

ආයතනයේ නම: ආරක්ෂක අමාත්‍යාංශය

පාර්ලිමේන්තුවේ රජයේ ගිණුම් පිළිබඳ කාරක සභාව විසින් සභාගත කරන ලද
වාර්තා සම්බන්ධයෙන් ස්ථාවර නියෝග අංක 119(4) යටතේ ගරු අමාත්‍යවරයාගේ
නිරීක්ෂණ හා ගනු ලබන පියවර පාර්ලිමේන්තුව වෙත ඉදිරිපත් කිරීම.

නிறுவනத்தின் பெயர்: பாதுகாப்பு அமைச்சு

பாராளுமன்றத்தின் அரசு கணக்கு குழுவினால் முன்வைக்கப்பட்ட அறிக்கை
தொடர்பாக நிலையியற் கட்டளை இலக்கம் 119(4) இன் கீழ் கௌரவ
அமைச்சரின் அவதானிப்புக்களும் மற்றும் அது தொடர்பாக எடுக்கப்பட்டு
நடவடிக்கைகளும் பாராளுமன்றத்தில் சமர்ப்பித்தல்.

Name of the Institution: Ministry of Defence

**Submission of Observations of Hon. Minister and Steps Taken with
Regard to the Reports Tabled by the Committee on Public Accounts in
Terms of Standing Order No:119(4)**

Presenting to the Parliament the observation and action taken by the Hon. Defence Minister under Standing Order No. 119(4) regarding the matters indicated by the 117 series of Parliamentary Publications tabled in the Parliament by the Committee on Public Accounts .

1. Sri Lanka Air Force


Deficiencies identified by the Committee/Guidelines given by the Committee	Actions taken by the organization to rectify the deficiencies/current status
1. When on retirement, officers have been paid by the Commander Welfare Fund, an amount less than the amount which was agreed to pay at the time of initiating the contribution	a. As per the recommendations given by the Board which is appointed again on September 2019 to review the Retirement Benefits Scheme, retirement benefits are being paid to all the service personnel at present. Further, as per the new retirement benefit scheme, arrears of retirement benefits have been paid to all service personnel who retired from July 2017 to September 2019 and the personnel who filed a court case against the scheme would be paid after the final decision of the court.
2. The loss of Rs 74.46 million through the misplacement of a Radar Receiver (LRU 02) and an Antennae Scanner (LRU 01) of Sri Lanka Air Force while dispatching them to repair.	a. An amount of Rs. 173,729.43 has been recovered from the Officer concerned in not obtaining insurance and the remaining amount of Rs. 306,094.83 would be recovered by the month of July 2023. b. The case has been handed over to the Criminal Investigation Department to recover the balance amount of the loss of Rs. 98,194,092.87 (including Departmental Fees) from M/s Care Logistics (Pvt) Ltd., the freight Forwarding Company which is responsible for dispatching the relevant item for foreign repair. Further, cases extracts have been submitted to Attorney General's Department in 2018 for legal advices. The present condition in this regard has been inquired through letter No: SLAF/437/3/Legal/Org dated 26 June 2020

	<p>from Criminal Investigation Department, but no response is received yet.</p> <p>c. Actions have been taken to Black List the respective Freight Forwarder, M/s Care Logistics (Pvt) Ltd.</p>
<p>3. The legal situation with regard to the Board of Directors of Sri Lanka Helitours Ltd.</p>	<p>a. Legal advisor of Treasury instructed to revise the Article of Association in order to transfer the ownership of Helitours Ltd. to the Secretary - Treasury. Accordingly the revised Article of Association was handed over to the Treasury on 09 Nov 19.</p> <p>b. Revisions were made to the Article of Association for the second time as per given instructions and the same was submitted to Department of Public Enterprises of the treasury.</p> <p>c. Further, as per instructions given by the Prime Minister of Democratic Socialist Republic of Sri Lanka verbally, a cabinet paper was forwarded to MOD on 20.02.2020 to establish Helitours (Pvt) Ltd. as a government affiliated domestic civil aviation company.</p> <p>d. Accordingly officers of Helitours (Pvt) Ltd met the Director General of Planning and Monitoring Department of MOD on 13th March 2020 in order to discuss establishing Helitours (Pvt) Ltd as a government affiliated domestic civil aviation company. As per the discussion, an appropriate business model including the organizational structure for the Helitours (Pvt) Ltd. has been prepared and submitted to Planning and Monitoring Department of MOD on 08.06.2020. Also a copy of the same has been submitted to Public Enterprises Department of the treasury.</p> <p>e. Thereby, recommendations are being sought from the Public Enterprises Department of the treasury and the MOD regarding the Article of Association which was revised for the second time and the business model of Helitours (Pvt) Ltd.</p>

<p>4. The arrears of Rs.14.24 million to be recovered as at 31.12.2018 for air transportation provided by Sri Lanka Air Force up to 31st December 2015</p>	<p>The Progress of the recovery of outstanding revenue of Rs. Mn 14.24 which was to be recovered for air transportation as at 31st December 2018 is attached herewith as Appendix '1'</p>
<p>5. Aligning the operations of the Fire and Rescue Unit of the Air Force with current requirements and establishing that unit in Colombo area.</p>	<p>a. Urban Development Authority and Sri Lanka Railway, the owners of the land 'Bekariyawatta', which is ear marked to establish the Fire and Rescue Unit of SLAF, disagreed to hand over the ownership of the land to SLAF. Thus SLAF was compelled to look for an alternative land for the said purpose. Hence, initial proposal was sent to Ministry of Defence by letter No: SLAF/477/2/ORG dated 9th June 2020 to acquire 02 Acres from the land "Masmaduwa Watta" located in Base Line Mawatha, Dematagoda to establish Sri Lanka Air Force Fire Unit.</p> <p>b. At the discussion held in MOD on 3rd July 2020 in order to expedite the resolution of this land issue to establish SLAF Fire Unit, below factors were discussed in this regard.</p> <p>(1) Instructions have been given to find possibility of acquiring the nearby land of the land located in D.R Wijewardena Mawatha near Beira Lake, where the SLAF Fire Unit was previously established.</p> <p>(3) If afore said land in Wijewardena Mawatha near Beira Lake could not be acquired, instructions have been given to find the possibility to acquire 01 acres from the land located near Ninewells Hospital, Kirimandala Road, Narahenpita.</p>
<p>6. Bids were called on 17/04/2017 for transporting 05 numbers of MI-</p>	<p>a. As highlighted by the Audit investigation, Bid opening minutes prepared as per para 6.3.6 of Procurement Guideline</p>

<p>17 helicopter engines from Katunayake Air Port of Sri Lanka to Russia and the contract was awarded to a private company. In addition to Rs.1.66 million incurred to obtain the relevant services from this company, an additional amount of Rs.1.15 million has been paid, when it was clearly stated in bidding documents that any request with regard to prices increase would not be entertained.</p>	<p>was signed only by a representative of M/s Wigynsa Globle (Pvt) Ltd. who participated in the bid opening process. However, except M/s Wigynsa Globle (Pvt) Ltd, M/s Kingslog Supply Solution (Pvt) Ltd has also forwarded bid for the same contract. Nevertheless, it cannot be determine that the representative of M/s Kingslog Supply Solution (Pvt) Ltd by observing the tender opening minute there is no any representative from M/s Kingslog Supply Solution (Pvt) Ltd been presented at the time of tender opening.</p> <p>b. M/s Kingslog Supply Solution (Pvt) Ltd has quoted the lowest price for all 05 tenders listed below and on 16 May 2017 the approval of the Department Procurement Committee was granted for the same contractor.</p> <ul style="list-style-type: none"> (1) AHQ/17/LS/BRK/1021 (PD/L/BRK/17/10263) (2) AHQ/17/LS/BRK/1027 (PD/L/BRK/17/10264) (3) AHQ/17/LS/BRK/1025 (PD/L/BRK/17/10266) (4) AHQ/17/LS/BRK/1022 (PD/L/BRK/17/10267) (5) AHQ/17/LS/BRK/1026 (PD/L/BRK/17/10268) <p>c. However, the Freight forwarder M/s Kingslog Supply Solution (Pvt) has informed the inability of transporting the engines to SVX (Koltsovo Airport), which is the desired destination and provided an alternative location near to the afore destination, DME (Domodedovo International Airport). Further, to transport engines to the relevant factory for repair, the Freight Forwarder has informed an additional amount of Rs. 229,166.66 per engine including land transportation and Departmental Procurement Committee has approved to pay total transportation cost of Rs. 1,145,833.00 for all 05 engines which include both air and land transportation.</p> <p>d. With reference to above facts, if the tender was awarded to the next lowest bidder, an additional amount of Rs.</p>
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	1,461,900.98 would have to be incurred. Also by considering the urgency of repairing said engines for maintaining the airworthiness of air fleet in SLAF, the tender was awarded to M/s Kingslog Supply Solution (Pvt) Ltd.																																								
	<table><tr><th colspan="3">M/s Kingslog Supply Solution (Pvt)</th><th colspan="2">M/s Wigynsa Globle (Pvt) Ltd</th></tr><tr><th>Initial Price (Rs.)</th><th>Price Enhancement (Rs.)</th><th>Final Price (Rs.)</th><th>Initial Price (Rs.)</th><th>Price Gap (Rs.)</th></tr><tr><td>329,500.00</td><td>229,166.66</td><td>558,666.66</td><td>850,562.13</td><td>291,895.47</td></tr><tr><td>328,500.00</td><td>229,166.66</td><td>557,666.66</td><td>848,946.58</td><td>291,279.92</td></tr><tr><td>335,000.00</td><td>229,166.66</td><td>564,166.66</td><td>856,216.57</td><td>292,049.91</td></tr><tr><td>337,500.00</td><td>229,166.66</td><td>566,666.66</td><td>861,063.00</td><td>294,396.34</td></tr><tr><td>327,500.00</td><td>229,166.66</td><td>556,666.66</td><td>848,946.00</td><td>292,279.34</td></tr><tr><td>1,658,000.00</td><td>1,145,833.30</td><td>2,803,833.30</td><td>4,265,734.28</td><td>1,461,900.98</td></tr></table>	M/s Kingslog Supply Solution (Pvt)			M/s Wigynsa Globle (Pvt) Ltd		Initial Price (Rs.)	Price Enhancement (Rs.)	Final Price (Rs.)	Initial Price (Rs.)	Price Gap (Rs.)	329,500.00	229,166.66	558,666.66	850,562.13	291,895.47	328,500.00	229,166.66	557,666.66	848,946.58	291,279.92	335,000.00	229,166.66	564,166.66	856,216.57	292,049.91	337,500.00	229,166.66	566,666.66	861,063.00	294,396.34	327,500.00	229,166.66	556,666.66	848,946.00	292,279.34	1,658,000.00	1,145,833.30	2,803,833.30	4,265,734.28	1,461,900.98
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	e. Further, steps were taken to initiate verbal warning for the TEC.																																								
7. As at 31.12.2018, the total of outstanding balances was Rs.17.96 million (excluding loan balances of transferred officers). The follow up process to recover afore balances is considered weak.	<p>a. The outstanding loan balance in civil section of Public officers' advance 'B' account of Rs 17,963,767.98 as at 31 December 2018 has been reduced to Rs 12,471,353.59 as at 30 June 2020. Continuous action is being taken to recover the remaining balance.</p> <p>b. Further, the balance of Rs. 609,917.91 as at 31 December 2018 which was not recovered for more than one year in Service Sector of Public officers' Advance 'B' account has been fully recovered during the year 2019.</p>																																								
8. The recruitment procedure of doctors to Sri Lanka Air Force	<p>At present, doctors are recruited to SLAF under following schemes.</p> <p>a. Graduates who obtained MBBS Degree from KDU</p> <p>b. Graduates who obtained MBBS Degree from local universities</p> <p>c. Graduates who obtained MBBS Degree from foreign Universities (Pre-intern Training)</p>																																								


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