

National Transport Commission (NTC)

Annual Report 2019

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NTC/PL/Annual Report / 2019

15.05 .2020

Hon. Minister of Transport Services Management,
Ministry of Transport Services Management,
7th Floor,
Sethsiripaya Stage II,
Battaramulla.

Annual Report - 2019

In terms of Section 14 (2) of the Finance Act No. 38 of 1971, and chapter 05 and 06 of the Public Enterprises Guidelines for Good Governance, the National Transport Commission has the honor to forward herewith the Performance Review, the Annual Report Financial Statement and Auditor General's Report of the National Transport Commission for the year ending 31st December 2019.

Sashi Welgama,
Chairman,
National Transport Commission.

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Members of the Commission

January 2019 to December 2019

- | | |
|--|--------------------------------|
| 1. Mr. Janaka Mallimarachchi | - Chairman |
| 2. Attorney at Law Prasad W. Sirimanne | - Member |
| 3. Mr. W.D. Ivan Sanath | - Member |
| 4. Mr. P.A. Sarath Perera | - Member |
| 5. Mr. Ananda Wijeratne | - Member (<i>ex officio</i>) |
| 6. Mr. A.M.R.J.K. Jayasinghe | - Member (<i>ex officio</i>) |
| 7. Chartered Eng. S.P.W. Jayasiriwardane | - Member |
| 8. Mr. A.M. Asanga Dayaratne | - Member (<i>ex officio</i>) |

Staff Meetings and Audit and Management Meetings

The number of meetings held by the Board of Directors during the year 2019 was 11.

The number Audit and Management meetings held during the year 2019 was 03.

Message from the Chairman



Transport has a unique role in the process of achieving development goals of a country. Whichever country, the transport network has a strong impact on the efficiency of the transport network, economic development and social advancement. Accordingly, the National Transport Commission is responsible in formalization of the transportation needs of the country, compiling the statutory functions necessary for the formal, qualitative and efficient public transport system in Sri Lanka.

The National Transport Commission established under the National Transport Commission act number 37 of 1991 has implemented many projects in 2017 with the aim of providing well efficient and comfortable transport services to Sri Lankan community.

‘The projects aimed at meeting social needs’ operated under the State Treasury provisions, such as “Sisu Seriya” bus service that is continued with the aim of providing facilities for the school children to attend school on time devoid of any mental or physical inconvenience and return home safely, “Gami Seriya” bus service with the aim of providing reliable transport service to the people living in remote areas that are without transportation facilities, and “Nisi Seriya” bus service to avoid the difficulties faced by the passengers due to the shortage of bus services in the nights and early mornings are specific among the others.

In addition, a number of projects and programmes were implemented with the aims of increasing the quality of the public passenger transportation services to attract the people using the private transport modes towards public transport services and enhancing the quality of public bus transport by providing reliable, safe and convenient public transport to the public. Accordingly, the project has been continuously implemented to develop a scientifically integrated rotational time tables so that bus operators' business aspirations can be achieved and in a way that all the bus service operators get equal opportunity.

In addition, a new project was initiated and a number of workshops have been held in 2019 to educate on transport field various stakeholders in the field of passenger transport, including the management of transport authorities, inter-provincial bus owners, school vehicle regulatory teams.

Further, action is being taken to remotely and instantly regulate buses through Global Positioning System (GPS) for public transportation based vehicle monitoring system and to review passenger complaints and provide information. Also, when planning on transportation, it is important to make decisions based on data. Therefore, the transport statistics report is important as a report that all data collected together in one. National Transport Statistical Report is published annually collecting data from the Ministry of Transport and institutions related to transport and covering a wide scope.

All these projects are aimed at improving the quality of public transport, providing a safe and efficient transport service. Infrastructure development related to public passenger services is being continued island wide to attract the passengers to the public service, aiming to minimize the traffic congestion aggravating day by day.

I would like to convey my heartfelt gratitude to all the officials of the Ministry of Transport Management Services, the Board of Directors and the entire staff of the National Transport Commission and all stakeholders assisting to strengthen His Excellency the President, Hon. Prime Minister and Hon. Minister of Transport Management Services in achieving the development goals of the new government in the field of public transport by using modern technology to enhance the efficiency and productivity of the public transport sector in line with the National Policy Framework –‘Vistas of Prosperity and Splendour’ (NPF) of the current Government.

Shashi Welgama,
Chairman,
National Transport Commission.

Overview

Our Vision...

To ensure a qualitative, cost effective and safe integrated transport system and services that will provide for the socio-economic development throughout the island and fulfill the different mobility requirements of every citizen of Sri Lanka.

Our Mission ...

To advice the Government of Sri Lanka on the National Policy for passenger transport and to establish the required regulatory framework in order to ensure an efficient bus transportation system which meets the transport needs of the public.

Our Goals/ Objectives

- To steadily maintain the development activities of bus services at a higher level both in quality and quantity.
- To develop an efficient transport network
- To develop a transport system which enables the passengers to choose the bus service suited to their needs.
- To ensure the stability and viability of operators engaged in passenger transport services.
- To provide financial assistance to less remunerative but socially necessary bus services in rural and developing areas.
- To plan and develop a methodology which will prevent the environmental damage caused by bus passenger transport services.
- To increase the productivity of buses by regularizing the turnaround times of buses.
- To ensure safety and discipline in omnibus transportation.
- To co-ordinate the omnibus transportation systems in both inter and intra provincial services.
- To improve the overall labour productivity of the country.

Composition of the Commission

The Commission comprises of three ex-officio members and five more members appointed by the Minister of Transport with the approval of the Cabinet of Ministers. The organizational structure of the Commission constitutes the Chairman, Director General and four Directors in charge of the 04 Departments, viz., Planning, Operations and Services Monitoring, Quality Assurance and External relations, and Finance and Procurement.

The approved cadre of the Commission was 219 employees whereas the number of permanent staff was 191 by the end of the year 2019.

No. of Employees of the National Transport Commission by 31.12.2019

Se.No.	Designation	Employee Category	Approved Cadre	Staff engaged in service
01	Director General	HM 2 -1	01	01
02	Director	HM 1-1	04	03
03	Assistant Director	MM 1-1	17	13
04	Junior Manager	JM 1-1	21	21
05	Management Assistant	MA 4	36	35
06	Management Assistant	MA 2-1	3	1
07	Management Assistant	MA 1-1	76	71
08	Driver	PL 3	13	15
09	Office Assistant	PL 1	12	12
10	Time Keeper	PL 1	33	18
11	Labourer	PL 1	3	1
	Total		219	191

Source –Department of Administration, NTC

Performance of the year 2019

1. Provision of Bus Services prioritized on Social Welfare

Among the enormous tasks assigned to transport, the main task of the National Transport Commission is to regulate the passenger transport needs in the country by providing the statutory functions required for transport.

Accordingly, various projects on transport service are initiated and maintained by the National Transport Commission island wide with the sole intention of fulfilling the immense mission of meeting the transport needs of the people of Sri Lanka.

All three services are projects initiated on the basis of providing financial assistance to the bus operator. For this purpose, contribution of public and private sector bus operators is obtained.

1.1 School Bus Service Project ‘Sisu Seriya’



“Sisu Seriya” School Bus Service

There is the rapid increasing tendency in the number of students coming from rural schools to popular urban schools each year since many popular schools have been established in urban area of Sri Lanka and there by, the amount of school vans is gradually increasing on the main roads.

As a result of this, schoolchildren as well as other people using the road are facing difficulties due to transport issues arising in the surrounding roads of the cities during mornings and afternoons. The ‘Sisu Seriya’ school bus project providing bus services exclusively for school students can be identified as an important and timely action taken by the National Transport

Commission considering the issues such as the traffic congestion within the cities caused by a large number of motor vehicles and big and small vans.

Furthermore, it is not a secret that the benefit enjoyed by the school students through Sisu Seriya bus service project is a great relief to their parents. The objective of this project is to facilitate the school children to attend school on time devoid of any mental or physical inconvenience and return home safely. The other objectives of this project are to provide relief to the parents economically through concessionary fares and to minimize harassments of children through reliability and regularity.

It is mandatory that the buses deployed under the 'Sisu Seriya' project should have a minimum number of 42 seats and a concessionary rate of 50% of the normal charge is levied from students. The bus services required for this project are procured from both the Sri Lanka Transport Board and the private sector. In this case, the services are carried out by the National Transport Commission by reimbursing according to pre-arranged charges owing to the decrease in the revenue of the bus owners. Funds for this will be allocated by the General Treasury to the National Transport Commission. At present the flow of about 6,500 school vans into the city has been prevented by deploying 1419 buses (about 15 seater buses) under the 'Sisu Seriya' project and more than 100,000 school children receive the service.

56 new 'Sisu Seriya' services were initiated and operated for the year 2019 and the total number of services by 31.12.2019 is shown in the following table.

Province	No of 'Sisu Seriya' Bus Services
Western	422
Southern	104
Northwestern	298
North central	163
Sabragamuwa	122
Uva	100
Eastern	117
Central	51
Northern	36
Inter Provincial	7
Total	1419

Source -Department of Planning, NTC

It is constantly checked whether the 'Sisu Seriya' services are carried out properly and 55 bus services have been canceled in 2019 due to reasons such as breach of contractual conditions and unscheduled leave.

The cost of providing Sisu Seriya service in 2019 was Rs. 564.72 million.

1.2 Rural Bus Services Project – ‘Gami Seriya’



“Gami Seriya” Rural Bus Service

“Gami Seriya” project was initiated in 2005 to provide transportation facilities for the people, who live in rural areas far from cities facing transportation difficulties. By now, the National Transport Commission has initiated 11 new services further expanding the ‘Gemi Seriya’ project during the year 2019 identifying the needs the people living in these areas in dire straits without transport facilities. This bus service has been introduced only for the roads where public transport service is not in operation and subsidies will be paid to the operator up to 3 years from the inception. There are more than 70 new ‘Gemi Seriya’ services introduced from the inception to up to now. By now, number of services getting subsidies are 15 and steps are being taken to start new services. Only the private sector operators are engaged for this project and the operators are selected under the open tender method.

11 new ‘Gami Seriya’ services were initiated and operated for the year 2019 and the total number of services by 31.12.2019 is shown in the following table.

Province	No of ‘Gami Seriya’ Bus Services
Central	01
Eastern	10
Northeastern	04
Total	15

Source -Department of Planning, NTC

The number of services that have been withdrawn during the year 2019 as per the condition due to the end of three years of operation receiving subsidies is 02 and the cost of providing Gami Seriya service by 31.12.2019 was Rs. 2.66 million.

1.3 Night Bus Service - "Nisi Seriya"

The public have faced many hardships due to lack of regular operation of bus services during night and early morning. This is mainly due to the inability to reach the city on time for daily work and academic activities from rural areas and the inability to return home on time in the evening. This problem is most common on roads other than the main roads of the country. 'Nisi Seriya' bus service project was initiated in 2005 by the National Transport Commission as a solution for this issue.

The main objective of this project is to minimize the extreme difficulties encountered by the passengers due to the lack of transport services in spite of there is no adequate income by operating this 'Nisi Seriya' bus services during early morning and night shifts.



"Nisi Seriya" Night Bus Service

The main objective of this project is to provide the passengers with transport facilities in order to fulfill their requirements by deploying public bus services for last shift and for the following day early morning first shift. It is a great relief for the passengers in the areas with transport difficulties and the buses of the Sri Lanka Transport Board have been deployed to establish reliable bus service and to make easy for conducting inspection activities. 06 new 'Nisi Seriya' services were initiated and operated for the year 2019 and the total number of services in operation by 31.12.2019 is shown in the following table.

Province	No of 'Nisi Seriya' Bus Services
Western	62
Southern	33
Northeastern	20
North Central	11
Central	28
Sabragamuwa	08
Uva	09
Eastern	03
Northern	05
Total	179

Source -Department of Planning, NTC

At the present, 'Nisi Seriya' bus service operated in many parts of the country has become a timely social service capturing the admiration of everyone. The Sri Lanka Transport Board has agreed to expand this service further in the future. The mobile inspecting officers of the National Transport Commission have been deployed for this purpose and they carry out with dedication to keep track of it by checking the buses from time to time to protect the quality of the service.

The cost incurred for providing Nisi Seriya service in 2019 was Rs. 14.37 million.

2. Registration and Training of Bus Crew

Training programs for bus drivers and conductors have been conducted continuously since 2006 to date to achieve the objective of providing more efficient, effective and quality service to the passengers using the inter provincial passenger transport service. These training programs are conducted through theoretical as well as practical activities and practical training is conducted through the SLTB Driving School. Also, theoretical knowledge is imparted under the guidance of experienced lecturers of the country based on lecture topics such as road safety, public relations and positive thinking. This process is continued every year and the details of the trained drivers, conductors for the year 2019 are as follow.

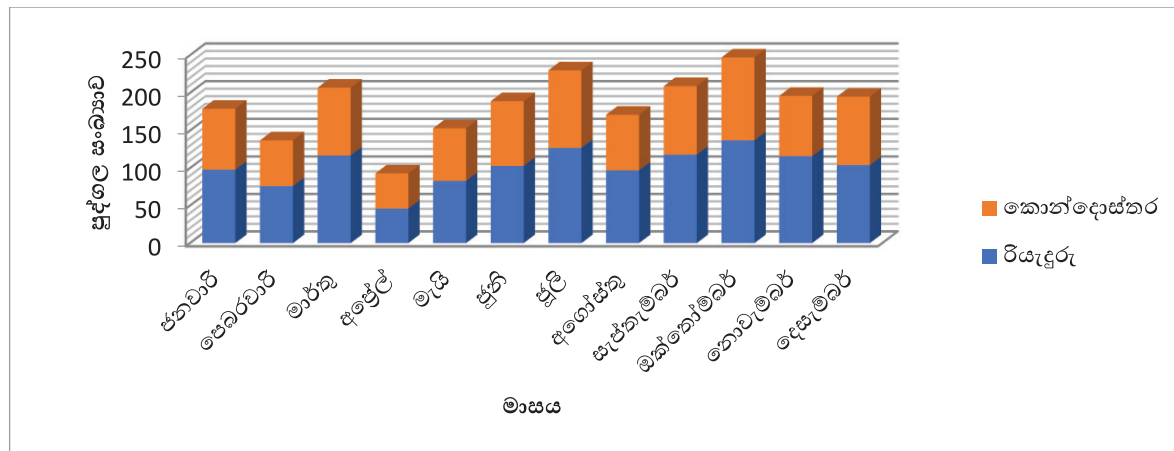
During the year 2019, 1222 new drivers and 984 new conductors have been trained in the National Transport Commission for the inter provincial passenger service and have received the identity cards.

1222 new drivers and 984 new conductors have been trained through this, and 274 were retrained. Furthermore, 1935 drivers and conductors were trained for renewal and the identity cards were updated.

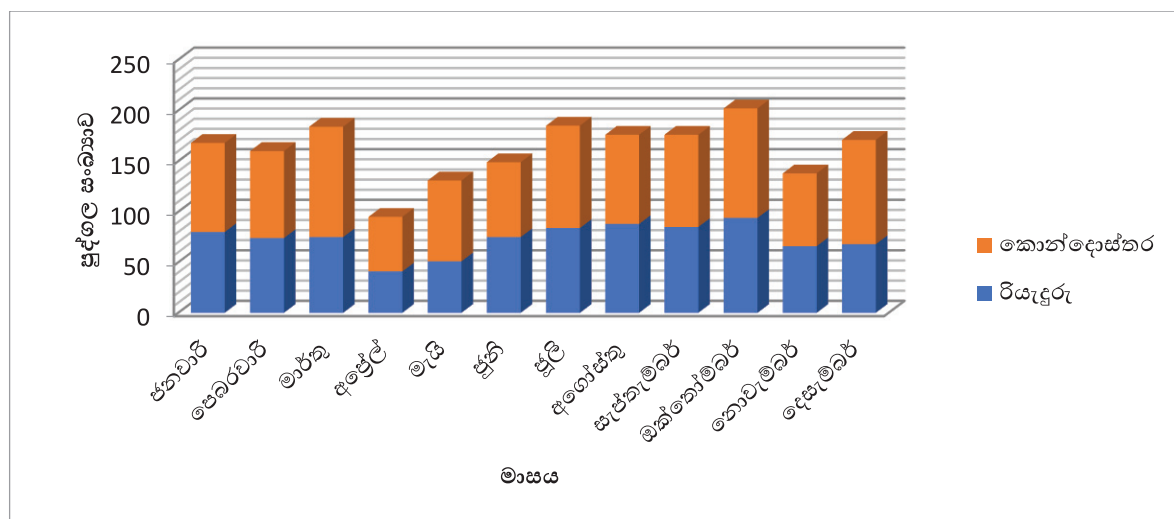
Month	No. of Bus Crew trained during 2019					
	New		Updating		Re-training for breaches of permit conditions	
	Drivers	Conductors	Drivers	Conductors	Drivers	Conductors
January	98	81	80	88	0	0
February	76	61	74	86	0	0
March	117	90	75	109	0	01
April	46	47	41	54	0	0
May	83	70	51	80	03	05
June	103	86	75	74	10	06
July	127	103	84	101	10	08
August	97	74	88	88	06	10
September	118	91	85	91	06	09
October	137	110	94	108	09	10
November	116	80	66	72	04	05
December	104	91	68	103	09	12
Total	1222	984	881	1054	57	66

Source- Department of Quality Assurances, NTC

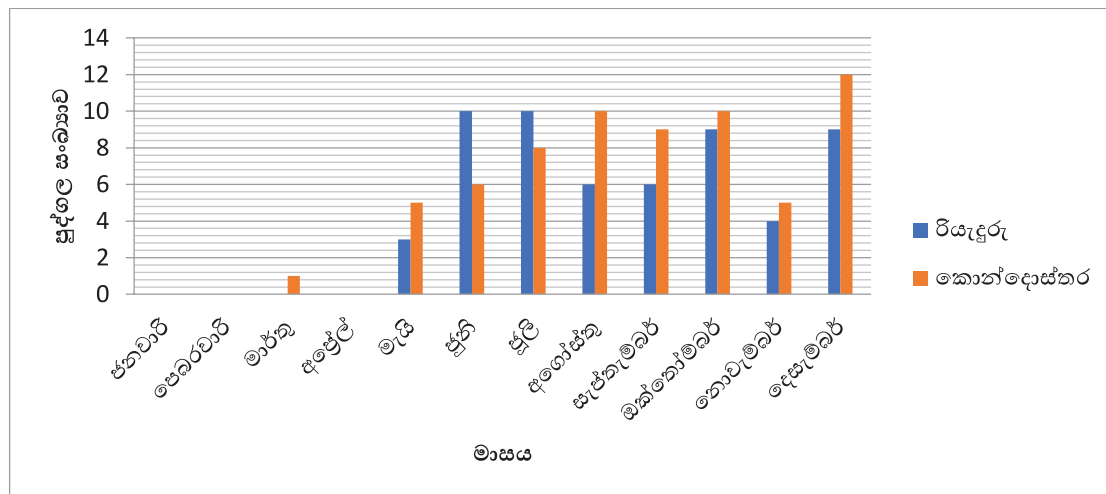
New Driver / Conductor Training Courses – 2019



Updated Driver / Conductor Training Courses - 2019



Re-training Course for breaches of permit conditions - 2019



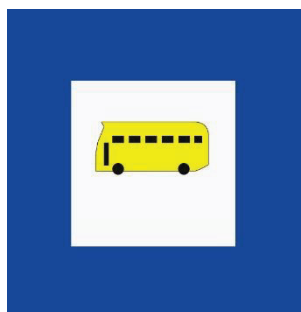
Training Programme Courses – 2019



2820 bus drivers/ conductors have been trained in the year 2019 by conducting 44 training programmes.

The accumulated expenditure for the project by 31 December 2019 was Rs. 5.49 million.

3. Signal Boards for Long Distance Services



The project of introducing limited halting places for long distance bus services has been initiated by the National Transport Commission aiming to enhance the quality of the long

distance buses by getting the long distance buses operated under the passenger service permit of the National Transport Commission and the long distance buses operated under the passenger service permit of the Provincial Transport Authorities to their destination on time. By this, it is also a key objective to minimize the loss of revenue of short distance buses by long distance buses.

The new signal was published in the Gazette Notification 2128/9 dated 18.06.2019.

The locations from Colombo to Kataragama, where the signal boards should be established have already been identified by the end of year 2019 and the approval of the Road Development Authority also obtained.

A sum of Rs. 0.034 million was spent for the project by 31.12.2019.

4. Preparation and Revision of Timetables

The main objectives of this project are to provide a reliable, safe and high quality public transport service for passengers and to prepare timetables that provide equal opportunities to all bus operators who provide inter provincial public transport services and to minimize the unhealthy competition between the bus operators of the public and private sectors thereby to safeguard their business stability. In addition, major objective of the other anticipated objectives of this project is to maximize the average number of kilometers run by each bus per day.

Despite a lot of hard work in 2019, success of this project is affected by the lack of contribution of the Sri Lanka Transport Board in preparing combined timetables for the SLTB and private buses and the lack of public bus terminals to implement the combined timetables. Therefore, the National Transport Commission has carried out to prepare and to revise the rotational timetable for private buses only until the SLTB agrees to operate the buses according to a combined timetable.

The expenditure incurred by 31.12.2019 in this regard is Rs. 0.27 million.

5. Rectification of Bus Fare Anomalies

Determination of public passenger transport bus fare is carried out as per the bus fare policy approved in the year 2002. The revision of bus fare policy is being carried out by the National Transport

Commission on 1st July every year as per this bus fare policy and in addition, interim bus fares will be revised when fuel prices contribute to a 4% or more increase in the total cost of a kilometer.

The National Transport Commission is taking steps to update this fare policy and the GPS Based Mobile App required for this was purchased in accordance with the agreement signed on 17.09.2019 with the University of Moratuwa. Based on the GPS Based Mobile App, surveys for 100 selected bus routes is to be commenced in January 2020 and the training of Provincial Officers has been conducted in December 2019.

Annual bus fare revision was not done in 2019 as the total cost of 01 km did not change significantly and a sum of Rs. 0.135 million was spent for the project by 31.12.2019.

6. Awareness Programmes for the Stakeholders related to Transport

The authority of regulating activities of the transport service has been vested in the National Transport Commission in accordance with Act of the National Transport Commission. Accordingly, the purpose of this project is to make aware the stakeholders related to transport field such as bus owners, the officers connected to transport, school children and passengers.

i) Awareness workshop for bus owners under awareness programmes for the stakeholders related to transport

Workshops were organized to make aware the bus owners of rules and regulations enacted by the National Transport Commission from time to time and to continue the cooperation between the National Transport Commission and the bus owners who have obtained the passenger service permits issued by the National Transport Commission and out of these 07 provinces were conducted last year and 02 workshops were conducted for the Southern and Central Provinces this year.



ii) **Workshop to discuss issues in the field of public transport with senior officials related to transport under awareness programmes for the stakeholders related to transport**

This workshop was organized under the patronage of the Hon. Minister of Transport and Civil Aviation to discuss issues in the field of Public Transport. The purpose was to solve problems in the field of public transport. The discussion was attended by Hon. Ministers, Secretary to the Ministry of Transport, State Secretary of Transport, Provincial Secretaries of Transport, Chairpersons and General Managers of Road Passenger Transport Authority, officials of the Ministry of Transport, National Transport Commission officials and other officials in the field of transport.



iii) **Distribution of audio-visual discs for public transport buses under awareness programmes for the stakeholders related to transport**

CDs with audio-visual media integration were launched at the Makumbura Multi Modal Transport Hub under the patronage of Hon. Mahinda Amaraweera, Minister of Transport Management for passengers traveling on public transport buses to enjoy songs and videos free of loud music.

Arrangements were made to distribute these CDs to the Provincial Transport Authorities and the SLTB buses. These discs are not limited to songs but also contain videos with messages that were prepared for the general public from government institutions such as the Child Protection Authority, the Ministry of Health and the Ministry of the Environment. The National Transport Commission has been working on this project creating a positive attitude in the general public regarding a quality passenger transport service as well as social, health and aesthetic pleasure and the admiration of the public passengers are being received in this regard.



iv) **Mobile service programme under awareness programmes for the stakeholders related to transport**

A mobile service programme was conducted at Sanghabodhi Vidyalaya, Gampaha to make the public services provided by the institutions operating under the Ministry of Transport and Civil Aviation more accessible and friendly to the public.



v) **Awareness workshops for school children under awareness programmes for the stakeholders related to transport**

It was decided to conduct awareness programmes to prevent the number of injuries and accidents caused by road accidents from increasing day by day. The series of lectures on road safety was organized covering various parts of the island, targeting school children under the theme 'Prevention is better than cure'.

In the year 2019, according to the action plan, 15 workshops to train the school children who are regulating vehicles were scheduled to be held, but the number of workshops had to be reduced to 09 due to state of emergency in the country. It was funded by the Presidential Secretariat to conduct these workshops. Accordingly, it was held in the places such as Monaragala, Bibila, Colombo, Passara, Bandarawela, Putlam, Matale, Gampola and Nuwaraeliya. Nearly 5,000 children have been trained in these workshops and a set of vehicle regulating kits was donated to all the schools. Fair First was the sponsor of this donation.



In addition, an art competition was held in December representing schools in the Sabaragamuwa Province. Prizes and certificates were awarded to 201 winners of this art competition. The art competition was sponsored by Vijaya Newspapers and judged with the full support of the Ministry of Education.



The cost incurred for this in the year 2019 was Rs. 4.734 million.

7. Internal Information Technology System

Efficient maintenance and sustainment of the Main and Sub Office Computer Network of the National Transport Commission at optimum level have been carried out and new computers and multifunctional photocopiers were replaced for outdated computers and printers.

Further, the centralized data base system that has long sought to be implemented within the organization for the coordination of all departments will be initiated during 2019 i.e. the establishing of process automation system for all activities in the institute, is now inaugurated under the guidance of ICTA, University of Moratuwa and University of Colombo with the aim of establishing a central database system to connect all the activities with each other by identifying the activities of the organization, so far, the first phase and the second phase have been successfully completed and thereby 80% of final phase has been successfully completed and the live operation has been implemented.

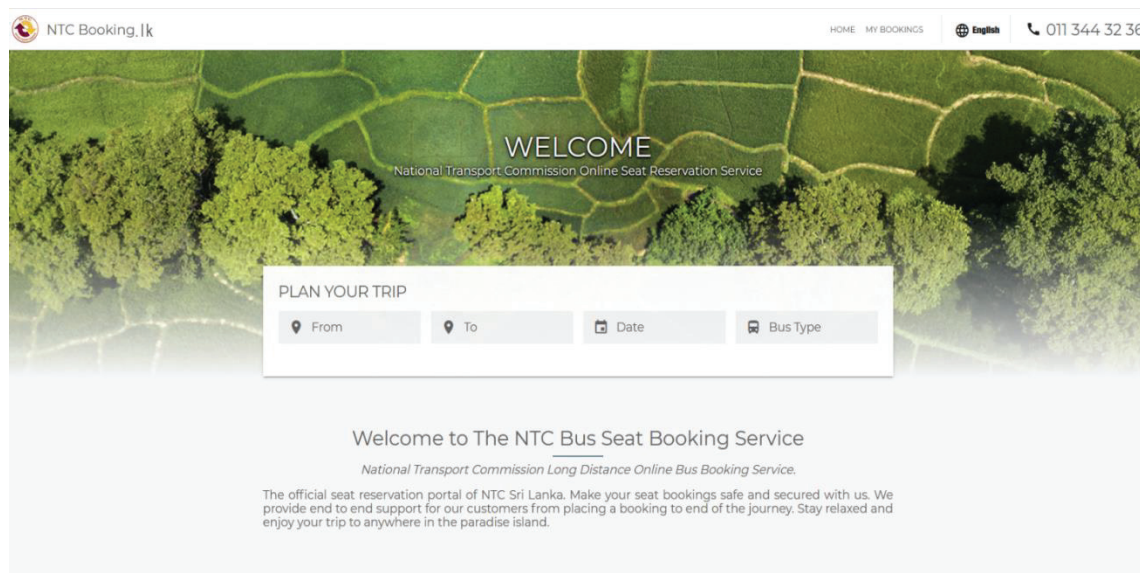
Also, techniques were introduced to update the information on the website of the National Transport Commission and to enter new information facilitating the search as well as the development of website was carried out with a new approach for easy accessibility through website to get the information such as data on bus fares, inter provincial bus timetables, road maps of inter provincial buses and tender related to passenger transport service licenses.

Updating and bringing to a proper function of Digital Display boards (LED Panels) fixed in Bastian Mawatha Bus Terminal and other 6 major bus stations were carried out successfully through maintenance and service of a media institution.

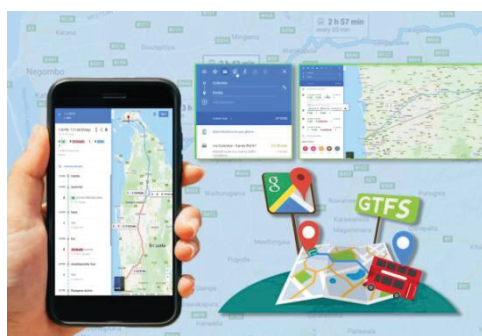
Due to the malfunctioning of CCTV camera system installed at the premises of Bastian Mawatha Sub Office, a CCTV camera system has been successfully installed with new technology covering the whole respective bus station and covering the Vavuniya bus station.

Further, a CCTV camera system was installed at the premises of the head office of the National Transport Commission and the above systems are monitored by the Head Office.

In addition, Online Bus Ticket Reservation System is already introduced and the relevant software development is undertaken by the University of Moratuwa with the aim of providing qualitative transport service to the passengers and steps are being taken to develop a software and payable media to make the service easily accessible from mobile phones.



The Google Transit service was introduced in collaboration with the University of Moratuwa through Google Map to provide the benefits of modern technology to the public passengers and it provides easy access to the data of travel schedules and travel routes of the public transport.



A merit Award for Online bus seat reservation Project at the 2019 e-Swabhimani Award Ceremony regarding public services provided to the public through information technology and an Award for Google Transit Data Specification Project for the Public Sector were won by the National Transport Commission.



The cumulative cost for the project as at 31.12.2019 is Rs. 31.117 million.

8. Surveys for Transportation Demand and Qualitative Service

Under this project, passenger demands are surveyed mainly to expand operation of inter-provincial buses and other bus service projects. The accurate data provided by this helps to prepare proper timetables and to reduce the problems that arise. In addition, the present situation is studied primarily for formulating policies, planning and decision making on important matters related to inter-provincial passenger transport. Surveys are conducted on the occasion of collecting data on Sisu Seriya, Gami Seriya and Nisi Seriya projects implemented by the National Transport Commission. The relevant data has become a key factor to handle the demand and supply for public transport in an optimal manner, in order to be just for the two main parties viz. the passengers using the public transport services and the bus operators.

While the survey of Southern highway and outer circle express way took a special place among the surveys carried out during the year 2019, it greatly contributed for the provision of super luxury buses driving through highway to meet the passenger demand. In addition, more attention was paid on the bus services operated on the main routes such as Kandy - Colombo and Galle - Colombo and 26 surveys were conducted by this unit during the year 2019.

The total expenditure incurred for surveys was Rs. 2.754 million.

9. Utilizing the G.P.S. Technology in public transport



The National Transport Commission has initiated to regulate the inter provincial buses by using GPS technology and by applying other techniques for the first time as a use of ICT to public transport services to establish a qualitative and safe public transport service based on the resolution of challenging issues that arose in the public transport service.

Under this project, re-organizing was carried out in 2017 based on the installation of GPS equipment which was not functioning in the buses. Accordingly, the permit conditions were enacted as the responsibility of the respective bus owner to install the GPS equipment in all the buses and the restoration of the non-operational equipment. In the year 2018, GPS devices were brought into operative level in all the luxury and super luxury buses and in 2019, GPS devices were brought into operative level in 50% of semi-luxury buses.

The regulatory activities of the buses installed with GPS equipment were commenced through the Operations Centre with necessary cutting edge technology.

Many buses installed with GPS have limited their high speed due to the warning alarm fixed in the bus to regulate the high speed and concurrently recording the instance in the control room through this technology. In addition, it has been able to take the necessary measures related to solving the complaints received by the hotline section merged with the Public Complaints Unit.

Further, a short SMS service was introduced to make aware of information on the running conditions of the GPS installed buses to the high officials of the National Transport Commission and the bus operators and the 1955 hotline unit was introduced to inform the public about the information on the routes of buses.

An accumulated expenditure of Rs. 3.782 million was incurred in the year 2019.

10. Institutional Reforms and Infrastructure Development

Under this, several major projects and functions are carried out. Accordingly, under capital projects,

- Construction and modernization of bus terminals

The National Transport Commission has launched the project of construction and modernization of bus terminals for the convenience of passengers and bus operators. Accordingly, by the year 2019, about 50% of the new bus stand under construction in Kilinochchi had been completed and a new bus stand was to be built in Bakamuna town with the approval of the Cabinet.

However, on the instructions of the Board of Directors of the National Transport Commission, preliminary plans were being made by 31.12.2019 to hand over to the Northern Provincial Council along with the future construction work of the Kilinochchi bus stand and the Ministry of Transport and Civil Aviation was informed that the National Transport Commission has no provisions for the construction of the Bakamuna bus stand as per the instructions of the Board of Directors.

A sum of Rs. 12.471 million has been spent on the projects below as at 31.12.2019

- Repairs of the NTC buildings
- Alternative energy generation (solar panels) within the organization to save electricity.
- Repairs at Bastian Mawatha and Vavuniya Bus Terminals
- Facilitating Disabled Citizens at the Bastian Mawatha Bus Terminal

In addition, under recurrent projects, monitoring the operation of buses at Bastian Mawatha and Vavuniya bus terminals and maintaining the quality of service satisfactorily by checking the quality of the buses are carried out.

Accordingly, there are in high demand of transportation every year during the days of the New Year festival and the religious festivals such as Vesak and Posen and before and after those days. The National Transport Commission had recognized this situation in the long run thereby has fulfilled the transportation needs of the passengers by deploying special bus services during these times. Accordingly, in the year 2019, nearly 100,000 passengers were transported daily from the Bastian Mawatha main bus stand to outstations under the special festival service and nearly 15,000 passengers have been daily transported from the bus stand of Bastian Mawatha, Makumbura, Kadawatha, Kaduwela and Panadura along the Southern Expressway. In addition, additional buses have been deployed from Moneragala, Badulla, Kandy, Nuwara Eliya, Hatton and Embilipitiya for the commuters traveling to Colombo and suburbs after the festive season is over. The new specifications for long distance service buses have been introduced under the project of special bus service cum operation and maintenance of Bastian Mawatha main bus station and mobile services were conducted in this regard and follow-up was also done. Accordingly, during the year 2019, 302 buses have been inspected by holding 6 mobile services in several districts.

A sum of Rs. 5.286 million was spent for the project by 31.12.2019.

11. Updating the National Transport Policy

A panel of experts was appointed for updating the Transport Policy of 2017 as per as the recommendation and guidance forwarded by the sectoral supervision committee of the parliament that the national transport policy which has been approved by the Cabinet of Ministers on 14.10.2009 and

which was being implemented by 2018 should be updated based on the current economic, social requirements and innovative needs in the field of transportation. The National Transport Commission has carried out translating the National Transport Policy drafted by the committee and to publicizing it in newspapers for public comments. Transport Policy draft prepared after obtaining public comments is referred to the Parliamentary Sectoral Oversight Committee and the approval of the committee for that was obtained. So far it is submitted to obtain the approval of the Cabinet by 31.12.2019.

12. Issuing Inter-Provincial Passenger Service Permits

The National Transport Commission carries out a massive role to uplift the public passenger transport service in Sri Lanka and the matters pertaining to the private passenger transport service are regulated by the National Transport Commission and arrangements are being made to issue the passenger transport service permits and to provide necessary provisions to maintain Inter-provincial Private Bus service at optimum level. While the issuance of passenger service permits for the buses entering into inter-provincial public passenger transport services is carried out through a tender procedure, confidence and transparency are maintained by adhering the same procedure in carrying out the relevant work.

Inter provincial private bus services consist of 4 types of services and the number of valid inter-provincial passenger service permits issued by the National Transport Commission by 31.12.2019 is indicated in the table below.

Serial No.	Service Category	No of buses
1	Normal	1,961
2	Semi Luxury	607
3	Luxury	428
4	Super Luxury	114
Total		3,110

Source – Department of Operations and Monitoring Services, NTC

13. Public Complaints

It is reported that passengers are more likely to suffer various inconveniences instead of the expected friendly service despite the sole objective of the National Transport Commission that is to provide a reliable, safe and comfortable service to the public using the public bus service.

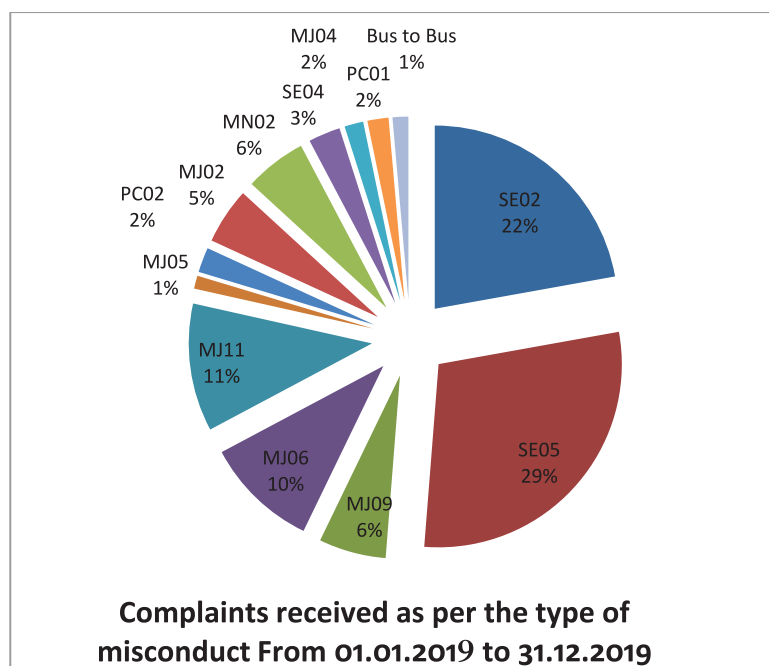
Therefore, a hotline (0112595555) with a special code (1955) was introduced to lodge complaints 24 hours of the day. In addition, the Complaints Unit receives complaints as follows.

- ⊙ Written handed over complaints
- ⊙ Through the Road Passenger Transport Authority
- ⊙ Through Bastian Mawatha Office
- ⊙ Through Sri Lanka Transport Board
- ⊙ Through Tell the President program
- ⊙ By e-mail at info@ntc.gov.lk
- ⊙ By fax

Categories of the main complaints received by the Public Complaints Unit

- Charging extra fare / Not returning the balance
- Not issuing a formal ticket.
- Not providing a courteous service of the conductor and the driver
- Lack of proper air conditioning conditions in luxury buses
- Reckless and fast driving
- Playing cassettes,radio in unbearable volume
- Overcrowding of semi luxury / luxury / super luxury services
- Stopping the bus at unapproved places to collect passengers and make unnecessary delays.
- Unsuitable condition of the bus for passenger transport

Se.No.	Discription	Index No.	No. of complaints received	Percentage
1	Charging extra fare / Not returning the balance	SE02	1118	22%
2	Being discourteous to passengers	SE05	1466	29%
3	Overcrowding the bus surpassing the approved no. of passengers	MJ09	299	6%
4	Not issuing tickets appropriately	MJ06	506	10%
5	Reckless driving	MJ11	569	11%
6	operating without a road permit	MJ05	58	1%
7	Collecting passengers in midway points by halting the bus in an unnecessary manner	PC02	111	2%
8	Violation of the assigned timetable	MJ02	250	5%
9	Not beginning from the assigned place and not travelling up to the destination	MN02	275	5%
10	Unsuitable condition of the bus for passenger transport	SE04	142	3%
11	Malfunctions of the of air conditioners	MJ04	84	2%
12	Playing cassettes/radio in unbearable volume/unsuitable video displays	PC01	94	2%
13	Conflicts between passenger buses	Bus to Bus	70	1%
Total			5042	100%



14. Mobile Inspections and Inquiries

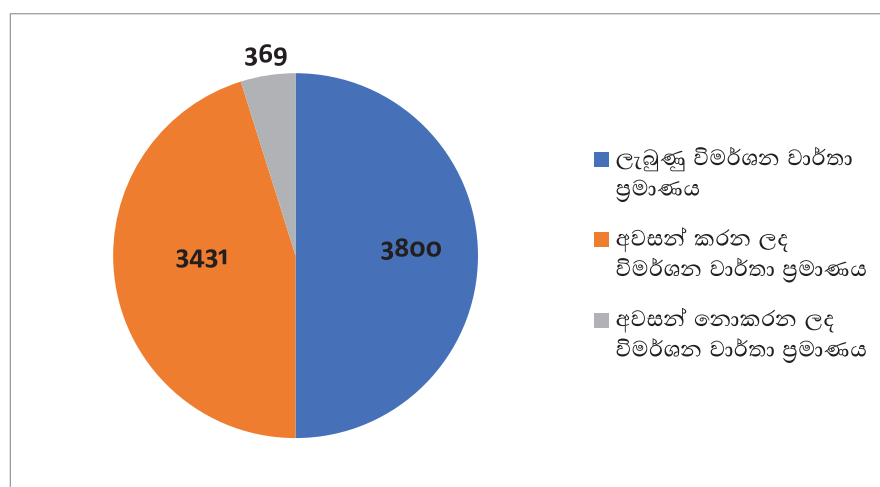
Permits are issued for inter-provincial passenger transport in accordance with the authority vested by the National Transport Commission Act No. 37 of 1991 to the National Transport Commission. A series of conditions are imposed for the buses operating under that permit and the Mobile Inspection Unit carries out the supervision whether the buses are operating on adherence to those conditions. If the investigations revealed that the buses which operate in the inter-provincial routes violating the terms and conditions, such buses will be investigated and necessary actions will be taken.

The number of inquiries received by the Investigation Unit from 01.01.2019 to 31.12.2019 was 3800. The number of inquiries completed during that year was 3431. The number of unreported persons for the inquiries was 369. All uninvestigated inquiries will be finalized at the time of updating the passenger service permit.

The amount of inquiry reports received	3800
The number of completed inquiry reports	3431
The number of inquiry reports that have not been investigated	369
Amount of breaches of the conditions related to the inquiry reports received (without the condition of levying MN 11 late charges)	5383
Amount of breaches of conditions that has been investigated	6184
No. of drivers/conductors referred to training	265
No. of drivers/conductors suspended the service	238
Amount of levied charges	Rs. 9,678.100.00

Source- Department of Quality Assurances, NTC

Investigations carried out in the year 2019



15.National Transport Statistics



Publishing the ‘National Transport Statistics’ can be identified as a timely action taken by the National Transport Commission. Experts in the field of transport commend the National Transport Statistics Report as a reputed scholarly treatise providing information on all the transport operations carried out across the land, water and air. ‘National Transport Statistics’ is published annually as a printed book in three languages collecting information and data from the institutions related to transport such as Sri Lanka Transport Board, Sri Lanka Ports Authority, Sri Lanka Railway Department, Department of Motor Traffic, National Transport Medical Institute analyzing on different aspects by means of the collected data and preparing attractively.

The report for the year 2018 has been prepared and submitted for printing and the printing of the English medium is nearing completion. Also, the preparation of the report for the year 2019 has been completed by about 50%.

A sum of Rs. 1.621 million was spent for the project by 31.12.2019.

16. Staff Training and Development

The effectiveness of the staff of an institution provides a strong platform in improving the quality of the entire process. Therefore, competency of the staff of the institution in various fields will be made by local and foreign training courses. It is expected to create a workforce with knowledge and skills required by the Commission through training and developing the staff of the National Transport Commission. Under this, only three employees were directed for overseas training in 2019 and a cost of Rs. 1.70 million was incurred for that.

17. Electronic Fare Collection

Cabinet approval No. MTCA / 18/2016 was given on 26.02.2016 for the implementation of a prepaid card system for payment of tickets with a view of securing the income of the bus operator, minimizing the hassle and the inconvenience to passengers in obtaining tickets and ensuring a reliable and efficient service to passengers using public transport

Accordingly, an expert committee consisting of the relevant stakeholder institutions has been appointed and as at 31.12.2019, the committee has held 12 meetings. Accordingly, the Commercial Banks registered with the Central Bank of Sri Lanka were given as it was said that ample time is needed to prepare for the issuance of a Prepaid Card and the card developed by

the Bank of Ceylon is currently being used by bus owners in their ticketing machines ensuring the usability of it .

Rs. 0.008 million has been spent for the project as on 31.12.2019.

18. Resting Stops

There are frequent complaints from passengers traveling in long distance buses that the restaurants where the buses stop for snacks and sanitation facilities are very dirty and lacking facilities. As a solution to this, this project was launched in the year 2019 with the objective of upgrading the quality of these restaurants where the long distance bus stop to a hygienic level. Accordingly, a survey was conducted to check the condition of the existing restaurants covering the Colombo - Anuradhapura, Kaduruwela and Trincomalee routes. This survey was conducted as a pilot project and it was confirmed that most of the restaurants inspected were under very low facilities and were in grade C according to the classification of the Ministry of Health. Accordingly, the owners of the inspected restaurants were summoned and instructed to upgrade the condition of the restaurants to Grade B or A according to the Ministry of Health classification and to submit the relevant certificate to the National Transport Commission. Restaurant owners were also informed that such restaurants will be recognized as restaurants operating under the approval of the National Transport Commission and that all long distance buses will be allowed to park only at those places. However, as no restaurant owner has come forward until 31.12.2019, it was identified that an alternative methodology should be adopted for this. Accordingly, steps are being taken to implement this project in the year 2020 according to the new methodology. A new methodology is being formulated to improve the condition of these restaurants in consultation with the relevant stakeholders.

Rs. 0.19 million has been spent for the project by 31.12.2019.

Annual Accounts

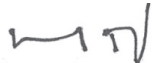
NATIONAL TRANSPORT COMMISSION

(Expressed in Sri Lankan Rupees)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

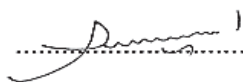
	Note	2019	2018
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	433,879,229.25	439,444,502.62
Work in Progress		30,674,726.89	14,241,880.44
Library Books		1,269,973.81	1,177,108.81
Total Non-Current Assets		465,823,929.95	454,863,491.87
Current Assets			
Receivables, Deposits and Advances	5	8,094,632.72	3,773,484.31
Staff Receivables	6	24,378,163.00	22,862,775.00
Investment in Term Deposits	7	38,317,490.30	34,890,548.09
Investment in Treasury Bills	8	13,823,174.00	12,707,047.00
Interest Receivable		3,543,592.69	3,426,181.97
Cash and Cash Equivalents	9	532,294,890.61	454,002,393.91
Total Current Assets		620,451,943.32	531,662,430.28
TOTAL ASSETS		1,086,275,873.27	986,525,922.15
LIABILITIES			
Non-Current Liabilities			
Government Grants	10	267,821,299.86	295,050,931.97
Retirement Benefits Obligation	11	45,668,232.50	40,817,143.00
Total Non-Current Liabilities		313,489,532.36	335,868,074.97
Current Liabilities			
Payables	12	62,625,997.02	63,348,905.04
Refundable Tender Deposits		59,703,404.00	65,718,904.00
Provision & Accrued Expenses	13	37,857,056.79	37,369,501.43
Total Current Liabilities		160,186,457.81	166,437,310.47
Accumulated Surpluses / (Deficits)		612,599,883.10	484,220,536.71
TOTAL LIABILITIES		1,086,275,873.27	986,525,922.15

It is certified that the Financial Statements of National Transport Commission have been prepared and presented in compliance with Sri Lanka Public Sector Accounting Standards (SLPSAS).



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Director (Finance & Procurement)

The Accounting policies on pages 05 to 08 and Notes on pages 09 to 15 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.



Chairman



Member of the Commission

Date : 03.06.2020

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 15 form an integral part of these Financial Statements.

NATIONAL TRANSPORT COMMISSION*(Expressed in Sri Lankan Rupees)***STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER**

	Note	2019	2018
Revenue			
Revenue	14	412,964,651.71	418,679,359.10
Other Income	15	68,912,998.09	66,991,441.14
Total		481,877,649.80	485,670,800.24
Expenses			
Operational Expenses	16		
Personnel Emoluments	16.1	151,223,387.86	138,506,393.93
Transportation	16.2	17,686,303.64	19,482,574.78
Special Committee Payment		39,000.00	166,000.00
Travelling & Subsistence	16.3	3,791,447.98	4,426,999.95
Establishment Expenses	16.4	49,423,879.68	47,560,545.84
Repairs & Maintenance of Fixed Assets	16.5	2,987,729.82	2,156,067.29
Staff Welfare	16.6	12,209,422.63	9,759,278.93
Staff Development	16.7	1,148,026.35	2,764,349.57
Legal & Other Fees	16.8	2,689,811.00	1,450,647.50
Information	16.9	1,119,008.75	2,622,542.25
Depreciation	16.10	25,429,851.72	21,122,388.41
Financial Charges	16.11	51,186.52	47,178.38
Other Expenses	16.12	447,151.50	583,757.50
Total Operational Expenses		268,246,207.45	250,648,724.33
Operational Surplus/(Deficit) for the Year		213,631,442.35	235,022,075.91
Non Operating Revenue	17	40,175.00	129,240.00
Net Surplus/(Deficit) for the Year		213,671,617.35	235,151,315.91
Government Grants			
Government Grants For Projects	18	581,750,000.00	400,000,000.00
Special Project Expenses on Government Grants	19.1	(581,750,000.00)	(400,000,000.00)
Special Project Expenses on NTC Funds	19.2	(35,292,270.96)	(69,946,252.92)
Net Surplus/(Deficit) for the Year		178,379,346.39	165,205,062.99

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 15 form an integral part of these Financial Statements.

NATIONAL TRANSPORT COMMISSION*(Expressed in Sri Lankan Rupees)***STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019**

	Accumulated Surpluses/ (Deficits)
Balance as at 01 January 2018	319,015,473.72
Surplus / Deficits for the Year	165,205,062.99
Balance as at 31 December 2018	<u>484,220,536.71</u>
Funds Return to Treasury	50,000,000.00
Surplus / Deficits for the Year	178,379,346.39
Balance as at 31 December 2019	<u><u>612,599,883.10</u></u>

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 15 form an integral part of these Financial Statements.

NATIONAL TRANSPORT COMMISSION		(Expressed in Sri Lankan Rupees)	
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER	Note	2019	2018
Cash Flows from Operating Activities			
Surplus/(Deficit) for the Year		178,379,346.39	165,205,062.99
Non Cash Movements			
Depreciation		25,429,851.72	21,122,388.41
Disposal of Assets		(40,175.00)	(129,240.00)
Amortization of Government Grants		(27,229,632.11)	(27,256,269.29)
Gratuity Charge for the Year		7,744,054.50	4,035,786.25
Interest Income		(41,683,365.98)	(39,735,171.85)
Operating Surplus/(Deficit) Before Changes in Working Capital		142,600,079.52	123,242,556.51
Changes in Working Capital			
Receivables, Deposits and Advances		(4,321,148.41)	85,648.62
Staff Receivables		(1,515,388.00)	(2,520,777.00)
Interest Receivable		(117,410.72)	(1,672,839.94)
Payables		(722,908.02)	7,808,182.87
Refundable Tender Deposits		(6,015,500.00)	17,783,500.00
Provision & Accrued Expenses		487,555.36	(68,575,235.72)
Cash Generated from / (used in) Operations		130,395,279.73	76,151,035.34
Gratuity Paid		(2,892,965.00)	(307,360.00)
Cash Received from Disposal of Assets		40,175.00	129,240.00
Net Cash Flow from / (used in) Operating Activities		127,542,489.73	75,972,915.34
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment		(19,864,578.35)	(34,789,256.55)
Acquisition of Work in Progress		(16,432,846.45)	(14,241,880.44)
Acquisition of Library Books		(92,865.00)	(99,999.00)
Net Investment in Term Deposits Treasury Bills		(4,543,069.21)	(4,263,410.93)
Interest Received		41,683,365.98	39,735,171.85
Net Cash Flow from / (used in) Investing Activities		750,006.97	(13,659,375.07)
Cash Flows from Financing Activities			
Funds Transfer to the Treasury		(50,000,000.00)	(100,000,000.00)
Net Cash Flow from / (used in) Financing Activities		(50,000,000.00)	(100,000,000.00)
Net Changes in Cash and Cash Equivalents During the Year		78,292,496.70	(37,686,459.73)
Cash and Cash Equivalents at Beginning of the Year		454,002,393.91	491,688,853.64
Cash and Cash Equivalents at End of the Year	Note 9	532,294,890.61	454,002,393.91

Figures in brackets indicate deductions.

NATIONAL TRANSPORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 CORPORATE INFORMATION

1.1 REPORTING ENTITY

National Transport Commission was established under the National Transport Commission Act No. 37 of 1991. The office and the principal place of business of the commission is situated at No.241 Park Road, Colombo 05.

The financial statements of the commission for the year ended 31 December 2019 comprise the financial information of the commission.

1.2 Principal Activities and Nature of Operations

The functions of the Commission shall be advice to the Government on the National Policy relating to passenger transport services by omnibuses and grant passenger services permits for omnibus services in the specified area.

1.3 The commission had 188 employees as permanent carder and 8 employees on contract basis at the end of the financial year.

1.4 Reporting Date

The commission's financial reporting period ends on 31st December.

1.5 Date of Authorization for Issue

The Financial Statements were authorized for issue by the members of the commission on 03/06/2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of National Transport Commission have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSASs) and Government Grants have been recognized and measured in compliance with Generally Accepted Accounting Principles – LKAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Public Sector Accounting Standards (SLPSASs) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Changes in Accounting Policies

The changes in accounting policies set out below have been applied consistently to the periods presented in the financial statements unless otherwise indicated.

The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

2.3 Foreign Currency Translation

2.3.1 Functional and Presentation Currency

Transactions and balances included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Sri Lanka Rupees (LKR), which is the commission's presentation currency.

2.3.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

2.4 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Notes to the Financial Statements Continued

NATIONAL TRANSPORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as an asset, only when it is probable that future economic benefits associated with the item will flow to the commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated, depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Assets Category	Years
Motor Vehicle	05 Years
Furniture & Fittings	10 Years
Office Equipment	05 Years
Miscellaneous Equipment	05 Years
Computer & Printers	04 Years
Machinery	05 Years
Building	20 Years
Digital Display Boards (LED)	03 Years

An asset's carrying amount is been written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation has not been provided on Library Books

2.5 Investments in Term Deposits and Treasury Bills

Investments in term deposits and treasury bills are stated at maturity value.

2.6 Receivables

Receivables are amounts due for services rendered. Collection is expected in the normal operating cycle (within one year or less) and the receivables are classified as current assets. Receivables are recognized and measured at transacted value.

2.7 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, term deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.8 Payables

Payables are obligations to pay for goods or services that have been acquired from suppliers and service providers. Payables are classified as current liabilities if payment is due in the normal operating cycle of the business (within one year or less). If not, they are classified as non-current liabilities.

Payables are recognized initially at transaction price and subsequently measured at the transaction price as they are expected to pay in the normal operating cycle of the business.

2.9 Government Grants

Grants from the government including non-monetary grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the commission will comply with all attached conditions.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the statement of financial performance on a straight-line basis over the expected lives of the related assets.

Non-monetary grants are measured at carrying value of the non-monetary asset and account for both grant and asset at the carrying value.

Notes to the Financial Statements Continued

NATIONAL TRANSPORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2.10 Borrowing Costs

Borrowing costs are recognized in the statement of financial performance in the period in which they are incurred.

2.11 Employee benefits

The commission has both defined benefit and defined contribution plans.

(a) Defined Contribution plan

A defined contribution plan is a post employment benefit plan under which the commission pays fixed contributions into a separate entity. The commission has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due.

The commission contributes 15% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

(b) Defined benefit plan

Provision has been made for retiring gratuity from the first year of service of the employee at half (1/2) month's salary for each year of service. However, according to the payment of Gratuity Act No 12 of 1983, the liability for gratuity to an employee arises only on completion of five years continued service.

(c) Short-term employee benefit

Short-term employee benefit obligations are measured on an undiscounted amount expected to be paid for related services provided by the employees.

2.12 Provisions and Contingent Liabilities

Provisions for operational expenses are recognized when the commission has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the commission and amounts can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the commission's activities. The commission recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the commission.

The commission applies the revenue recognition criteria set out below to each identifiable major types of revenue.

(a) Permit Revenue

Revenue arises from route permits is recognized when it is probable that future economic benefits will flow to the commission.

(b) Gain and Losses on Disposal of Property, Plant and Equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of financial performance.

2.14 Expenses

Expenditures incurred in the running of the operation are to income in arriving at the profit for the reporting period.

Notes to the Financial Statements Continued

NATIONAL TRANSPORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2.15 Events Occurring after the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.16 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

3. Significant Accounting Estimates and judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(a) Useful life time of depreciable assets

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Notes to the Financial Statements

NATIONAL TRANSPORT COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4 Property, Plant and Equipment

No	Asset Class	Cost			Rate of Depreciation	Depreciation				Net Carrying Values 2019	Net Carrying Values 2018
		Balance as at 01 January 2019	Disposal	Additions during the Year		Balance as at 31 December 2019	Disposal	Charge for the Year	Balance as at 31 December 2019		
1	Land	245,000,000.00			-	245,000,000.00			-	245,000,000.00	245,000,000.00
2	Building	191,388,523.04		7,076,377.59	5%	198,464,900.63		9,626,782.71	70,148,790.09	128,316,110.54	130,866,515.66
3	Motor Vehicles	75,547,270.00			20%	75,547,270.00		2,250,000.00	68,709,249.10	6,838,020.90	9,088,020.90
4	Furniture & Fittings	35,373,072.05	64,206.75	375,285.62	10%	35,684,150.92	64,206.75	3,037,376.03	23,463,393.33	12,220,757.59	14,882,848.00
5	Office Equipment	23,991,203.38	191,476.00	1,506,723.75	20%	25,306,451.13	191,476.00	2,883,035.44	13,859,286.95	11,447,164.18	12,823,475.87
6	Miscellaneous Equipment	8,387,999.80	60,323.00	613,760.75	20%	8,941,437.55	60,323.00	1,316,217.72	4,593,898.42	4,347,539.13	5,049,996.10
7	Computers & Printers	58,316,340.09	932,172.80	10,292,430.64	25%	67,676,597.93	932,172.80	6,315,979.42	41,966,961.02	25,709,636.91	21,733,185.69
8	Machinery	1,775,637.00			20%	1,775,637.00		460.40	1,775,637.00	0.00	460.40
9	Digital Display Boards	62,415,360.00			33.33%	62,415,360.00			62,415,360.00	-	-
Total		702,195,405.36	1,248,178.55	19,864,578.35		720,811,805.16	1,248,178.55	25,429,851.72	286,932,575.91	433,879,229.25	439,444,502.62

Figures in brackets indicate deductions.
Notes to the Financial Statements Continued

Page 10

NATIONAL TRANSPORT COMMISSION *(Expressed in Sri Lankan Rupees)*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

		2019	2018
5 Receivables, Deposits and Advances			
Receivables	Note 5.1	6,309,801.67	2,020,007.50
Deposits and Advances	Note 5.2	1,784,831.05	1,753,476.81
		8,094,632.72	3,773,484.31
5.1 Receivables			
Income Receivable		5,970,615.50	2,020,007.50
Department of Election		83,898.00	-
Other Receivable		255,288.17	-
		6,309,801.67	2,020,007.50
5.2 Deposits and Advances			
Deposits		686,500.00	686,500.00
Advance for Projects		37,616.00	2,457.00
Advance - NTC		55,000.00	37,084.40
Payment in Advance		1,005,715.05	1,027,435.41
		1,784,831.05	1,753,476.81
6 Staff Receivables			
Distress Loans		23,383,870.00	21,422,735.00
Disaster Loans		214,593.00	786,840.00
Advances for Cloths		469,200.00	410,200.00
Festival Advances		310,500.00	243,000.00
		24,378,163.00	22,862,775.00
7 Investment in Term Deposits			
Term Deposits		38,317,490.30	34,890,548.09
		38,317,490.30	34,890,548.09
The investments in term deposits amounts to Rs.37,397,490.30 (2018- 33,970,548.09) are maintained separately for the gratuity commitments.			
8 Investment in Treasury Bills			
Treasury Bills		13,823,174.00	12,707,047.00
		13,823,174.00	12,707,047.00
The investments in term deposits amounts to Rs.13,823,174.00 (2018-12,707,047.00) are maintained separately for the gratuity commitments.			
9 Cash and Cash Equivalents			
Cash in Hand	Note 9.1	2,811,789.83	634,775.00
Cash at Bank	Note 9.2	563,528.37	601,517.21
Short Tem Deposits	Note 9.3	528,919,572.41	452,766,101.70
Cash and Cash Equivalents for the Purpose of Cash Flow Statement		532,294,890.61	454,002,393.91
9.1 Cash in Hand			
Cash in Hand - Cash		397,524.06	559,775.00
Cheques		2,339,265.77	-
Petty Cash Imprest		75,000.00	75,000.00
		2,811,789.83	634,775.00

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

NATIONAL TRANSPORT COMMISSION

(Expressed in Sri Lankan Rupees)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

	2019	2018
9.2 Cash at Bank		
People's Bank - Narahenpita	496,518.37	545,472.43
People's Bank - Narahenpita (Seat Reservation)	67,010.00	56,044.78
	563,528.37	601,517.21
9.3 Short Term Deposits		
Investment in Short Term & Call Deposits	61,292,527.90	56,016,723.37
Investment in REPO	467,312,284.67	396,495,685.71
Savings Account - National Saving Bank	314,759.84	253,692.62
	528,919,572.4	452,766,101.70
The saving deposits amounts to Rs.314,759.84 (2018-253,692.62) are maintained separately for the gratuity commitments.		
10 Government Grants		
Balance at 01 January	295,050,931.97	322,307,201.26
Grants Received During the Year	-	-
Amortization of Government Grants	(27,229,632.11)	(27,229,632.11)
Balance at 31 December	267,821,299.86	295,050,931.97
Land at No.241 Park Road Narahenpita received from the Government of Sri Lanka has been recognized as non-monetary government fund and assets at fair value of the land at the time of granting and amortized the grant in profit or loss over the life time of the building.		
11 Retirement Benefits Obligation		
Balance at 01 January	40,817,143.00	37,088,716.75
Expenses recognized for the year	7,744,054.50	4,035,786.25
Payments made During the year	(2,892,965.00)	(307,360.00)
Balance at 31 December	45,668,232.50	40,817,143.00
12 Payables		
Hire Purchases	44,293.79	44,293.79
Stamp Fees	15,500.00	15,275.00
Insurance	379.00	-
Payee Tax	23,218.00	50,400.00
Sundry Creditors	12,233,163.85	8,495,766.11
Receipts in Advance	41,329,368.55	44,632,492.73
Other Payables	777,774.69	651,145.19
EPF Payable	34,806.60	26,234.50
ETF payable	6,589.84	-
Bank Loans & Deposits	23,600.00	23,600.00
Payable for Bus Owners for Ticket Booking	40,600.00	29,634.78
Bid Bond Claim	4,896,212.70	4,896,212.70
Performance Bond Claim	2,438,700.00	2,438,700.00
BIA Gateway Project	761,790.00	761,790.00
Thirasara School Project	-	1,283,360.24
	62,625,997.02	63,348,905.04
Bid Bond Claim for Rs. 4,896,212.70 & Performance Bond Claim for Rs. 2,438,700.00		
This includes a bid bond & performance bond claimed from Dharmadasa Construction Company for halfway completed Kilinochchi bus stand. The contractor claims medical reasons & NTC needs to hand over this bus stand for a governing body in northern province as directed by the board of National Transport Commission.		
13 Provision & Accrued Expenses		
Accrued Expenses - Projects	Note 13.1	24,240,960.37
Accrued Expenses - Recurrent	Note 13.2	19,297,412.27
Provision For Audit Fees		12,286,070.42
		16,163,163.16
		1,330,026.00
		1,908,926.00
		37,857,056.79
		37,369,501.43

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

NATIONAL TRANSPORT COMMISSION		Page 12 (Expressed in Sri Lankan Rupees)	
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER		2019	2018
13.1 Accrued Expenses - Projects			
Recurrent			
Contribution of Socially Obligatory Transport Service	17,991,665.44	58,850.00	
Reform of the Private Bus Industry	311,752.00	1,000.00	
Quality & Fare Regulation	2,102,005.33	10,673,106.54	
Capacity Development	246,747.30	77,550.00	
Transport Related Awareness Programme	120,978.08	2,800.00	
Preparation of Annual national transport statistics report	1,433,997.00		
Thirasara School Proj	-	4,100.00	
BIA Gateway Project	-	94,000.00	
	22,207,145.15	10,911,406.54	
Capital			
Reform of the Private Bus Industry	2,033,815.22	6,313,740.32	
Institutional Capacity Building to Ensure Regulatory Capacity for New Reforms & Infrastructure Development		2,072,265.41	
	2,033,815.22	8,386,005.73	
	24,240,960.37	19,297,412.27	
13.2 Accrued Expenses - Recurrent			
Cleaning Service	1,236,932.58	1,102,566.64	
Communication	257,121.59	262,086.58	
Electricity & Power	631,382.77	700,813.09	
Employee Welfare	180.00	3,084,587.80	
Entertainment	-	100.00	
Employee Medical Scheme	7,500.00	15,000.00	
EPF	58,011.00	39,351.75	
ETF	6,961.32	7,870.35	
Fuel & Lubricants	304,517.88	376,563.35	
Holiday Pay - Executive	-	53,485.00	
Language Allowance	-	78.00	
Legal Fee	290,500.00	69,885.00	
Local Travelling	39,257.50	46,550.00	
Maintenance of Motor Vehicle	254,811.74	-	
Maintenance of office equipment	34,347.49	6,126.74	
Membership Fee for Professional Bodies	12,500.00	8,500.00	
Meals & Refreshment for Meetings	3,690.00	-	
Newspapers & Periodicals	55,960.00	21,360.00	
Office requisites	145,554.00	81,940.00	
Other Expenses	-	205,000.00	
Over Time & Holiday - Non Executive	-	1,132,977.00	
Press Notification	-	207,000.00	
R & M of Motor Vehicle	-	32,651.00	
Salaries & Wages	208,664.60	235,910.50	
Security Service	1,513,350.00	1,454,608.48	
Staff Training	44,500.00	44,500.00	
Transport & Hiring Charges	496,800.00	536,728.00	
Water	56,213.69	52,123.91	
Stamp for Receipts	17,825.00	2,500.00	
Un-utilized Leave Payment	6,609,489.26	6,382,299.97	
	12,286,070.42	16,163,163.16	

Figures in brackets indicates deductions.
Notes to the Financial Statements Continued

NATIONAL TRANSPORT COMMISSION

Page 13
(Expressed in Sri Lankan Rupees)NOTES TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER

	2019	2018
14 Revenue		
14.1 Permit Revenue		
Route Permit Income	440,000.00	262,132.96
Permit Renewal Income	21,432,500.00	21,344,886.00
Route Tendering Income	307,815,617.95	317,046,545.29
	329,688,117.95	338,653,564.25
14.2 Other Revenue		
Administrative Revenue	35,316,397.24	39,012,160.00
Bastian Mw. Lavatory Income	10,948,173.77	8,618,860.25
Miscellaneous	37,011,962.75	32,394,774.60
	83,276,533.76	80,025,794.85
Total Revenue	412,964,651.71	418,679,359.10
15 Other Income		
15.1 Interest Income		
Interest on Deposits	40,742,207.98	38,732,131.85
Interest on Distress Loan	941,158.00	1,003,040.00
	41,683,365.98	39,735,171.85
15.2 Others		
Amortization of Government Grants	27,229,632.11	27,256,269.29
	27,229,632.11	27,256,269.29
	68,912,998.09	66,991,441.14
16 Operational Expenses		
16.1 Personnel Emoluments		
Salaries & Wages	81,424,350.52	78,469,325.88
Cost of Living Allowance	17,671,544.00	18,090,840.00
Professional Allowance	655,807.00	749,023.00
Language Allowance	291,742.60	258,347.72
Employees Provident Fund	14,844,058.05	13,502,125.28
Employees Trust Fund	2,975,772.93	2,700,425.05
Holiday Pay - Executive	1,222,846.00	568,745.00
Over Time & Holiday Pay - Non Executive	14,814,377.00	10,959,065.78
Encashment of Un-Utilized Medical Leave	6,824,177.26	6,418,459.97
Gratuity	7,744,054.50	4,035,786.25
Bonus	2,754,658.00	2,754,250.00
	151,223,387.86	138,506,393.93
16.2 Transportation		
Repair & Maintenance of Motor Vehicles	4,126,839.61	5,761,137.22
Fuel & Lubricants	4,671,814.14	4,748,096.52
Transport & Hiring Charges	7,782,647.50	7,638,169.04
License & Insurance	1,105,002.39	1,335,172.00
	17,686,303.64	19,482,574.78
16.3 Travelling & Subsistence		
Foreign Travelling	7,400.00	931,524.00
Local Travelling	3,784,047.98	3,495,475.95
	3,791,447.98	4,426,999.95

Figures in brackets indicates deductions.
Notes to the Financial Statements Continued

NATIONAL TRANSPORT COMMISSION

(Expressed in Sri Lankan Rupees)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER

	2019	2018
16.4 Establishment Expenses		
Office Requisites (Stationary & Printing)	5,865,410.29	4,865,093.51
Cleaning Service	12,933,169.21	10,491,432.71
Rates	288,288.00	288,288.00
Security Services	15,463,832.47	17,968,132.22
Electricity & Power	9,413,417.16	8,546,462.23
Water	610,202.72	658,553.34
Board Members' Fees	817,000.00	840,400.00
Meals & Refreshment for Meetings	361,163.20	437,157.42
Insurance-Cash in Transit	51,874.76	60,638.20
Communication	3,619,521.87	3,404,388.21
	49,423,879.68	47,560,545.84
16.5 Repairs & Maintenance of Fixed Assets		
Maintenance of Buildings	821,293.37	684,349.33
Maintenance of Office Equipment	2,084,300.00	1,341,979.27
Maintenance of Computer Equipment	82,136.45	129,738.69
	2,987,729.82	2,156,067.29
16.6 Staff Welfare		
Employee Medical Scheme	289,800.00	950,275.00
Employee Welfare	11,054,890.63	7,895,204.13
Uniform	864,732.00	913,799.80
	12,209,422.63	9,759,278.93
16.7 Staff Development		
Staff Training	971,594.00	2,525,546.73
Membership Fee for Professional Bodies	176,432.35	238,802.84
	1,148,026.35	2,764,349.57
16.8 Legal & Other Fees		
Audit Fees	601,000.00	650,000.00
Legal Fees	2,088,811.00	800,647.50
	2,689,811.00	1,450,647.50
16.9 Information		
Press Notification	966,948.75	2,426,384.75
Newspapers and Periodicals	152,060.00	196,157.50
	1,119,008.75	2,622,542.25
16.10 Depreciation		
Building	9,626,782.71	8,706,309.91
Motor Vehicles	2,250,000.00	2,250,000.00
Furniture & Fittings	3,037,376.03	3,070,259.17
Office Equipment	2,883,035.44	696,602.46
Miscellaneous Equipment	1,316,217.72	619,628.78
Computers & Printers	6,315,979.42	5,776,598.09
Machinery	460.40	2,990.00
	25,429,851.72	21,122,388.41
16.11 Financial Charges		
Bank Charges	51,186.52	47,178.38
	51,186.52	47,178.38

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

*(Expressed in Sri Lankan Rupees)***NATIONAL TRANSPORT COMMISSION****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**

	2019	2018
16.12 Other Expenses		
Miscellaneous expenses	383,251.50	536,382.50
Stamps for Receipts	63,900.00	47,375.00
	447,151.50	583,757.50
17 Non Operating Revenue		
Disposal of Assets	40,175.00	129,240.00
	40,175.00	129,240.00
18 Government Grants For Projects		
Government Grants For Projects - Recurrent	581,750,000.00	400,000,000.00
	581,750,000.00	400,000,000.00
19 19.1 Special Project Expenses on Government Grants		
Recurrent Project Expenses	581,750,000.00	400,000,000.00
	581,750,000.00	400,000,000.00
19.2 Special Project Expenses on NTC Funds		
Recurrent Project Expenses	26,950,120.15	29,992,053.00
Capital Project Expenses	8,342,150.81	39,954,199.92
	35,292,270.96	69,946,252.92

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Adjustments made as per SLPASA – 3 Accounting Policies, Changes in Accounting Estimates and Errors are as follows.

01) Rs.1,785,679.00 was recognized as cost of fixed assets by debiting Computers & Printers Account by a way of crediting Rs 1,428,545.00 to Work in Progress Account. The balance Rs. 357,134.00 was recognized as retention money payable for Computers & Printers by crediting Sundry Creditors Account.

02) Rs.79,499.40 depreciated out of the Cost of the Computers & Printers of Rs.1,785,679.00 recognized above as per the SLPSAS 7.

Due to the above adjustments made for Financial Statements year 2018, the Net Surplus/Deficit for the year 2018 has been decreased from Rs.165,284,562.39 to Rs.165,205,062.99.
The adjustments resulted to decrease the Accumulated Surplus / Deficit From Rs.484,300,036.11 to Rs.484,220,536.71.

Figures in brackets indicates deductions.

Notes to the Financial Statements

Report of the Auditor General

CTPA/NTC/FA/01/2019/12

November 2020

The Chairman
National Transport Commission

Report of the Auditor General on the Financial Statements and other Legal and Regulatory Requirements of the National Transport Commission for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No.19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the National Transport Commission for the year ended 31 December 2019 comprising the statement of financial position 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. My report in terms of Article 154 (6) of the Constitution will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements give a true and fair view of the financial position of the National Transport Commission as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

- (a) A sum of Rs. 4,834,504 spent for repairs of buildings had been capitalized by the Commission without considering as a revenue expenditure. As such, the profit and corresponding value for depreciation of assets of the year under review had been overstated by Rs. 4,592,779 and Rs.241,725 respectively in the financial statements.

- (b) Even though the Commission had taken action to recover the bidding security and the performance security amounting to Rs. 4,869,212 and Rs.2,438,700 respectively due to violating the agreement entered into for the construction of Kilinochchi Bus Stand, the said amount had been shown under accounts payable since the preceding year instead of crediting to the revenue. Accordingly, the accumulated surplus had been understated and the balance payable had been overstated by the same value in the financial statements.
- (c) Journal vouchers relating to assets, liabilities, revenue and expenditure at the value totaling Rs. 40,698,427 adjusted to accounts as at 31 December 2019 had not been made available to Audit by the Commission and the register of tender deposits as well relating to a sum of Rs. 59,703,404 refundable as at 31 December of the year under review had not been made available to Audit. As such, those items could not be satisfactorily vouched.
- (d) Allocations for liabilities amounting to Rs. 30,205,433 payable as at 31 December 2019 to institutions by which services were provided under the Project of Sisu Seriya, Gami Seriya and Nisi Seriya, had not been made in the financial statements. Moreover, even though grants had been provided for reimbursing the relevant cost from the General Treasury based on a state policy for providing such services, the Commission had not recognized an accounting policy in respect of accounting those grants.
- (e) The Project of Online Passenger Seat Reservation had been completed and handed over to the Commission on 27 October 2018. Even though the value of work done amounting to Rs. 1,428,545 in the preceding year of this Project costing Rs. 1,750,000, should be capitalized to the Computer Software Account, it had been debited to the Work-in-Progress Account and it had not been rectified even in the year under review. As such, the Computer Software Account and the Work-in-Progress Account had been understated and overstated in the financial statements respectively by the same amount.

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

1.3 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 Sri Lanka Public Sector Accounting Standards for such internal control as management determines 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Auditor's Responsibility for Audit of 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, 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 Commission'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 Commission'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 Commission 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 communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

02. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that are required for the audit and as far as appears from my examination, proper accounting records have been kept by the Commission as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements of the Commission presented, is consistent with the preceding year as per the requirement of Sub-section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented include all the recommendations made by me in the previous year except for the observations indicated in paragraph 1.2(b) and (e) as per the requirement of Sub- section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- to state that any member of the Board of Control of the Commission has any direct or indirect interest in any contract entered into by the Commission which are out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018;
- to state that the Commission has not complied with any applicable written law, general and special directions issued by the Board of Control of the Commission as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018;

Reference to Laws, Rules/Regulations

Description

- | | |
|---|---|
| (a) Section 9.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003 | Even though the approval of the Department of Public Enterprises of the Treasury should be obtained for |
|---|---|

- welfare proposals of the Commission, a sum of Rs.12,209,422 had been spent for employees' insurance and other welfare activities without obtaining such approval.
- (b) Public Enterprises Circular No.PED 2/2015 of 25 May 2015
Section 4
Contrary to this Circular, sums of Rs.136,500 and Rs.223,999 had been spent in two instances for the purchase of a Mobile Phone and I Pad (Apple 11.0 I pad) respectively.
- (c) Public Administration Circular No.2016/30 of 29 December 2019
In terms of the Circular, the report of a qualified mechanical engineer from the Government Sector Department, Corporation or Board should be obtained to justify the quotation given by the garage at which the vehicle is dismantled. However, the Commission had spent a sum of Rs. 167,847 for repairs of a motor vehicle without obtaining such a certificate.
- (d) Section 10(5) of the Finance Act, No.38 of 1971
All sums remaining out of the net surplus revenue of the Commission at the end of every year should be credited to the Consolidated Fund. Even though there had been a surplus of Rs. 178,379,348 in the year 2019, only a sum of Rs. 50,000,000 had been credited to the Consolidated Fund.
- (e) Section 11 of the Finance Act and Section 8.2.2 of the Public Enterprises Circular No.PED 12 of 02 June 2003
In the investment of surpluses of cash, the concurrence of the Minister of Finance with the approval of the Appropriate Minister should be obtained. However, sums of Rs. 37,397,490 and Rs. 13,823,174 had been invested on fixed deposits and Treasury bills respectively in the year under review by the Commission on the approval of the Board of Directors without obtaining the approval of the Minister concerned. Further, a sum of Rs. 528,949,572 had been invested on short term investments as at 31 December 2019.
- (f) Financial Regulations of the Democratic Socialist Republic of Sri Lanka
- (i) Financial Regulation 371 (2) (b)
In granting advances for special purposes, only Staff Officers should be granted advances. However, contrary to that, it was observed that other officers as well had been granted advances. Moreover, the grant of Sub-Imprests should be limited up to a maximum of Rs.100,000 at once. Nevertheless, advances totalling Rs. 4,827,137 had been granted in 22 instances during the year 2019 exceeding the said limit.

- (ii) Financial Regulation 371(5) Even though a Sub-Imprest should be settled within 10 days immediately after the completion of the purpose for which it is granted, settlement of advances amounting to Rs. 737,675 had been made in 10 instances contrary to the said Regulation.

- to state that the Commission has not performed according to its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act, No. 19 of 2018;
- to state that the resources of the Commission had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018.

03. Other Audit Observations

- (a) An agreement had been entered into for a cost of Rs. 48,773,045 for the contract of construction of the Kilinochchi bus stand within a contract period of 12 months. However, the registration of the contractor had expired as at 29 December 2016 the date of entering into the agreement. Moreover, even though this contractor had neglected the constructions, action had not been taken to include the name of the said contractor in the list of contractors who had neglected works in terms of Guidelines 8.11.4 and 5 of the Procurement Guidelines of 2006 and payments of Rs. 16,469,363 as well had been made for completed works. As such, the public had been deprived of the opportunity of using the bus stand due to non-completion of works as due and it was observed that the aforesaid sum paid to the contractor had been a fruitless expenditure. It had been planned to hand over the said constructions further to the Northern Provincial Council. Nevertheless, the Northern Provincial Council had not taken it over even up to 30 June 2020.
- (b) An Agreement had been entered into by the Commission with a private company for a value of Rs.31,735,051 for the implementation of the Process Automation System Project (PAS) on 31 December 2017 and even though it had been scheduled to complete all the work and to hand over the project to

the Commission on 15 November 2018, the project had not been completed even by 31 December 2019. Even though reports on the physical performance of this project were not furnished to Audit, a sum of Rs.23,056,820 had been paid to the contractor by 31 December 2019.

- (c) The approved cadre of the Commission stood at 219 as at 31 December 2019 while the actual cadre had been 199. Vacancies existed in 05, 01, 01 and 13 posts in Senior Level, Tertiary Level, Secondary Level and Primary Level respectively in the said cadre. However, necessary action had not been taken for recruitment relating to the said vacancies.
- (d) Procurements had been carried out by the Commission in the year 2014 and purchased 15,000 uniforms for Rs.8,372,619 from a private institution for providing uniforms to Drivers and Conductors deployed in inter-provincial buses. It was observed that 1,801 out of those shirts, valued at Rs.887,893 had been piled in the record room even by 07 July 2020, the date of audit and the distribution of the rest of the shirts had not been confirmed in audit.
- (e) Powers had been conferred on the Commission to grant passenger service permits or to issue permits in terms of Section 24 of the National Transport Commission Act, No.37 of 1991 and according to the Cabinet Decision of 06 October 2005, approval had been granted to issue permanent passenger service permits by calling Tenders. However, the Commission had not introduced the prescribed methodologies in issuing passenger service permits. Moreover, the Commission had not taken action to revise the Act by including details on issuance of passenger service permits by calling Tenders.
- (f) The Commission had issued 3,103 passenger service permits by 31 December 2019 without amending the Act and 223 permits out of those had been issued by calling Tenders. A number of 2,880 permits were those issued before issuing according to the methodology of calling Tenders and they were permits to be renewed annually on payments of Rs.3,000 or Rs.15,000. Accordingly, it was observed that the issuance of permits had been carried out in various methods without following the procedure approved by the Commission. Moreover, 61 and 16 passenger service

permits had been issued per day based on the minimum technical value and on a fee of Rs.2,500 respectively on the expressway.

- (g) Even though new routes had been identified by carrying out passenger surveys in the year 2019, the Commission had not taken action to issue permanent passenger service permits. However, action had been taken to issue temporary passenger service permits on charging daily fees of Rs.200, Rs.1,000 and Rs.1,500 on the demand of the passengers.
- (h) Only purchases of assets are recorded in the Register of Fixed Assets maintained by the Commission and details of removal of assets had not been included in the said Register. Moreover, 45 items of assets valued at Rs. 4,507,651 purchased during the year and indicated in the financial statements, had not been included in the Register of Fixed Assets. Further, in recording in the Register of Assets, instances were observed in which a serialized system of identification for assets had not been mentioned and assets valued at Rs.1,248,178 had been disposed of in the year under review. However, details on the value and provisions for depreciation of those assets could not be confirmed in audit due to the unavailability of a Register of Fixed Assets. Moreover, library books valued at Rs. 1,269,973 indicated in the financial statements had not been recorded in an Inventory as well.
- (i) The Commission had entered into agreements with a private institution for a period of 10 years from 18 September 2010 to 17 September 2020 for maintenance of 02 lavatory systems for fulfilling public facilities located close to the Commission Office and the Police post at Bastian Mawatha. Even though public complaints had been received continuously to the Commission on breach of 1st, 2nd, 7th and 8th conditions of the agreement and accordingly, advisory letters had been sent in the years 2015, 2016, 2017 and 2019, the said institution had failed in taking action in terms of agreements. Even though the institution had breached conditions, relevant steps had not been taken to regularize them even by 30 January 2020, the date of audit. Moreover, the Commission too had failed to take necessary steps thereon. Further, provision

of Rs.2 million had been made for providing necessary facilities at the Bastian Mawatha bus terminal for disabled persons. However, only a physical progress of 50 per cent thereof had been observed according to progress reports.

- (j) Even though a pre-paid card system had been planned to be introduced relating to bus fare according to the Action Plan of the year under review, it could not be implemented.
- (k) Even though commencement of 50 new bus services for the Nisi Seriya Project had been planned by the Commission, only 6 new bus services could be commenced. The physical progress thereof had been indicated as only 12 per cent and Rs.2.6 million of the provision allocated therefor had been saved.

W.P.C.Wickramaratne
Auditor General

National Transport Commission

Answers to the Audit Report for the financial statements of the year ending on 31 December 2019 of the National Transport Commission based on Section 12 of the National Audit Act No 19 of 2018 and for other legal and regulatory requirements

1.2 Basis for Qualified Opinion

- (a) As this expenditure takes a quantitative value and as the value of the asset has increased due to this, this value was capitalized.
- (b) Action will be taken this year to hand over the Kilinochchi bus stand to the Northern Provincial Council and the issues in the financial statements also will be rectified thereafter.
- (c) Whenever possible the annexures are attached to journal and any detailed annexures that could not be annexed are maintained in separate files and those files were submitted for auditing. However, it is noted to include all the annexures to the journal at all the possible instances.
- (d) Credit provisions are allocated for the difference between the amount paid for the Sisu Seriya, Gemi Seriya, Nisi Seriya projects upto 31 December 2019 and amount received from the treasury for the respective year and the excess amount is shown as expenditure of the succeeding year. The reason for this is not releasing sufficient funds for the respective year by treasury to bear the expenses.
- (e) Correction adjustments for the amount of Rs. 1,428,545 related to the project on passenger seat reservations through internet are adjusted in the financial statements.

02 Report on other legal and regulatory requirements

Reference to Law/ Direction

- (a) Based on the powers vested on the Board of Directors of the Commission by section 9(e) of the National Transport Commission Act No. 37 of 1991, the Board of Directors of the Commission has approved to provide welfare recreational facilities to the officers and staff of the commission.
- (b) The Chairman needs to connect to the GPS control room to inquire online about the passenger complaints received to him when he is away from the institute. For this purpose, a mobile phone with special features for the intended purpose is provided.

The I Pad is used to give approvals from the ERP system of the institute and through this the Chairman can connect to the CCTV system of the institute. It is provided considering the needs of the duty.
- (c) As the vehicle KY – 9256 was on a state that could not be started due to meeting with an accident as water leaked into the engine at Beddagana on its way for a duty on 24 December 2019, the driver, at that time, has tried to bring agents for emergency

inspections of the vehicle. However, as it took a long duration and as it was difficult to bring technicians to the respective place, Sanjeewa Motors, a garage registered under the Ministry of Transportation and where the vehicles of the National Transport Commission are repaired, was made aware about this situation and made the vehicle inspected urgently by their technicians. Even though the SLTB industrial engineer was requested over the phone to inspect this vehicle, the engineer could not attend to this due to heavy rain and flooding. The vehicle was repaired by Sanjeewa Motors based on the advice of the Chairman as the KY – 9256 is the official vehicle of the Chairman and as there was a need to complete the repairs quickly. The industrial engineer of the SLTB inspected the vehicle when the vehicle was under repair, and once the repair was over, he has recommended that the repairs are done satisfactorily.

- (d) It is noted to transfer a maximum amount of funds to the treasury by keeping provisions to use as working capital requirements which can be utilized during emergency situations.
- (e) The Ministry of Private Transport Services had requested the approval of the Treasury to invest the temporary surplus (A copy of the relevant letter has been produced to the Audit along with the replies for the Query No. RT/B/NTC/SF/2012/22 made by the Auditor General). However, it was advised to invest the short term surplus funds in fixed deposits in order to receive higher interest revenue rather than investing them in seven day call deposits during the General Committee meeting on Public Enterprises conducted on 22nd August 2012.

(A copy of the minutes of the General Committee meeting on Public Enterprises has been produced to the Audit along with the replies to the Query No. RTB/B/NTC/FA/2012/22)

In addition, a request was sent on 07.02.2019 to the Ministry of Transport Services Management to get the approval of the Treasury to invest the temporary surplus but I would like to inform that no response is received up to now.

- (f)
 - (i) I would like to state that the advances are released based on the advance policy of the National Transport Commission. Further, when the officers are going far away localities to attend to various projects, advances are given to them and in most of the instances, the payment is done using cheques.
 - (ii) Advances are usually settled within three days but if the settlement is delayed by few days due to some unavoidable circumstances, such settlements are done with the approval of the Director General and it is noted to prevent any such delays, as shown in the audit query, in the future.

03. Other Audit Observations

- (a) According to the report submitted by the consultant, the bidder who was selected had placed the lowest bid and has a C3 registration under ICTAD. It is also stated that it is extended upto 06.06.2017 .

Further, it is stated in the technical evaluation committee report also.

A copy of the relevant page from the ICTAD report book to confirm on the extension of time) EoT (was also presented to the audit.

It was reported in writing that the remaining construction works of the Killinochchi bus stand could not be continued as the Managing Director of the Darmadasa Construction and Enterprises is in a critical stage due to his illness.

When the agreement was terminated, the advance security of Rs. 4,896,212.70 that was available on that date was calimed from the relevant bank. Hence, the amount paid was Rs. 11,573,150.78) 16,469,363.48 – 4,896,212.70(.

When the contract was terminated, the amount of work done was estimated and certified as Rs. 15,397,989.93 by the State Engineering Corporation. However, as stated above, the amount paid was Rs. 11,573,150.78. Further, Rs. 2,438,700.00 as advance security and Rs. 2,438,625.25 as liquidated damages was charged by the NTC, the NTC has spent only Rs. 9,134,450.78 (11,573,150.78 - 2,438,700.00) for the work done. Accordingly, I would like to inform that there is no financial loss incurred to the institution.

As relevant actions were taken based on the contract agreement, there were possibility to recover the advance security, performance security and liquidated damages.

According to the decisions of the board of directors, all the relevant documents, committee reports, handing over letter signed from the side of the NTC pertaining to handing over of the Killinochchi bus stand to the Northern Provincial council was forwarded to the Northern Provincial Council for the necessary actions.

- (b) This project was implemented in three phases and software development work in all three phases has now been completed. This project took longer than estimated time due to the factors, such as, carrying out number of processes those are much more complex than estimated in this project, delay in obtaining cloud facilities from ICTA, taking time to scan 3200 files in the institution and insert them into the software, requesting to change the Software Requirement Specification prepared for each process at different times for the convenience of the tax process, taking a considerable amount of time to integrate the officers who have performed manual tasks up to now into the software and creating the environment that is most user friendly for live operation. This software is currently in Live Operation.
- (c) The approved cadre of the National Transport Commission at the year ending on 31 December 2019 was 219. Accordingly, out of the five senior level positions the Director (planning) post is filled by July 2020.

The other four remaining posts are transportation engineer posts. Interviews were conducted on several occasions to fill these four vacancies of transportation engineers

by calling applications through newspapers according to the scheme of recruitment and scheme of promotion. But, the selected applicants refused to accept the positions as the engineer allowance is not paid to them.

The vacancy prevailed at the Vavuniya office for the post of junior manager which is a tertiary level position is filled already. Applications are called on 17.09.2019 through a paper advertisement published in a newspaper advertisement and it is planned to conduct the relevant interviews soon after the parliamentary election.

Applications are called for the primary level posts also and it is planned to conduct the relevant interviews soon after the parliamentary election.

- (d) The uniforms distributed to the drivers/conductors are stated in the documents provided to them and can be submitted when required.

Moreover, 1801 of these uniforms are remaining due to protests and bus strikes carried out against the distribution of the uniforms during its process and steps will be taken to distribute them in future.

- (e) Procedures approved by the Cabinet of Ministers will be followed to issue new passenger transport permits according to the powers vested under the National Transport Commission Act No. 37 of 1991. Accordingly, as per the Cabinet decision no. CM/05/1461/031/036 approved by the Cabinet of Ministers in 2005 for the issuance of passenger service permits on ordinary roads, the issuance of new passenger service permits on expressways is carried out on the procedure mentioned in the Paper No. 17/0700/709/029 approved by the Cabinet of Ministers for the year 2017.

Passenger service permits for the expressway have been issued through the Cabinet Memorandum No. CM/14/1061/535/004-I for the year 2014 prior to the decision taken by the Cabinet of Ministers in the year 2017. Even though tenders were called for the issuance of permits through the procedure introduced by the Cabinet Memorandum No. 16/0065/709/003 also, those tenders had to be cancelled due to judicial action.

While a Committee has been appointed in accordance with the Cabinet Memorandum No. CM/19/0409/123/17 to draft a new procedure for issuing passenger service permits with the intention of repealing the procedures mentioned in all the above Cabinet decisions, the committee has drafted and submitted a procedure to the Ministry. Moreover, necessary steps have been taken to amend the National Transport Commission Act and the proposed amendments have been drafted and submitted to the Ministry of Transport Services Management for Cabinet approval. Although attempts have been made to amend the Act on several occasions, they have been unsuccessful.

- (f) Even though the commission has provisions to issue passenger transport permits according to the section 24 of the National Transport Commission Act No. 37 of 1991 the act does not elaborate on the procedure of issuing passenger service permits in an open and transparent manner. From the time of establishment of the National Transport Commission up to the year 2008 passenger transport permits had been issued based on the requests made by individual people. There was neither open nor transparent. It was not mentioned anything about the duration of those passenger transport permits and it was renewed annually by charging Rs. 3000.

As per the Cabinet decision no. CM/05/1461/031/036 approved by the Cabinet of Ministers in 2005, approval had been given to follow the tender procedure in issuing permanent passenger transport permits and in 2008 tenders were first called following this procedure.

Accordingly, passenger transport permits had been issued at the discretion of the Chairman at the request of the applicants for about 15 years from the time of establishment of the National Transport Commission and up to the year 2008.

According to the data provided on 31.12.2019, only 223 valid passenger transport permits are there issued through the tender procedure out of the 3103 total valid passenger transport permits. Accordingly, the balance 2880 valid passenger transport permits were issued prior to the introduction of the tender procedure and the time period of these permits are not mentioned in those. According to Sections 24 and 30 of the National Transport Commission Act, as per the decision of the Attorney General's Department on the duration of a passenger service permit, a limit on the period of the permit is not mentioned.

When a presently available passenger transport permit is amended (route amendment or amendment of the ownership on relationship), the annual renewal charge of those passenger transport permits are increased to Rs. 15,000/= from Rs. 3,000/=.

Accordingly, currently valid 223 passenger transport permits are renewed annually charging tender fee and Rs. 3000/= and 922 permits by charging Rs. 15,000/=. The remaining passenger service permits will be charged at Rs. 3000 / = and attention has been paid to increase that amount.

Tender No. 26 was called in the year 2018 for the issuance of 48 permanent passenger permits for bus services operating on temporary permits on the expressway by the National Transport Commission but the bus owners filed a case against opening of the tender and granting of permits. Accordingly, it is not possible to open the tender due to the prohibition order and as a result of that, it has not been possible to issue permanent passenger service permits for buses operating on temporary permits. Further temporary permits are required to be issued to meet passenger requirements.

- (g) At the call for open tenders, which is currently the procedure implemented by the National Transport Commission to issue new permits, tenderers have a tendency to offer a larger amount than what they can earn from their services. As a result, even though permits are issued to the tenderers, those services discontinue with time and the relevant tendered bus withdraws from service. Accordingly, as a new methodology is currently being prepared, it is possible to call for tenders for new routes after submitting that methodology for Cabinet approval.

Moreover, in spite of temporary permits being issued on daily charges of Rs. 200, Rs. 1000 and Rs. 1500 in instances where there is a high demand for passengers and when regular bus services do not run, the passenger demand does not remain the same. In addition to it, buses with permanent passenger service permits are temporarily diverted to other routes according to the above charges on passenger demand. Accordingly, it will not be effective to issue permanent passenger service permits valid only for weekends and long weekends as those instances alone show a high passenger demand.

- (h) Steps were taken to record the removal of assets in the asset register in the future. Moreover, steps were also taken to record and update all the assets purchased and to rectify the deficiencies in the asset register.

Library books purchased for each year are recorded separately for each relevant year.

- (i) The National Transport Commission had entered into an agreement with Medha Enterprises, a private company, for a period of 10 years from 18.09.2010 to 17.09.2020 in order to maintain the toilet system near the Bastian Mawatha Police Post and operate it for the use of passengers.

Medha Enterprises has borne the cost of Rs. 58 lakhs for the repairs of this toilet system. As per the agreement and the approval of both parties, the administration of the system has been given to the above institution on the basis of an initial monthly rent of Rs. 525,000. This monthly rent increases by 10% each year. Accordingly, the monthly rent will be Rs. 768,652.50 by the year 2020.

The Manager of that institution had been summoned to the National Transport Commission on several occasions for neglecting certain conditions, including the monthly payment to the Commission and the following agreements were reached upon discussion.

- To pay all remaining arrears of monthly rent except for the arrears of 03 months, before 31st December 2019.
- To refer all problems arising in the maintenance of the toilet system to the Administration Division of the National Transport Commission and obtain the relevant solutions accordingly.
- To charge only Rs. 10 from the users of the toilet system and to display the charge at the relevant place.

Approval was given at the Commission meeting held on 18-10-2019 to utilize the funds allocated for the provision of necessary facilities for the disabled at the Bastian Mawatha Bus Terminal in order to procure the proposed containers to facilitate bus crew as the Urban Development Authority had announced that the construction of the Multimodal Transport Hub on the premises of the Bastian Mawatha Bus Terminal is scheduled to commence in late 2020.

- (j) Although the prepaid card project was introduced under the Action Plan of 2019, it was not a project that could be implemented by the National Transport Commission alone. The project was to be implemented in collaboration with several institutions such as the Ministry of Transport, the Central Bank of Sri Lanka, other commercial banks, the Sri Lanka Transport Board, the Road Passenger Transport Authority – Western Province and the National Transport Commission.

Accordingly, 12 discussions have been held among all the stakeholders regarding the implementation of this project in the year 2019 and at present the necessary steps are being taken to expedite the implementation of this project.

- (k)** The National Transport Commission operates the Nisi Seriya project with the Sri Lanka Transport Board alone. Accordingly, the SLTB had recommended 128 services for the year 2018/2019 and had referred them to the National Transport Commission in 2017 for inclusion in this project. Approval was obtained at the meeting of the Commission held on 03/09/2017 to check whether the 128 referred services were actually being operated before entering into an agreement. Accordingly, 42 of these 128 services were inspected in the year 2018 and upon being confirmed to be operational, were included in the Nisi Seriya project.

Moreover, it was planned to commence 50 out of the above 128 services recommended by the SLTB in the year 2019. Accordingly, 31 services were inspected by the Mobile Inspection Division during the year 2019 and only 06 services were confirmed to be operational. It was confirmed that 25 services were not operational. Therefore, agreements were signed only for those 06 services.

The remaining services have been referred to the Mobile Inspection Division for inspection during this year.

