wesco Institution for rehabilitation in the year 2002. However, that institution is inoperative by now and as such, there is a risk of getting down those buses again by the Board. However, no adequate disclosure had been made in that connection in the accounts of the year under review.
- (b) According to the information of the Board, a sum of Rs.3,695,712,194 had been recovered from the employees' salaries as the contribution to the Employees' Provident Fund from the year 2010 to the year 2015. However, those moneys had not been properly remitted to the Employees' Provident Fund maintained by the Board and as such, the employees had been deprived of the interest receivable for the relevant period.

4.8 Staff Administration

The following observations are made.

- (a) In accordance with Section 9 of the Public Enterprises Circular, No. PED/12, dated 02 June 2003, an organization chart, a Scheme of Recruitment, and a Scheme of Promotion had not been prepared for the Sri Lanka Transport Board, and the approval of the Department of Management Services had not been obtained therefor.
- (b) The posts of drivers of the Board ranged from an excess of 28 per cent to a dearth of 35 per cent, whilst the posts of conductors ranged from an excess of 51 per cent to a dearth of 36 per cent. However, there had been 25 Depots with excess number of drivers and conductors and no action had been taken to remedy the

dearth of drivers and conductors by attaching the said excess staff to the Depots lacking the drivers and conductors. Furthermore, according to the information on the cadre presented to the Audit as at 01 May 2015, a number of 235 drivers and 528 conductors had been deployed in inappropriate duties.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

In terms of Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, financial statements and the draft Annual Report for the year under review should have been presented to Audit within 60 days of the closure of the year of accounts. However, the financial statements for the year 2015 had been presented only on 19 July 2017, after a delay of 01 year and 05 months.

5.2 Action Plan

In terms of Section 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003, an Action Plan should be prepared to enable the achievement the objectives and targets within the planned period by clearly identifying Management's responsibility. Nevertheless, the Action Plan had been prepared without considering the financial position of the Board by including objectives and targets which could not be achieved.

5.3 Procurement Plan

A Master Procurement Plan had been prepared by the Board in terms of Guideline 4.2 of the Government Procurement Guidelines 2006. Even though the procurement activities envisaged at least for a period of 3 years should be listed in the Master Procurement Plan in terms of Guideline 4.2.1 (b), the Master Procurement Plan presented had not been so prepared.

5.4 **Budgetary Control**

The following observations are made.

- (a) The Sri Lanka Transport Board had prepared the budget and the financial statements for the year 2015 in a manner that they cannot be compared with each other. As such, variances were observed between the budgeted and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of financial control.
- (b) An examination on expenditure that could be compared in audit, revealed variances ranging from 4 per cent to 99 per cent between the budgeted and actual values of 19 Items of Expenditure of the Board.
- (c) The budgeted income of the Board totalled Rs.44,417,885,626 whereas the actual income totalled Rs.39,828,386,904, thus observing an unfavourable variance of Rs.4,589,498,722 representing 10.33 per cent.

5.5 **Performance of the Environmental and Social Responsibility**

In terms of Gazette Extraordinary No. 1533/16 of 25 January 2008 of the Democratic Socialist Republic of Sri Lanka and Section 23 of the National Environmental Act, No.47 of 1980, a license should be obtained under the aforesaid section being activities which involves or results in discharging, depositing or emitting waste into the environment causing pollution. In terms of that Gazette, a Certificate of Conformity should be obtained for every motor vehicle being used in Sri Lanka by performing an emission test and according to the Order No.09, it has been mentioned that buses as well are entitled to the term motor vehicle. Therefore, emission test certificates should be obtained for buses belonging to the Sri Lanka Transport Board. However, according to the information of 10 Regional Offices, emission test certificates had been obtained only for 550 out of the total of 6,729 buses in the year 2015. Accordingly, 92 per cent out of the total number of buses had been run without undergoing emission tests. As such, Government institutions had not taken action in compliance with environmental laws and regulations causing vast environmental damage.



6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Board from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
(a.) Control of Fixed Assets	(i) Failure to maintain a Register containing information of the buses belonging to the Board. (ii) Weakness in the internal control relating to purchasing and accounting of assets. (iii) Failure to conduct annual verifications of assets.
(b.) Financial Control	(i) Failure to take prompt action to recover the funds receivable and failure to take action to pay the funds payable. (ii) Failure to prepare bank reconciliation statements accurately. (iii) Failure to maintain Registers of Advances. (iv) Failure to maintain registers for surety deposits of the employees, and spending the funds of the employee surety deposits on the expenses of the Board. (v) Maintenance of bank current accounts without a requirement and failure to reconcile and adjust them by the Financial Division.
(c.) Settlement of Advances	(i) Failure to take action to settle the advances immediately after completion of the relevant purpose. (ii) Failure to reconcile and adjust on timely basis.



- (d) Control of Income Failure to use printed invoices with serial numbers for collecting income from warrants.
- (e) Stores Control
 - (i) Failure to report to the Head Office the information relating to the goods supplied by suppliers directly to the Depot after being ordered by the Head Office, and failure to reconcile them.
 - (ii) Receipt of Goods without testing.

Sgd/ H.M. GAMINI WIJESINGHE
Auditor General

H.M.Gamini Wijesinghe
Auditor General

