

# **MARINE ENVIRONMENT PROTECTION AUTHORITY**

**ANNUAL REPORT 2013**

**Ministry of Environment and  
Renewable Energy**

## ***Vision***

***"A pollution free marine environment around Sri Lanka for the sustainable development and the well being of its people and the economy by the year 2020"***

## ***Mission***

***"Be an agency with required skills, competence, organizational structure and infrastructure framework to prevent, control and manage marine pollution in Sri Lanka's waters through effective enforcement of regulations, implementation of concerned International Conventions, and coordination and mobilization of stakeholder and other resources, for sustainable management of marine environment for present and future generations."***

## Board of Directors

### Chairman

T.N. Wijegunawardhana (Retired Deputy Inspector General) (Appointed with effect from 15.04.2013)

### Directors

Name	Designation	Institution represented	Other comments
Mr.R.A.R.R. Rupasinghe	Additional Secretary to the Ministry of Environment and Renewable Energy	Representative of the Secretary to the Ministry of Environment	
Commodore N.P. Attigalle	Director – Operations, Sri Lanka Navy	Representative of the Commander of Sri Lanka Navy	
Mrs.S.N.Mayadunne Bandara	Legal Advisor, Ministry of External Affairs	Representative of the Secretary to the Ministry of External Affairs	
Mr.C.M.S. Jayatilake	Director, Department of National Planning	Representative of the Secretary to the Ministry of Finance & Planning	
Mr.H.M.B.C. Herath	Ministry of Fisheries	Representative of the Secretary to the Ministry of Fisheries	
Mr.A.W. Senevirathne	Director General, Department of Merchant Shipping	Director General, Merchant Shipping	
Mr.Mahesh Katulanda	Attorney-at-Law	Member appointed by the Minister	
Mr.J.A.A. Ranasinghe		Member appointed by the Minister	Date of appointment – 04.07.2013
Miss A. Kariyawasam	Acting General Manager		Date of appointment – 30.04.2013

## **Senior Management Staff**

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Chairman - Mr. T.N. Wijegunawardhana (Date of appointment – 15.04.2014)

Acting General Manager - Miss A. Kariyawasam (LLB, M.Sc)

Manager Legal - Miss A. Kariyawasam (LLB, M.Sc)

Acting Manager (Operations) – Mr. A.A.J.M. Gunasekara (B.Sc., M.Sc.)

Accountant - Mr. D.R.C. Jayawardana (B.Com SP/LICA)

Assistant Manager (Operations) – Mr. A.J.M. Gunasekara (B.Sc., M.Sc.)

Assistant Managers (Provincial) - Mrs. T.S. Ranasinghe (B.Sc  
- Mrs. Renuka Ranaweera (B.Sc)  
- Mr. H.T.N.I. Piyadasa (B.Sc, M.Sc)

Assistant Manager (Ship Surveys) - Mr. R.N. Priyadarshane (B.Sc)

Assistant Manager (Human Resources) - Ms. W.H.K. Hitibandara (B.Sc)

Internal Auditor - Ms. R.H.H. Premachandra (B.B.A)

Assistant Manager (Administration) - Mr. S.M.C. Kumarage (B.B.M.G.T. Sp.)

Administrative Officer - Mrs. G.P. Nilanjani (B.A. Sp.)

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## Chairman's Message

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I assumed duties as the Chairman of the Marine Environment Protection Authority with effect from 17.04.2013. Implementation of the Action Plan of the Marine Environment Protection Authority prepared for the year 2013 was then carried out in collaboration with the Board of Directors. At the same time, it was possible to overcome the weaknesses that existed in the internal controls and Administrative Division, in consultation with the Board of Directors.

The Authority succeeded in implementing with effect from 12.07.2013 the Marine Environment Protection Order No. 01 of 2013 issued under Section 51 of the Marine Pollution Prevention Act No. 35 of 2008.

It was also possible to control the disposal of waste matter into the marine environment by hotels, factories, houses etc that are located in the coastal zone through the implementation of this order. Similarly, it was a small victory that the Authority was able to hold the National Environment Symposium for the first time in Sri Lanka on 27<sup>th</sup> and 28<sup>th</sup> of October, 2015 at the Induruwa Beach Resort under the patronage of Hon. Susil Premajayantha, Minister of Environment and Renewable Energy, and the Secretary to his Ministry. The Symposium was attended by renowned academics associated with marine environment. A large number of research papers were submitted on the themes of marine environment, marine living and non-living resources and sensitive marine biological systems. Towards the end of the symposium, a recommendation was made for the formulation of a national policy for conserving the marine environment. A panel comprising academics such as Doctors and Professors was formed for the purpose and the policy is being drafted. At the same time, the Authority was able to recruit 18 officers for the posts that had been vacant in the year 2013, thereby enabling the efficient discharge of the functions of the Authority.

The Authority was able to purchase the equipment necessary for the regional offices, the Technical Division and the Laboratory under the infrastructure development programme of the Authority.

Finally, I wish to thank the Board of Directors, the Acting General Manager and all the staff for the performance of their duties with commitment and alacrity in achieving the objectives of the Marine Pollution Prevention Act No. 35 of 2008 in the year 2013.

T.N. Wijegunawardhana  
Chairman

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# 1. Background

## 1.1 INTRODUCTION

Sri Lanka is located at a strategic position in the Indian Ocean as an island. According to international regulations, Sri Lanka is entitled to harvest the resources of an area in the ocean eight times the size of the Sri Lanka land mass. International navigational routes of ships linking the Orient and the Occident are located in this area of the ocean. The marine zone belonging to Sri Lanka abounds with many natural resources and the ocean is being polluted due to harvesting of these resources, navigation and human activities carried out on the land.

Accordingly the Marine Pollution Prevention Authority was formed under the provisions of the Marine Pollution Prevention Act. No 59 of 1981, to take necessary action to minimize and prevent the pollution of the marine environment.

The new Act styled 'Marine Pollution Prevention Act No. 35 of 2008' was enacted replacing the previously existing Marine Pollution Prevention Act in order to strengthen the legal powers vested in the Authority for the purpose of enforcing the international Conventions on marine pollution which are applicable to the government of Sri Lanka and to prevent and minimize marine pollution and it was given effect on 01 January 2009. The name of the Authority was accordingly changed to 'Marine Pollution Prevention Authority' by the new Act.

The "Mahinda Chinthana" envisages the development of Sri Lanka as a naval hub. As a part of this new vision, new harbours are built and old harbours are further improved. In addition, programs are being formulated to utilize the resources of the ocean. The MEPA

has therefore been called upon to prevent any pollution that may occur due to these development programs and also to ensure the sustainability of the industries sprouting under such programmes.

As the authority responsible for preventing, minimizing and controlling the pollution in the marine environment, the MEPA implements a multiplicity of programs.

## 1'2 Responsibilities and Functions of the Authority

- (1) To effectively and efficiently administer and implement the provisions of Marine Pollution Prevention Act and the Regulations made thereunder
- (2) To formulate and execute a scheme of work for the prevention, reduction, control and management of pollution arising out of ship-based activity and shore based maritime related activity in the territorial waters of Sri Lanka or any other maritime zone declared at a future date under such law, its foreshore and the coastal zone of Sri Lanka.
- (3) To conduct research in collaboration with other departments, agencies and institutions in both government and private sector for the purpose of prevention, reduction, control and management of pollution arising from any ship-based activity or shore-based maritime related activity in the territorial waters of Sri Lanka or in any other maritime zone declared at a future date under such law, its foreshore and the coastal zone of Sri Lanka.
- (4) To take measures to manage, safeguard and preserve the territorial waters of Sri Lanka or any other maritime zone declared at a future date under such law, its foreshore and the

coastal zone of Sri Lanka

(5) To provide adequate and effective reception facilities for oil, harmful substances or any other pollutant

(6) To recognize and recommend adherence to all international conventions and relevant protocols dealing with marine pollution which the government of Sri Lanka has or may ratify, accept, accede or approve.

(7) To formulate and implement the national oil spill contingency plan

(8) To oversee, regulate and supervise the conduct of the contractors and persons conducting or engaged in exploration of natural resources, service, sub-contractors and persons conducting or engaged in exploration of natural resources associated with petroleum or other related activities

(9) To create awareness amongst community groups on the need to preserve the marine environment.

(10) To do all such other acts or things as may be necessary for the discharge of all or any of the above functions.

(11) To effectively safeguard and preserve the territorial waters of Sri Lanka or any other maritime zone declared under the maritime zones law or which may be declared at a future date under such law, its foreshore or the coastal zone from any pollution arising out of any ship based or shore based maritime related activity.

(12) To conduct investigations and inquiries and to institute legal action in relation to any pollution, arising out of any ship based

activity or shore based maritime related activity,

(13) To oversee all sea transport of oil and bunkering operations that are carried out in the territorial waters of Sri Lanka or any other maritime zone declared under the maritime zones law or which may be declared at a future date under such law, its foreshore or the coastal zone for the purpose of prevention of pollution.

## 2'' Review of Operations '

### 1. National Oil Spill Contingency Plan (NOSCOP)

#### 1.1 Four-Day Training Program for First Respondents in Oil Spills

The probability of sudden oil spills occurring and the marine environment and associated industries being affected by sudden oil spills is ever increasing due to the escalation of the number of ships arriving in Sri Lankan ports with the rapid development in shipping and ports sector.

This Authority has prepared the National Oil Spill Contingency Plan. Therefore, it is important to train personnel involved in implementing the plan in emergencies.

The Authority conducted a 4-day workshop for the purpose in the year 2013. The workshop was conducted at the Institute of Banking at Rajagiriya and was attended by 35 representatives from various agencies. Participants were provided with theoretical and practical training on the control of oil spills at this workshop.

#### 1.2 Awareness Programmes

Many meetings were held at District Office and Regional Office level to create awareness among government officials, non-state officers, the business community as well as civilian

population in the area and members of the military on the National Oil Spill Contingency Plan. The preparations that should be in place for a sudden oil spill and the responsibilities lying with the respective institutions were subjected to discussion at these meetings.

The Habaraduwa, Kalpitiya, Gampaha, Negombo, Wattala, Kalutara North, Bentota, Balapitiya, Galle, Ambalangoda, Hickkaduwa, Matara, Weligama, Dondra, Dickwella, Thirukkivil, Kuchchaveli and Kinniya Divisional Secretariats Divisional Secretariat offices were involved in the process.



### 1.3 Training the Incident Mngement Team on the Incident Command System

Plans have been made to use the Incident Command System in implementing the National Oil Spill Contingency Plan and Incident Mngement Teams have been appointed for the purpose. It is important for the Incident Mngement Team to be enlightened on the Incident Command System for action in a sudden oil spill.

As such, a 4-day residential training programme was conducted to train these Incident Command Team. This training programme was held at Bulutota, Rakwana in collaboration with the Disaster Management Centre from 13<sup>th</sup> to 16<sup>th</sup> May.

All the representatives appointed to represent various institutions attended the workshop, which had incorporated a practical component on the Incident Command System and the manner in which it is utilized in a sudden oil spill.



### 1.4 Framing a Programme to Use Dispersants for the Control of Oil Slicks

There is a high potential for oil spills in the Sri Lankan ocean region. When an oil spill occurs, dispersants can be used as a mitigatory response.



Year	Number of ships provided with the service	Number of tons of waste removed	
		Oil	Garbage
2010	698	17000	2323
2011	976	18988	5854
2012	946	19422	3255
2013	1057	22650	5740

**Details pertaining to the Services Provided in the Past 4 years**

Initial work was commenced in collaboration with the Sri Lanka Institute of Information Technology in order to have a programme in place to obtain data pertaining to the quantity of waste existing in every ship arriving in Sri Lanka and to be pre-warned on the need to obtain the waste disposal service. This is expected to make the process of registering and licensing of reception service providers more efficient.

**4.) Inspection to Check whether Radioactive Material have Seeped into the Marine Zone of Sri Lanka following the Pukoshima Accident**

This inspection was carried out by the Marine Environment Protection Authority in collaboration with the Atomic Energy Authority of Sri Lanka. This is part of the programme launched by the International Atomic Energy Authority in the Asia-Pacific Region after the Pukoshima nuclear accident



Analyses of water samples and mud samples from several identified locations in the Sri Lankan coastal zone were carried out under the programme. According to the data from this Project, it is apparent that Pukoshima accident has not caused any nuclear effect on the Sri Lankan marine zone. It is very important to collate such data as many countries in the region erect nuclear power stations close to the ocean.

**5. Coastal Clean-up Programmes**

Coastal clean-up programmes were conducted at several selected location on the coastal belt of Sri Lanka in the year 2013. at the same time, Coast Management Committees were

established in every coastal District. These Committees have carried out coastal waste management programmes in their respective areas and take measures to prevent littering on the coast.

#### Venues of Programmes

Kandakuliya, Ambakandawila, Medawatte, Wennappuwa, Saliyankulama, Pitipana, Pamunugama, Payagala, Wadduwa, Pinwatte, Panadura, Nalluruwa, Balapitiya, Habaraduwa, Thotamuna, Kalmunai, Paraviduwa, Matara, Pihimbiya, Estuary of the River Maathu, Basiyawatte and Hambantota.



#### **6. School Marine Groups**

196 training programmes were conducted for School Marine Groups established with a view to improving the awareness and attitudes of school children from coastal areas on the marine environment.

Similarly, a quiz styled “Penamuthu” (quiz pearls) was launched to enhance the knowledge of children on ocean and educational lectures were conducted on facts associated with oceans.



Paintings were drawn on school boundary walls on themes associated with marine environment. The objective of these paintings was inculcating good attitudes towards marine environment in the minds of school children. This was successfully conducted in several identified schools in the coastal zone. at the same time, several awareness programmes were conducted at Coastal District level in order to enhance the awareness of teachers in charge of school marine groups. School children belonging to School Marine Groups were made to participate in observation tours to places and areas of educational and cultural value associated with marine environment.



Places visited were

- Galle Marine Museum
- Galle Merchant Harbour
- Ussangoda Special Ecosystem
- Bata-atha Farm
- Rekawa Mangrove Resources Centre
- Galle Fort Rampart and
- Lighthouse.

The objectives of these visits were to create awareness and attitudes among school children regarding the ocean and to protect the marine environment through activities associated with it.

#### **7. Observation of Hotels and Factories**

A census was conducted on the ways of releasing waste to the ocean directly or indirectly in order to find out the sources of pollutants that directly contributes to marine pollution.

The locations of such sources were identified in the areas where Regional Offices are located and the data were collated through mapping of the sources. The waste management plan of the each hotel or factory was studied and the methodology of waste disposal was taken into consideration. The hotels and factories that release waste to the ocean were identified through this exercise. This can be called the first phase of acting towards the prevention of pollution that is taking place.

The Authority proclaimed the Marine Environment Protection (Issue of Permits for Disposal in Sea) Regulation for the purpose of minimizing pollution caused by waste released to the environment from factories. This has laid down the maximum tolerance limits in releasing waste water to the marine environment. According to these regulations, no matter can be released to the marine environment except in accordance with the permit obtained from the

Authority. This course of action will be of immense importance in protecting the marine environment.



### **8. Devata Sevana Tree Planting**



Tree planting programme was implemented in coastal Districts parallel to the Birthday of His Excellency the President. Planting of saplings was done within marine ecosystems with the participation of the Coast Conservation Department, the Army, the Forest Conservation Department, non-governmental organizations and other organizations for this purpose.

The tree planting programme was successfully implemented by distributing saplings among schools in areas such as Negombo Lagoon, Rekawa Lagoon, Galle, Gintota and Beruwala.

### **9. Water Quality Testing**

In testing water quality, water was tested for its Ph value, oxygen content, salinity, residue level and foecal waste contained.

Water quality tests were carried out even in places of sea bathing and places where water courses enter the sea. Gopalapuram, Trincomalee Town, the places where the Mahaweli River enters the sea, Nilaweli, Pasikuda, Kalladi, Arugam Bay, Periya Mugathwaram, Sinna Mugathwaram, Tangalle, Pigeon Beach, Kirinda, Polhena, Pihimbiya, Moda-ela, Wellamadama, Thotamuna, Moragalle sea belt, estuary of the River Kalu, Mt. Lavinia Beach, Wellawatte Canal, the Kelani River, Negombo Beach Park, Jetwin Beach, Chilaw Beach Park, Malaria Canal in Puttalam and Kugnekooti Canal were some such

places. The data collated were analysed and a database was also established.



Testing of water samples- Mt Lavinia



Testing of water samples- Mt Lavinia

### **10. Awareness Programmes**

The awareness programmes conducted by us were instrumental in improving the knowledge and attitudes of various community groups on the marine pollution and the importance of the marine environment and in reducing pollution in the ocean around Sri Lanka.

#### **Programmes Conducted**

- Enlightening the fishing community in the Cheddipalayam area
- Enlightening the people in Thirukkovil, Kalmunai, Addalachchenai, Nindavur, Vinayagapuram, Oluvil and Ampara areas
- Enlightening the communities in Kalumetiya, Hambantota, Kirinda and Kegalle
- Workshop for the fishing community in Kathaluwa, Kaikawala and Induruwa
- Awareness programme for the employees of fishery harbours in Galle, Dodanduwa, Hikkaduwa and Ambalangoda with a view to enlightening them in order to prevent marine pollution caused by fishery harbours.
- Enlightening the representatives of the coastal communities in Katugoda, Deweta and Galle areas
- Awareness programme for enlightening the community in Maradana area in Beruwala.

### **11 Inter-School Marine-Group Drama Competition**

Drama competitions were conducted at District level among School Marine Groups established in the 08 Districts of Colombo, Gampaha, Puttalam, Kalutara, Galle, Matara and Hambantota on the theme “Let Us Protect the Ocean resource for the Good of all Living Beings”.

The winning schools at respective Districts are as follows:

1. Puttalam District - Ananda College, Puttalam
2. Gampaha District – Dungalpitiya Junior School
3. Colombo District – Sri Medhananda College, Modara
4. Kalutara District – Sri Sumangala Girls College, Panadura
5. Galle District – Sri Sumangala College, Hikkaduwa
6. Matara District – Shariputhra College, Pamburana
7. Hambantota District – Tangalle Girls School.

The national level inter-school final competition was held under the patronage of Mr. B.M.U.D. Basnayake, Secretary to the Ministry of Environment and Renewable Energy, on 30 May 2013 at the New Town Hall, Colombo. More than 300 including school children, teachers and parents attended the drama competition.

Following are the winners and the runners up:

1. Winner – GL/Sri Sumangala College, Hikkaduwa (Galle)
2. Runner-up – Sri Medhananda College, Modara (Colombo)
3. Second Runner-up – Sri Sumangala College (Kalutara)

## **12 World Oceans Day**

The Marine Environment Protection Authority, together with the Aquatic Biological Science Society of the University of Sri Jayewardenepura, National Zoo and Division D of the Sri Lanka Association for the Advancement of Science successfully marked the World Oceans Day on 08 June 2013 at the National Zoological Gardens on the theme “Let Us Protect the Ocean, Together and with one Heart”.

This inaugural ceremony was conducted under the patronage of Hon. Susil Premajayantha, Minister of Environment and Renewable Energy. Prof. (Miss) Ruchira Kumaranatunga, Senior Lecturer, University of Ruhuna, Dr. Kamal Ranatunga, Senior Lecturer, Department of Animal Sciences, University of Sri Jayewardenepura and Mr. Aarjan Rajasooriya, Instructor, International Conservation Union (IUCN) participated in this meeting as resource persons. The winning drama of the inter-school marine group drama competition was staged at this event. Hon. Minister gave away the medals, cups and certificates.



World Oceans Day was conducted at the Dehiwala Zoo on 08 June



was conducted at the Dehiwala Zoo on 08 June

In addition to the awareness conference, various educational and entertainment programmes were held at the Zoo premises throughout the day. They included features such as Poster competitions, photograph competitions, Quizzes, and painting the face and finger nails.



World Oceans Day – 08 June 2013 at the Dehiwala Zoo

### 13 Environment Symposium- 2013

The first ever marine environment symposium in Sri Lanka was held under the patronage of Hon. Susil Premajayantha, Minister of Environment and Renewable Energy, with the participation of scientists, researchers and academics from state and non-state institutions with a view to protecting the marine environment and eliminating threats to the marine environment. This Marine Environment Symposium, which was jointly organized by the Marine Environment Protection Authority and the Faculty of Oceanic Science and Technology of the University of Ruhuna, was held at the Induruwa Beach Resort in Bentota on 27<sup>th</sup> and 28<sup>th</sup> of August, 2013. The Keynote Address of the Symposium was delivered by Dr. Terney Pradeep Kumara, Head of the Department of Oceanology and Marine Geology of the University of Ruhuna. The Symposium, which comprised four Sessions, was chaired by Dr. Saliya Wickramasuriya, Prof. N.P. Wijayananda, Senior Lecturer Ruchira Kumaranatunga, Dr. K.P. Arulananda, Prof. J.M.P.K. Jayasinghe and Dr. Malika Gunasekara. Many research papers were subjected to discussion along the themes: ‘marine environment; ‘marine living and non-living resources’; and ‘sensitive marine ecosystems’.

After successful dialogues and discussions, the symposium concluded successfully with the final resolution to formulate a national policy for the protection of marine environment.



programme was also conducted focusing the Pigeon Islands in Trincomalee.



#### **14 International Coastal Clean-up Day**

International Coastal Clean-up Day, which falls on the Saturday of the third week of September each year, was held this year on the 21<sup>st</sup> September. Its national programme was conducted on the Mount Lavinia coastal belt with the participation of a group of nearly 300 comprised of school children, hoteliers and officers from the state and non-state organizations. Parallel to this national programme, coastal clean-up programmes were conducted at selected locations by the Regional Offices of the Marine Environment Protection Authority. In addition, a coral reef clean-up

#### **16 Marine Ecological Surveys work shop**

Marine Ecological Surveys have also been planned to collate baseline data at selected coastal locations in 08 coastal Districts of Sri Lanka. As an initial step towards it, a training workshop was held in Matara for officers of the Technical Division of the Marine Environment Protection Authority on 26 February 2013 and it was conducted by the lecturers of the

Department of Oceanology and Marine Geology  
of the University of Ruhuna.

As its second step, a practical workshop on environmental data exploration associated with the Barberyin Coral Reef in Moragalle was conducted on 20<sup>th</sup> November with the participation of all the officers in the Technical Division of the Marine Environment Protection Authority. Lecturers of the Department of Oceanology and Marine Geology of the University of Ruhuna participated as resource persons.

This will enable the creation of an initial database by conducting a survey on marine environmental data within the coastal belt of Sri Lanka and collation of observation on changes that occur in the marine environment due to certain environmental changes that may occur in the future.

# 3 Functions and Responsibility of the Administration''

## Legal, Human Resource Development, Internal

### Auditing and Finance Divisions

#### 3''1 Administrain Division

It is the responsibility of the Administration Division to manage all the personnel starting from the appointment in the service of the staff of the Marine Environment Protection Authority and to supply the facilities for the functioning of the other Divisions of Authority. The administration Division functions under the guidance of the General Manager, who is the Chief Executive Officer of the Authority.

#### Vacancies on the Staff of the Authority as at 31.12. 2013

Category	Approved No.	Employed	Vacant
Chief Executive Officer	01	-	01
Senior Management	04	01	03
Middle Managers	12	10	02
Junior Managers	12	10	02
Enforcement Officers	12	12	-
Management Assistant (Tec and non-tec)	19	19	-
Skilled	09	08	01
Semi-skilled	64	46	18
Unskilled	09	08	01
<b>Total</b>	<b>142</b>	<b>114</b>	<b>28</b>

- 1 Recruitment to 06 vacant Management Assistant posts was done from among external candidates who had acquired the necessary qualifications
- 2 Also, action has been taken to recruit 05 qualified graduates to the post of Marine Environment Assistant that had been vacant.
- 3 The Department of Management Services gave approval in 2013 to recruit suitable graduates to 26 posts of Marine Environment Assistant in response to the request made by the Marine Environment Protection Authority with a view to making the office work more methodical and efficient.
- 4 Action has been taken to recruit from among external candidates for two driver posts and two helper posts that had been vacant.
- 5 During the year, resignations caused vacancies in 1 driver post, 1 helper post, 2 Marine Environment Assistant posts, 2 Marine Environment Officer posts and 1 Management Assistant post, making up a total of 7.

### **3.2 Human Resources Development Division**

The capacity and skill development of the staff of MEPA by training them is the responsibility of the Human Resources Development Division. The activities of the division are guided by the General Manager, as the chief executive of the MEPA.

#### **Responsibilities of the Division**

1. Identify the training needs of the staff and select suitable resource persons and institutions to conduct the training. Prepare training programs in Sri Lanka and abroad and direct the staff for training accordingly.
2. Monitor the training to see whether members of the staff get the training properly or whether there are any shortcomings, and if there are any shortcomings, take necessary remedial action
3. Evaluate the annual progress reports of the staff
4. Prepare the course of action for grading of staff and schemes for promotion
5. Provide the line Ministry and other external institutions, particulars regarding the staff and institutional activities when called upon to do so, subject to the approval of the General Manager
6. Welfare of the Employees

The details of the local and overseas training programmes attended by officers of the Authority this year are as follows:

### **Workshops Conducted in the year 2013**

#### **1 Two day workshop to enlighten Field Assistants of the Marine Environment Protection Authority**

A workshop was conducted on 23<sup>rd</sup> and 24<sup>th</sup> December 2013 to brief the field assistants of the Authority. This workshop enlightened them on:

- 1 the responsibilities assigned to field assistants as per the Marine Pollution Prevention Act No. 35 of 2008.
- 2 the manner in which regulations made under the Act are implemented locally.
- 3 the methodology to identify the sources of marine pollution and the methodology of acting pursuant to the Act.
- 4 the manner in which monthly programmes are arranged and acted on.
- 5 the collation, reporting, and recording information on the marine zone provided to the Marine Environment Officer and maintaining such records.
- 6 New criteria for measuring performance and the methodology of acting upon them.
- 7 Right attitudes.

These have helped them greatly to perform their duties quite efficiently

**Local Training Programmes Attended in the year 2013**

	<b>Name</b>	<b>Designation</b>	<b>Name of course</b>	<b>Duration</b>	<b>Name of Institution</b>
01	MR. V.A. DUMINDA JANAKA MR. NILANTHA HEWAGAMA MR. G.V.P. VIJEDASA MR. INDIKA KUMARA MR. A.L.A. KAPILA MR. R.D. SOMATHILAKA MR. K.H.N. SILVA MR. H.G. KARUNADASA Mr. H.R. CHANDRAKUMARA Mr. D.G.S. CHANDANA Mr. M.J. MUNASINGHE MR. W.C. KEERTHI MR. S.S. JAYAWARDHANA MR. R. HETTIARACHCHI MR. G.H.A. RANJITH	Marine Pollution Prevention Field Assistant	Training Course in Riding Outboard Engine Craft and Repairing their Engines	28 Jan 2013 to 26 Feb 2013	National Institute of Fishing and Shipping Engineering
02	Miss ASHVINEE KARIYAWASAM	Manager (Legal)	Speech on Effective Company Secretary programme	01 Feb 2013	The Colombo Law Society
03	Mr. P.K.R. SAMPATH Mr. R.G. RAJAPURA Mr. M.R.M. RIFDI	Management Assistant	Workshop on Developing Management Assistant	15 Feb 2013	Skills Development Fund Limited
04	Mr. P.K.R. SAMPATH Mr. R.G. RAJAPURA Mr. M.R.M. RIFDI	Management Assistant	Stores Management & Purchasing Procedure	23 Feb 2013 to 23 Feb 2013	Skills Development Fund Limited

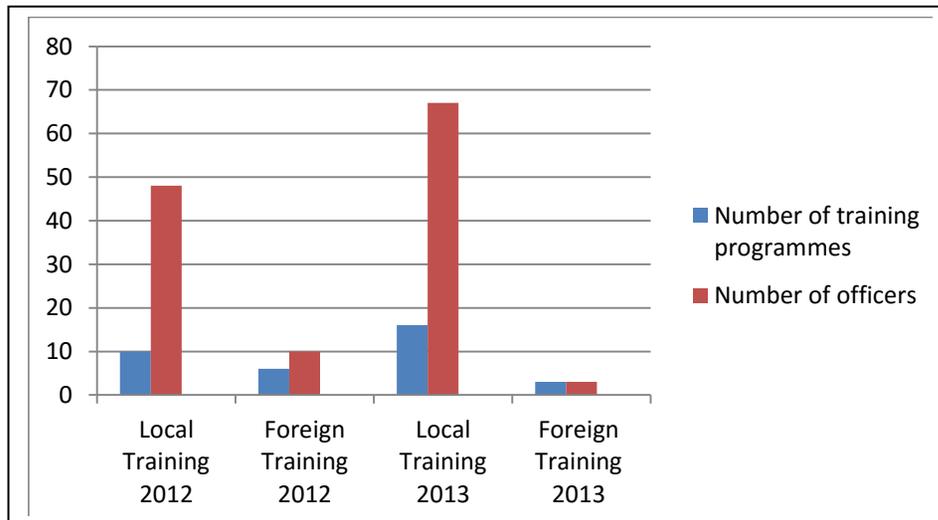
05	Miss A.H. PREMACHANDRA Mr. S.P.S. BANDARA	Internal Auditor Management Assistant	Workshop on effective Internal audit	07 Mar 2013	Skills development Fund Limited
06	Mr. K.M.I. ROSHAN Mr. INDRAJITH SURANGA	Management Assistant Secretary	Office Management & Office procedure	29 May 2013 to 30 May 2013	Skills development Fund Limited
07	Mr. V.A. DUMINDA Mr. NILANTHA HEWAGAMA Mr. G.V.P. VIJEDASA Mr. INDIKA KUMARA Mr. A.L.A. KAPILA Mr. R.D. SOMATHILAKA Mr. K.H.N. SILVA Mr. H.G. KARUNADASA Mr. H.R. CHANDRAKUMARA Mr. D.G.S. CHANDANA Mr. M.J. MUNASINGHE Mr. W.C. KEERTHI Mr. S.S. JAYAWARDHANA Mr. R. HETTIARACHCHI Mr. G.S.A. RANJITH	Marine pollution Prevention Field Assistant	Dinghy Steering Course	17 Jun 2013 to 21 Jun 2013	Marine University
08	Miss ASHVINEEE KARIYAWASAM Mr. D.R.C. JAYAWARDHANA Mr. S.M.C. KUMARAGE Miss W.H.A.S.K. HITIBANDARA Miss A.H. PREMACHANDRA	Manager (Legal) Accountant Assistant Manager (Admin) Assistant Manager (HR) Internal Auditor	Three-Day Workshop on Procurement Process	17 Jul 2013 18 Jul 2013 19 Jul 2013	Sri Lanka Foundation

09	Mr. P.K.R. SAMPATH Mr. R.G. RAJAPURA Mr. M.R.M. RIFDHI Mr. K.M.I. ROSHAN	Management Assistant	Part-Time Computer Course		Vocational Training Authority of Sri Lanka
10	Mr. H.T.N.I. PIYADASA Mr. P.G.I.L. KUMARA	Assistant Manager (Provincial) Marine Environment Assistant	Seminar on petroleum and Natural gas resources	02 Aug 2013	Geological Society of Sri Lanka
11	Mr. D.R.C. JAYAWARDHANA Miss A.H. PREMACHANDRA Mr. S.P.S. BANDARA	Accountant Internal Auditor Management Assistant	Awareness Programme on Sri Lanka Public sector Accounting Standards	04 Sep 2013 & 05 Sep 2013	Association of Public Finance Accountants of Sri Lanka
12	Miss J.M.H.U. JAYAKODI Ms. R.M.D.B. RATHNAYAKE Miss K.A.N. DARSHANI Miss M.A.S. SUCHITHRANGI Ms. T.D.M. PEIRIS Miss U.L.J.A. PRIYANWADA Miss R.M.A.V. RATHNA-SINGHE	Management Assistant	Workshop on Professional Development of Management Assistants and Development Assistants	31 Oct 2013	Skills development Fund Limited
13	Miss ASHVINEE KARIYAWASAM	Manager (Legal)	Training Programme on Design of Atr of Presenting (Using MS power point)	06 Nov 2013 07 Nov 2013 19 Nov 2013	Distance Learning Centre
14	Mr. D.R.C. JAYAWARDHANA Ms. D.N. PANDITHARATHNA Miss K.A.N. DARSHANEE	Accountant Management Assistant Management Assistant	Two Days Seminar on how to prepare Financial Statements based on new public sector Accounting standards	09 Dec 2013 10 Dec 2013	Skills Development Fund Limited
15	W.I.H.K. WIJERATHNA	Marine Environment Assistant	Training on Nuclear Instrumentations in 2013	09 Dec 2013 to 13 Dec 2013	Atomic Energy Authority
16	Mr. P.G.A.L. KUMARA	Marine Environment Assistant	Central Environment Authority	14 Dec 2013 to 22 Dec 2013	Central Environment Authority

**Overseas Training Programmes Attended in the year 2013**

	<b>Name</b>	<b>Designation</b>	<b>Duration</b>	<b>Name of the Course</b>	<b>Host Country</b>
01	Miss G.D.S. Priyadarshika	Marine Environment Officers	21 Jan 2013 to 01 Mar 2013	02 <sup>nd</sup> postgraduate certificate course on coastal management Asia institute of technology	Thailand
02	Mr. A.J.M. Gunasekara	Manager (Operations)	11 Feb 2013 to 15 Feb 2013	Workshop on Pre-project assistance and project design of proposed national TC concepts Under TCP cycle 2014-2015	Austria
03	Mr. H.T.N.I Piyadasa	Assistant Manager (Provincial)	09 Sep 2013 To 02 Nov 2014	Postgraduate programme of maritime Affairs specializing in Maritime safety & Environment Administration world Maritime University	Sweden

**Progress of the Officer Participation in Training Programmes in the Year 2013**



### 3.3 Internal Audit Division

The Internal Audit Division has been established and functions under the direct supervision and guidance of the Chairman. The main responsibility of the division is to observe the effective functioning of the financial, operational, administration and Legal Divisions of the Authority and to present reports on their findings to the Chairman for a decision.

The functions of the Audit Division are to:

- Review the financial and internal controls of the Authority.
- Review the financial and operational activities. Assess and report on the related procedures. Where necessary, conduct detailed investigations and report on particular incidents.
- Investigate the economic productivity and efficiency of financial and non-financial controls.
- Examine the compliance with the government rules and regulations and the internal rules and regulations of the Authority
- Depending on the needs of the management, conduct special investigations on emergency situations.

All the divisions and provincial offices of the Authority were audited during the year based on an annual plan of internal auditing and monthly reports on auditing have been forwarded to the Chairman.

Four meetings of the Audit and Management Committee were held during 2013 and reports on these meetings were forwarded to the Chairman and the General Manager for

appropriate action and efficient and effective decision-making.

### 3.4 Legal Division

Marine Environment Protection (Issue of Permits to Disposal in the Sea) Regulation No. 01/2013 were published in the year 2013 by notification in the Government Gazette and effective since 12 June 2013. This can be called the main way of income of the Authority and annual permits are issued in terms of its 6<sup>th</sup> Schedule. The awareness programmes focusing seaside hotels, organizations and individuals within the zone governed by these regulations are successfully implemented through the Regional Offices.

Based on the report of the investigation carried out by the Kosgoda Police Station regarding the marine environment pollution that is said to be caused by disposals done from a hotel named Saman Villa in Induruwa, the Legal Division of the Authority, in collaboration with the Attorney General's Department, took into consideration the legal action to be taken under Section 26 of the Act.

However, in response to the request by the management of the hotel, discussions are being conducted regarding the long-term steps that need to be taken to prevent the marine environment pollution that is caused by the disposal of waste matter/water of the hotel (at its sea outfall). This Division, in collaboration with the Southern Provincial Office and the Central Environment Authority, continuously monitors the marine environment pollution that can be caused by this hotel.

The Division has also been working closely with the Attorney General's Department, who conducts the prosecution in respect of the case

being heard at the Colombo Magistrate's Court with regard to the marine pollution caused by a ship called M.T. CHAHAT within the Port of Colombo in October 2010, in order to secure a verdict.

Action has been taken to write to the Inspector General Police and expedite the production of the report of the investigation conducted by the Moratuwa Police Station into the marine pollution that occurred off Panadura Beach on 23<sup>rd</sup> August 2013, of which due action under Section 26 of the Act has delayed.

Out of the regulations that were to be published under Section 51 of the Act, four have been published through the Government Gazette. All these four bring incomes to the Authority.

Drafts of all other necessary regulations have been handed over to the Legal Draughtsman's Department and the Legal Division is working with the Legal Draughtsman's Department to expedite the publication of three out of them based on the priority order.

The Authority took measures to supervise the investigation into the marine pollution caused by the overflowing of oil from the M.V.Vinalynes Mighty that occurred while oil was being transferred to the Vietnam ship named M.V.Vinalynes Mighty from another ship at the Colombo Port on 9 October 2013 and action by the Sri Lanka Ports Authority to restore it by controlling further spread of oil and to consider the legal action that should be taken against the polluter ship in collaboration with the Attorney General's Department.

### **3.5 Finance Division**

The Finance division of the Marine Environment Protection Authority is responsible for the financial management activities of the MEPA. Placement of financial resources for all the economic and financial activities that affect the MEPA and allocation of financial resources for all objectives are handled by this division. Providing financial services of the Authority in the most efficient and effective manner possible, guiding the staff in related matters and controlling the financial resources of the Authority through co-ordination and monitoring of financial operations are basic objectives of the division.

## Activities

1. Preparation of annual budgetary estimates
2. Preparation of financial statements
3. Providing reports on financial statements and monthly budgets
4. Payment of salaries and wages and keeping records of same
5. Maintaining all projects accounts operative
6. Handling all payments
7. Maintaining accounts regarding loans and advances.
8. Co-ordination with banks
9. Co-ordination with the Auditor Generals Department
10. Management of investments and other activities '

Investment value	Interest	Total value 31.12.2013
11,755,525.00	1,223,927.46	12,979,451.23

### Special activities undertaken during the year

- 01 The Authority was able to earn an interest income of Rs.962,403.40 by investing the balance in current accounts in one day demand deposits during the year.
- 02 According to the Prevention of Marine Pollution Act No. 35 of 2008, a separate fund should be maintained by the MEPA. As such, the income of Rs. 10 million earned by the Authority through fines during 2013 was invested in Treasury bills until withdrawal for initiation of the particular fund. The balance of the fund as at 31.12.2013 is as follows:

### 3.5.1 Financial Progress Report – Recurrent Expenditure for the year 2013

<b>Expenditure Object</b>	<b>Object description</b>	<b>Estimate 2013</b>	<b>Actual Expenditure as at 2013.12.31</b>	<b>Balance as at 2013.12.31</b>
	<b>Recurrent Expenditure</b>			
	<b>Personal Emoluments</b>			
1001	Salaries and Wages	41,410,000.00	38,527,131.02	2,882,868.98
1002	Overtime and Holiday Pay	1,000,000.00	651,364.40	348,635.60
1003	Other Allowances	1,290,000.00	1,287,100.00	2,900.00
	<b>Total</b>	<b>43,700,000.00</b>	<b>40,465,595.42</b>	<b>3,234,404.58</b>
	<b>Travel Expenses</b>			
1101	Local	2,000,000.00	1,545,254.17	454,745.83
1102	Overseas	700,000.00	491,836.55	208,163.45
	<b>Total</b>	<b>2,700,000.00</b>	<b>2,037,090.72</b>	<b>662,909.28</b>
	<b>Supplies</b>			
1201	Stationery and Office Needs	1,102,000.00	831,669.30	270,330.70
1202	Fuel	2,086,000.00	1,390,709.00	695,291.00
1205	Other	150,000.00	67,335.50	82,664.50
	<b>Total</b>	<b>3,338,000.00</b>	<b>2,289,713.80</b>	<b>1,048,286.20</b>
	<b>Maintenance Expenses</b>			
1301	Vehicles	2,423,000.00	2,240,588.05	182,411.95
1302	Machinery & Equipment	1,000,000.00	617,949.39	382,050.61
1303	Buildings & Constructions	500,000.00	101,382.00	398,618.00
	<b>Total</b>	<b>3,923,000.00</b>	<b>2,959,919.44</b>	<b>963,080.56</b>
	<b>Services</b>			
1401	Transport	-	-	-
1402	Post & Communication	2,190,000.00	956,572.74	1,233,427.26
1403	Electricity & Water	2,249,000.00	2,032,155.77	216,844.23
1404	Lease Rent and Rates	7,900,000.00	7,348,309.33	551,690.67
1405	Other Recurrent Expenses	4,000,000.00	2,198,125.26	1,801,874.74
	<b>Total</b>	<b>16,339,000.00</b>	<b>12,535,163.10</b>	<b>3,803,836.90</b>
	<b>Total Recurrent Expenditure</b>	<b>70,000,000.00</b>	<b>60,287,482.48</b>	<b>9,712,517.52</b>

## Financial Progress Report – Capital Expenditure for the year 2013

Expenditure Object	Object Description	Estimate 2013	Actual Expenses as at 2013.12.31	Balance as at 2013.12.31
	<b>Rehabilitation &amp; Improvement of Capital Assets</b>			
2001	Buildings & Constructions	200,000.00	235,752.99	(35,752.99)
2002	Plant, Machinery & Equipment	500,000.00	121,119.70	378,880.30
2003	Vehicles	800,000.00	460,645.27	339,354.73
	<b>Total</b>	<b>1,500,000.00</b>	<b>817,517.96</b>	<b>682,482.04</b>
	<b>Rehabilitation &amp; Improvement of Capital Assets</b>			
2101	Vehicles	-	-	-
2102	Furniture & Office Equipment	1,500,000.00	1,107,406.60	392,593.40
2103	Machinery & Equipment	2,000,000.00	1,059,780.00	940,220.00
	<b>Total</b>	<b>3,500,000.00</b>	<b>2,167,186.60</b>	<b>1,332,813.40</b>
2502				
	1 NOSCOP Capacity Building	3,750,000.00	2,003,147.95	1,746,852.05
	2 Enforcing International Laws, Regulations & Conventions	400,000.00	145,496.24	254,503.76
	3 Waste Reception Facilities	4,100,000.00	2,586,721.02	1,513,278.98
	4 Sensitive Marine Zone Protection	600,000.00	266,537.40	333,462.60
	5 Marine Research Programmes	5,262,000.00	2,980,040.70	2,281,959.30
	6 Sonduru Sayura Programmes	1,600,000.00	222,947.55	1,377,052.45
	7 Minimizing marine pollution occurring at field level	1,000,000.00	218,996.00	781,004.00
	8 Protecting Ecosystems Associated with Oceans	300,000.00	-	300,000.00
	9 Awareness Programmes	7,460,000.00	4,157,614.91	3,302,385.09
	10 School Marine Groups Prog.	5,078,000.00	3,203,102.42	1,874,897.58
	11 National Priority Programme	3,200,000.00	2,158,970.61	1,041,029.39
	12 HR Development	1,510,000.00	1,387,898.09	45,101.91
	13 Improving Office Facilities	10,740,000.00	-	10,740,000.00
	<b>Total</b>	<b>45,000,000.00</b>	<b>19,408,472.89</b>	<b>25,591,527.11</b>
	<b>Balast Water Project</b>	<b>8,969,000.00</b>	<b>5,578,344.50</b>	<b>3,390,655.50</b>
	<b>EIA Project</b>	<b>486,990.50</b>	<b>39,947.00</b>	<b>447,043.50</b>
	<b>Total Recurrent Expenditure</b>	<b>50,000,000.00</b>	<b>22,393,177.45</b>	<b>27,606,822.55</b>
		<b>104,614,000.00</b>	<b>83,058,153.46</b>	<b>21,555,846.54</b>

# Financial Statements of the Authority

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## 4.1 Accounting Policies

### 4.1.1 Corporate Information

The Marine Environment Protection Authority has been established as a statutory institution established under the Marine Pollution Prevention Act No. 35 of 2008. Its Head Office is located at No. 758 Baseline Road, Colombo 09.

### 4.1.2 Key Function and Nature of Operations

The key function of the Marine Environment Protection Authority is to prevent, control and manage marine pollution in Sri Lanka's marine regions in order to manage its marine environment sustainably for the benefit of the present and the future effectively through enforcing regulations, implementing the provisions of international Conventions, and coordination and deployment of stakeholders and resources.

### 4.1.3 General Accounting Policies

#### 4.1.3.1 Basis of Preparation of Financial Reports

The Financial Statements of Marine Environment Protection Authority comprise Statement of Financial Position, Statement of Financial Performance, and Statement of Changes in Net Assets and Equity, Cash Flow Statement, Significant Accounting Policies and Notes to the Financial Statement. These statements are

prepared in accordance with Sri Lanka Public Sector Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

Marine Environment Protection Authority has been following the Sri Lanka Public Sector Accounting Standards with effect from the year 2010 for preparation and the presentation of its financial statements although SLPSAS took effect only in the year 2011.

The Financial Statements are presented in accordance with SLPSAS 01 and where public sector standards have not been issued, generally accepted Accounting Standards are applied for preparation of financial statements.

4.1.3.2 The Financial Statements of Marine Environment Protection Authority have been prepared on a historical cost basis with generally accepted accounting principles.

4.1.3.3 No adjustments have been made for inflationary factors affecting the accounts.

4.1.3.4 Income and Expenditure have been accounted on accrual basis.

4.1.3.5 Liabilities are recognized in the balance sheet when there is a present obligation arising as a result of past activities only when the settlement is expected to result in an outflow of resources embodying economic benefits.

4.1.3.6 Obligations payable at the demand of the creditors from the date of the Financial Statement and liabilities payable within one year from such date are treated as current liabilities in the Statement of Financial Position.

4.1.3.7 Obligations not payable at the demand of the creditors or payable in more than one year are treated as Noncurrent liabilities in the Statement of Financial Position.

4.1.3.8 Liabilities arising in the present as a result of past events are recognized in the Statement of Financial Position only when the settlement of which is expected to result in an outflow of resources embodying economic benefits.

**4.1.4 Property, Plant and Equipment**

**4.1.4.1** Property, Plant & Equipment are recorded based on their cost. Their depreciation is calculated on straight line basis for duration of their useful life commencing from the moment of use. The rates used to depreciate them are as follows:

<b>Assets</b>	<b>Rate of Depreciation</b>
Motor Vehicles	20%
Computers and related Equipment	15%
Other Office Equipment	15%
Telephone	15 %
Mobile Phones	10 %
Furniture and Office Equipment	10%
Lab Instruments & technical Equipment	10%
Other Equipment	15%
Other	10%

**4.1.4.2** Depreciation of properties, plant and equipment begins when they are available for their intended use and depreciate on straight line basis over their useful life.

**4.1.5 Income**

The main income of the authority is grants received from the Government of Sri Lanka. In addition, there is a considerable operational income generated by the authority by issuing licences for the following activities:

1. Providing waste reception facilities,
2. Issue of permits for mineral oil exploration
3. Issue of permits for Bunkering Operations and
4. Approving Oil Spill contingency plans.

**4.1.5.1 Income generated by the Authority**

The income generated by the authority is recognized on accrual basis.

**4.1.5.2 Grants received from the Government of Sri Lanka**

The authority receives two types of grants, namely capital and recurrent. The accounting policy adopted for accounting for these grants is as follows:

**4.1.5.3 Capital Grants**

Government grants received for acquisition or construction of property, plant & equipment are recognized as income over the period of useful life of such property plant & equipment.

4.2.5.3.2 Although grants received for activities connected with prevention of Sri Lankan marine pollution naturally generate intangible assets, it does not meet the criteria for recognizing Intangible Assets and therefore the grants for expenditure in relation to the marine pollution prevention activities are recognized as income in the year in which such activities are performed.

**4.1.5.4 Recurrent Grants**

Grants received for recurrent expenditure are recognized as income in the same year in which they are received.

**4.1.5.5**

**4.1.6 Compulsory Contribution Plan**

Expenses pertaining to the liabilities of the compulsory contribution plan are recognized as expenses in the period in which they incurred. The MEPA contributes equivalents to 15% and 3% of gross emoluments of Employees to the Employees' Provident Fund and the Employees' Trust Fund respectively.

#### **4.1.7 Defined Benefit Plan**

Gratuity is a defined benefit plan. The Statement of Financial Position carries a provision for this liability. The MEPA is liable to pay gratuity in terms of the relevant statute. This amount is calculated by multiplying the sum of half the final basic salary of the employee plus cost of living allowance by the number of years of service. The period of years of service is counted from the first year of the service. Allocations have been made for all employees in terms of Gratuity Payment Act No. 12 of 1983. This provision is shown under non-current liabilities in the Statement of Financial Position.

#### **4.1.8 Comparative information**

Where necessary, comparative figures have been rearranged to confirm the current year's presentation.

#### **4.1.9 Events Occurring after the Balance Sheet Date**

All material post Balance Sheet events are considered and where adjustments or disclosures are necessary, the relevant information has been made available in the form of notes to the Financial Statements.

#### **4.1.10 Cash flow Statement**

Cash Flow Statement has been prepared using the indirect method

#### **4.1.11 Currency of Record and Presentation**

These financial Statements are presented in Sri Lankan Rupees, which is also the MEPA's functional currency.

#### **4.1.12 Stock**

The stock used during the year has been transmitted to the Financial Statement based on their costs. The year end stock has been valued at the cost or the net deferred value, whichever is the lower.

## 4.2 Statement of Financial Position

### Marine Environment Protection Authority Statement of Financial Position As at 31<sup>st</sup> December 2013

<u>Assets</u>	Note	2013Rs.	2013 Rs.
<b><u>Current Assets</u></b>			
Stock	23	3,858,594.00	
Debtors	11	22,250.00	13,500.00
Deposits	12	2,014,100.00	1,219,100.00
Pre Payments	13	602,149.49	597,394.81
Staff loans recoverable	14	6,238,964.09	5,633,670.23
Short Term Investment (Treasury Bills)		12,979,451.23	11,755,525.00
Cash Balance	10	15,553,928.21	5,512,790.27
<b><u>Non Current Assets</u></b>			
Property, Plant & Equipments	09	38,211,544.09	43,404,750.36
<b>Total Assets</b>		<b>38,211,544.09</b>	<b>68,136,730.67</b>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accrued Payables	15	422,894.10	2,372,439.26
EIA Project Deposits	21	447,043.50	486,990.50
Income pre-received A/C	22	2,015,000.00	1,694,000.00
<b><u>Non Current Liabilities</u></b>			
Marine Environment Protection Fund	20	14,579,453.20	13,355,525.74
Staff Distress loan funds	16	6,752,928.71	6,565,640.22
Provision for Gratuity	17	7,284,380.00	4,480,874.50
<b>Total Liabilities</b>		<b>31,501,699.51</b>	<b>28,955,470.22</b>
<b>Net Assets</b>		<b>47,979,281.60</b>	<b>39,181,261.00</b>
<b><u>Equity</u></b>			
Government Grants and Capital (Deferred Grants)	18	38,211,543.55	43,404,750.36
Capital Expenditure on work in progress		13,786,192.55	-
Capital Input for Stocks	23	3,858,594.00	-
Accumulated Surplus (Deficit)	19	(7,803,353.56)	(4,223,489.36)
<b>Total Equity</b>		<b>47,979,281.60</b>	<b>39,181,261.00</b>

### 4.3 Statement of Financial Performance

**Marine Environment Protection Authority  
Statement of Financial Performance for the  
Year ended 31<sup>st</sup> December 2013**

	Notes	2013 Rs.	2012 Rs.
Income			
Treasury Grants	1	79,059,481.67	79,902,066.62
Registration and Licence fees	2	11,976,053.17	10,033,547.94
Other revenue	3	1,168,403.50	1,095,406.19
<b>Total revenue</b>		<b>92,203,938.34</b>	<b>91,031,020.75</b>
<b>Expenditures</b>			
Salaries and payments	4	41,797,413.42	39,005,981.99
Supplies and consumables used	5	5,297,828.16	4,329,712.86
Other recurrent expenditure	6	14,482,504.22	13,081,247.73
Grant and other transfer payments	7	23,058,734.95	26,924,095.44
Financial expenses	8	36,800.00	47,162.10
Depreciation and amortization expenses	9	10,335,446.79	9,457,531.25
<b>Total Expenses</b>		<b>95,008,727.55</b>	<b>92,845,731.37</b>
<b>Surplus/ (Deficit) for the period</b>		<b>(2,804,789.20)</b>	<b>(1,814,710.62)</b>

## 4.4 Statement of Changes in Equity

### Marine Environment Protection Authority Statement of Changes in Equity for the Year ended 31<sup>st</sup> December 2013

	Capital Grants (Rs.)	Grants pertaining to the Stock	Accumulated Surplus / Deficits Rs. Cts.	Total (Rs.)
Balance as at 31/12/2013	43,404,750.36		(4,223,489.36)	39,181,261.00
<b>Change of Accounting Policies</b>				
<b>Adjustments for Opening Balance - Gratuities</b>			(1,544,400.00)	(1,544,400.00)
Transfer to the Assets Account the income shifted to the Statement of Financial Operations pertaining to the purchase of oil dispersal agents		3,858,594.00	-	3,858,594.00
Transfer to the Assets Account the income shifted to the Statement of Financial Performance pertaining to the purchase of books	189,508.50			189,508.50
Re-adjusted Balance as at 01/01/2013	43,594,258.86	3,858,594.00	(5,767,889.36)	41,684,963.50
Capital Grants Received	42,493,291.50	-	-	42,493,291.50
Capital Grant transfer to Income (SLAS 24)	(33,394,181.67)	-	-	(33,394,181.67)
Surplus / (Deficit) for the year			(2,804,789.20)	(2,804,789.20)
			142,232.96	142,232.96
<b>Balance as at 31/12/2013</b>	<b>52,693,368.68</b>	<b>3,858,594.00</b>	<b>(8,572,678.56)</b>	<b>47,979,281.60</b>

## 4.5 Cash Flow Statement

### Marine Environment Protection Authority Cash Flow Statement For the Year 2013

	<b>2013</b>	<b>2012</b>
<b><u>Cash Flow Generated from Operational Activities</u></b>		
Net surplus / (Deficit) for the period	(2,804,789.20)	(1,814,710.62)
<b>Adjustments</b>		
Provision for depreciation for the year	10,335,446.79	9,457,531.25
Adjustments to the Opening Balance		-
Transfer to Advance Expense		-
Provision for Gratuity	1,331,818.00	782,647.00
Gratuity Payments	(72,712.50)	(57,860.00)
Income Recognized as per SLAS 24(From grants received in previous years)	(33,394,181.67)	(36,381,626.62)
<b>Operating Surplus/Deficit Before working Capital changes</b>	<b>(24,604,418.58)</b>	<b>(28,014,018.99)</b>
<b>Working Capital Changes</b>		
(Increase) / decrease in Deposits	(795,000.00)	(81,300.00)
(Increase) / decrease in Prepayments	(4,754.68)	(227,144.08)
(Increase) / decrease in Debtors	(8,750.00)	3,435.00
Decrease/ increase in current liabilities	(1,949,545.16)	(8,465,176.65)
<b>Net Cash flow from operating Activities</b>	<b>(27,362,468.42)</b>	<b>(36,784,204.72)</b>
<b>Investing Activities</b>		
Investment in Treasury Bills	(12,979,451.23)	(11,755,525.00)
Treasury Bills maturity	11,755,525.00	10,709,913.55
Acquisition of property plant & Equipment	(4,952,734.00)	(3,303,678.52)
Interest from investment in Treasury Bills	1,223,927.46	1,045,612.19
Interest from staff loans	188,145.59	176,439.54
(Increase) / decrease in staff loans for the period	(605,293.86)	624,106.33
Income Pre-received	321,000.00	1,694,009.00
EIA deposit	-	500,000.00
EIA Payment	-	(13,009.50)
<b>Net Cash flow generated from Investing Activities</b>	<b>(5,048,881.04)</b>	<b>(322,141.41)</b>
<b>Financing Activities</b>		
Government grant for Capital expenditure	42,453,344.50	29,000,000.00
Bank charges – Bank of Ceylon	(857.10)	0
<b>Net cash flow generated from Financing Activities</b>	<b>42,452,487.40</b>	29,000,000.00
<b>Net increase/decrease in cash and cash equivalents</b>	<b>10,041,137.94</b>	<b>(8,106,346.13)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,512,790.27</b>	<b>13,619,137.73</b>
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>15,553,928.21</b>	<b>5,512,790.27</b>

## 4.6 Notes to the Financial Statements

### Marine Environment Protection Authority Notes to the Financial Statements

Note 01	Treasury Grants	
Treasury Grants	2013 Rs.	2012 Rs.
Recurrent Grant	45,665,300.00	43,520,440.00
Capital Grant transfer to income - Current Year	23,058,734.95	26,924,095.44
Capital Grant transfer to income - Differed Grant	10,335,446.72	9,457,531.18
<b>Total</b>	<b>79,059,481.67</b>	<b>79,902,066.62</b>

Note 02	<u>Fees, Penalties and Permit Fees</u>	
<u>Fees, Fines, Penalties and Permit fees</u>	2013 Rs.	2012 Rs.
Waste Reception Service - Registration Fees	3,859,000.00	3,993,900.00
Waste Reception Service - Permit Fees	5,249,000.00	4,652,500.00
Waste Reception Service - Application Fees	52,000.00	30,000.00
Waste Registration Service - Application Fees (Received this year as fees for the next year)	-	18,000.00
Natural Resources Extraction - Permit Fees	1,243,617.00	119,225.40
Natural Resources Extraction - Application Fee	12,436.17	11,922.54
Bunkering Application Fees	15,000.00	14,000.00

Bunkering Registration-2012	1,240,000.00	1,050,000.00
Road tankers Registration	204,000.00	40,000.00
Noscop Application/Registration Fee	101,000.00	104,000.00
<b>Total</b>	<b>11,976,053.17</b>	<b>10,033,547.94</b>

<b>Note 03</b>	<b>Other Revenue</b>	
<b>Other Revenue</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Sundry income	106,000.10	617,539.05
Book advance interest	-	2,842.70
Interest Income	962,403.40	475,024.44
Cancellation of Cheques	100,000.00	-
<b>Total</b>	<b>1,168,403.50</b>	<b>1,095,406.19</b>

<b>Note 04</b>	<b>Payment of Wages, Salaries and Employee benefits</b>	
<b>Payment of Wages, Salaries and Employee benefits</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Salaries & Wages	38,527,131.02	36,363,226.78
Overtime / Holiday Pay	651,364.40	613,678.21
Other Allowances	1,287,100.00	1,217,500.00
Provision for Gratuity	1,331,818.00	811,577.00
<b>Total</b>	<b>41,797,413.42</b>	<b>39,005,981.99</b>

<b>Note 05</b>	<b><u>Supplies and Consumables Used</u></b>	
<b><u>Supplies and Consumables Used</u></b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
<b><u>5.01 Supplies</u></b>		
Stationary & Office Requisites	831,669.30	972,732.12
Fuel & Lubricants	1,390,709.00	1,329,504.06
Uniforms	67,335.50	56,235.12
<b>Total</b>	<b>2,289,713.80</b>	<b>2,358,471.30</b>
<b><u>5.02 Maintenance Expenditure</u></b>		
Vehicle Maintenance Cost	2,263,944.35	1,520,724.62
Plant, Machinery & Equipment Maintenance Cost	642,788.02	415,047.93
Office Maintenance Cost	101,382.00	35,469.00
<b>Total</b>	<b>3,008,114.36</b>	<b>1,971,241.56</b>

<b>Note 06</b>	<b><u>Other Recurrent Expenditure</u></b>	
<b><u>6.01 Traveling</u></b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Domestic Travelling Expenses	1,545,254.17	1,440,485.07
Foreign Travelling Expenses	491,836.55	310,350.25
	<b>2,037,090.72</b>	<b>1,750,835.32</b>
<b><u>6.02 Contractual Services</u></b>		
Telecommunication/Postal Charges	956,572.74	923,152.72
Electricity & Water Expenses	2,032,155.77	1,726,397.73
Office Rent	7,343,081.94	6,554,887.53
Other Contractual Services	2,113,603.05	2,125,974.43
<b>Total</b>	<b>12,445,413.50</b>	<b>11,330,412.41</b>

<b>Note 07</b>	<b>Grants and Other Transfer Payments</b>	
<b>Grant and Other Transfer Payments</b>	<b>2013 Rs.</b>	<b>2012 Rs.</b>
Total Capital Grant for the year	42,493,291.50	39,827,773.96
<b>Less:</b>		
Amount of grant utilized for purchasing capital Assets	(4,952,734.00)	(12,903,678.52)
Capital expenses for work in progress	(14,481,822.55)	
<b>Amount transferred to the statement of Financial operations during the year</b>	<b>23,058,734.95</b>	<b>26,924,095.44</b>

<b>Note 08</b>	<b>Financing Cost</b>	
<b>Financing Cost</b>	<b>2013 Rs.</b>	<b>2012 Rs.</b>
Bank Charges	36,800.00	47,162.10
<b>Total</b>	<b>36,800.00</b>	<b>47,162.10</b>

<b>Note 09</b>	<b>Depreciation of Property, Plant and Equipment</b>						
Type of Asset	Cost 2013			Depreciation 2013			Written-off value
	01.01.2013	Additions	31.12.2013	01.01.2013	Additions	31.12.2013	
Motor Vehicles	36,048,912.63	-	36,048,912.63	17,261,417.40	6,069,676.00	23,331,093.40	12,717,819.23
Furniture & Office equipment	21,372,205.07	2,167,186.60	23,539,391.67	10,777,448.79	2,240,580.77	13,018,029.56	10,521,362.11
Technical Equipment	18,534,925.49	2,572,599.40	21,107,524.89	4,512,427.74	1,992,244.72	6,504,672.46	14,602,852.4

							3
Library Books	189,508.50	212,948.00	402,456.50	-	32,945.31	32,945.31	369,511.19
Total	<b>75,956,043.19</b>	<b>12,903,678.52</b>	<b>113,649,579.62</b>	<b>32,551,293.93</b>	<b>10,335,446.79</b>	<b>23,238,054.60</b>	<b>38,211,544.09</b>

<b>Note 10</b>	<b>Cash and Cash Equivalents</b>	
<b>Cash and Cash Equivalents</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Bank of Ceylon – 194109	15,039,963.59	4,580,820.28
Peoples Bank	513,964.62	931,969.99
<b>Total</b>	<b>15,553,928.21</b>	<b>5,512,790.27</b>

<b>Note 11</b>	<b>Debtors</b>	
<b>Debtors</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Shehan Kuruneru – Rent Payments	13,500.00	13,500.00
Recurrent Advance	8,750.00	-
<b>Total</b>	<b>22,250.00</b>	<b>13,500.00</b>

<b>Note 12</b>	<b>Deposits</b>	
<b>Deposits</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Refundable Deposits for Rent- Regional Office Galle	96,000.00	96,000.00
Refundable Deposits for Rent- H/O	1,890,000.00	1,090,000.00
Refundable Deposits for Rent- Regional Office, Trincomalee	7,500.00	7,500.00
Refundable Deposits - IDD facility for Mobile-phones	-	3,500.00
Refundable Deposits for Mobile Phone	-	1,500.00
Refundable Deposits - Internet for Mobile Phones	1,500.00	1,500.00
Refundable Deposits – Internet for Mobile Phones	3,000.00	3,000.00
Refundable Deposits	6,100.00	6,100.00
Deposits - Center for Banking Studies	10,000.00	10,000.00
<b>Total</b>	<b>2,014,100.00</b>	<b>1,219,100.00</b>

<b>Note 13</b>	<b>Pre - payments</b>	
<b>Pre - payments</b>	<b>2013</b>	<b>2012</b>
	<b>Rs.</b>	<b>Rs.</b>
Rent Pre-payments	117,369.86	112,142.47
Insurance Pre-payments	278,582.03	301,938.33
Maintenance Pre-payments	156,798.68	181,637.31
Other Pre-payments	49,398.92	1,676.71
<b>Total</b>	<b>602,149.49</b>	<b>597,394.81</b>

<b>Note 14</b>	<b>Staff Loans Recoverable</b>	
<b>Staff Loans Recoverable</b>	<b>2013 Rs.</b>	<b>2012 Rs.</b>
Opening Loan Balance 01.01.2013	5,633,670.23	6,257,776.56
<b>Added:</b>		
Loans given during the year	3,516,000.00	2,120,055.56
Total recoverable amount	9,149,670.23	8,377,832.12
<b>Less:</b>		
Amount recovered during the year	2,910,706.14	2,744,161.89
<b>Balance as at 31.12.2012</b>	<b>6,238,964.09</b>	<b>5,633,670.23</b>

<b>Note 15</b>	<b>Current Liabilities</b>	
<b>Current Liabilities</b>	<b>2013 Rs.</b>	<b>2012 Rs.</b>
Creditors	-	1,874,745.83
WRS receivable for 2011	3,000.00	-
Electricity & Water bill payable	139,826.40	121,521.07
Rents Payable	-	32,000.00
Telephone bills payable	61,643.26	62,188.25
Halchem Lanka Pvt Ltd.	-	108,228.00
Other Expenses Payable	51,435.00	53,630.00
Vehicle Maintenance expenditure	-	200.00
Overtime payable	2309.69	20,977.11
Other allowances payable	7,500.00	86,750.00
Domestic travelling expenses payable	157,154.75	12,099.00
Stamp duty payable	25.00	100.00
<b>Balance as at 31<sup>st</sup> December</b>	<b>422,894.10</b>	<b>2,372,439.26</b>

Note 16	Staff Loan Fund	
	2013 Rs.	2012 Rs.
Staff Loan Fund		
Opening Loan Balance as at 01.01.2013	6,565,640.22	6,389,200.68
<b>Added:</b>		
Additional Funds received	-	-
Interest for the Year	188,145.59	176,439.54
<b>Less:</b>		
Bank charges	(857.10)	2,636.00
<b>Balance as at 31.12.2013</b>	<b>6,752,928.71</b>	<b>6,565,640.22</b>

Note 17	Provision for Gratuity	
	2013 Rs.	2012 Rs.
Provision for Gratuity		
Opening Loan Balance as at 01.01.2013	4,480,874.50	3,756,087.50
Revised Balance	1,544,400.00	-
Provision for the Year	1,301,630.50	782,647.00
<b>Less:</b>		
	7,326,905.00	4,538,734.50
<b>Payments during the year</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31.12.2013</b>	<b>42,525.00</b>	<b>57,860.00</b>

Note 18	Government Grants and Capital	
	2013 Rs.	2012 Rs.
Government Grants and Capital		
Opening Balance as at 01.01.2013	43,404,750.36	39,814,311.09
Correction of Errors	189,508.50	144,291.93
<b>Added:</b>		39,827,773.96
Capital Grants Received during the year	42,493,291.50	39,827,773.96
<b>Less:</b>		
Recognized as income (SLAS 24)	33,394,181.67	36,381,626.62
Capital Expenses on work in progress	14,481,822.5	
<b>Balance as at 31.12.2013</b>	<b>38,211,546.13</b>	<b>43,404,750.36</b>

Note 19	Accumulated Deficit	
	2013 Rs.	2012 Rs.
Accumulated Deficit		
Opening Balance at 01.01.2013	(4,223,489.36)	(1,181,004.78)
Correction of Errors – Deferred	-	(144,291.93)
Transfer to Deferred Income	-	144,291.93
Deficit /Excess for the year	-	(1,227,773.96)
Revised Balance - Gratuities	(1,544,400.00)	-
Deficit/Surplus for the Year	(2,804,789.20)	(1,814,710.62)
<b>Balance as at 31.12.2013</b>	<b>(8,572,678.56)</b>	<b>(4,223,489.36)</b>

Note 20	Marine Environment Protection Fund	
	2013 Rs.	2012 Rs.
Marine Environment Protection Fund		
Opening Balance as at 01.01.2013	13,355,525.74	12,309,913.55
Interest Income – Treasury Bills	1,223,927.46	1,045,612.19
<b>Closing Balance as at 31.12.2013</b>	<b>14,579,453.20</b>	<b>13,355,525.74</b>

Note 21	EIA Deposit	
	2013 Rs.	2012 Rs.
EIA Deposits		
Opening Balance as at 01.01.2013	<b>486,990.50</b>	-
Funds Received	-	500,000.00
<b>Less</b>		-
Expenditure borne during the year	39,947.00	<b>13,009.50</b>
<b>Balance as at 31.12.2013</b>	<b>447,043.50</b>	<b>486,990.50</b>

<b>Note 22</b>	<b>Income Pre-received</b>	
	<b>2013</b>	<b>2012</b>
<b>Income Pre-received</b>	<b>Rs.</b>	<b>Rs.</b>
Waste Reception Service registration and permit Fees for 2014	1,230,500.00	1,646,000.00
Bunkering registration and permit Fees for 2014	457,000.00	48,000.00
Waste Disposal Orders Registration 2014	51,500.00	-
Registration of Suppliers 2014	276,000.00	-
Balance as at 31.12.2013	<b>2,015,000.00</b>	<b>1,694,000.00</b>

<b>Note 23</b>	<b>Stocks</b>	
	<b>2013</b>	<b>2012</b>
<b>Grants Received</b>	<b>Rs.</b>	<b>Rs.</b>
Transfers Received During the Year	3,858,594.00	-
<b>Less</b>		-
Transfers to the Income and Expenditure Account	-	-
<b>Balance as at 31.12.2013</b>	<b>3,858,594.00</b>	<b>-</b>

- 24 The authority invested Rs. 10 Million in 6-Month Treasury Bills in November 2011 and it matured in the year 2013 and the total amount (interest and the investment amount) was reinvested. Rs. 1,223,927.46 has been earned during the year 2013 as the interest income from treasury bills. Hence the re-invested value in 2013 is Rs. 12,979,451.23, which has been shown under current assets in the Statements of Financial Position.
- 24 The authority started investing surplus cash balance remaining at the end of the day in the current account to repurchase treasury bills on daily basis. This process continued until the end of the year yielding Rs 962,403.40 as interest income. This interest income is included in the total income for the year.
- 25 During the year, the authority earned Rs 1,243,617.00 as income by issuing environment protection permit for exploration activities. During the year, the Authority increased its income from waste reception service up to Rs. 9,160,000.00.
- 26 The Authority acquired Rs. 4,739,786.00 worth fixed assets during the year. These assets included office equipment, laboratory equipment etc.
- 27 According to the Oil Spill Contingency Plan Regulation No. 01 of 2012, the organizations or person engaged in activities mentioned in the Regulation must have a contingency plan approved. During the year, the authority approved 2 oil spill contingency plans and earned Rs 101,000.00 from it. This approval fee is included in the total income for the year.
- 28 According to the Bunkering (Marine Environment Protection) Regulation No. 02 of 2011, the organizations or persons engaged in activities mentioned in the Regulation must get registered with the Marine Environment protection Authority annually. During the year, the Authority registered 14 companies that are engaged in bunkering operations and earned Rs 1,255,000.00 as application and registration fees. This income is included in the total income for the year. In addition, the Authority earned Rs. 204,000.00 by way of registration of road tankers during the year.
- 29 The Board of Directors of the authority decided to charge a processing fee to cover the expenses incurred in issuing environmental impact assessment (EIA) permits with effect from 01.01.2012. Accordingly, Rs 500,000.00 was received from the Cairn Lanka Company during the year 2012. The balance of cash, after deducting the expenditure in connection with EIA process, is shown as 'EIA Project Deposit'

under 'Current Liabilities' in the Statement of Financial Position. The Balance at the end of the year 2013 was Rs. 447,043,50.

30 Provision for Gratuities – Change of Policies

1. The basis of calculating gratuities has been changed as the sum of basic salary and the cost of living (as per the direction of Commissioner of Labour)
2. The retirement age has been increased to 60 years as per Department of Public Enterprises Circular. Accordingly, the Authority considered 60 years of age as the retirement age. This was 55 years in previous years.
3. According to Department of Public Enterprises Circular, a separate account should exist for gratuities.

31 Capital Work in Progress (Capital WIP)

A sum of 36.875 million rupees was received from the Treasury during the year, out of which Rs. 22,393,177.45 was spent for capital activities. The remaining Rs. 14,481,822.55 has been included in Cash Balance. This reason for this state of affairs was the cancellation of the tenders called. However, the Board of Directors directed that fresh quotations be called for all tenders and all purchasing be concluded before the expiry of the first quarter of 2014. As such, a sum of Rs. 14,481,822.55 has been shown as Capital WIP under entitlements in the Statements of Financial Position.

32 Stock

The remaining oil dispersant amounting to about 5,800 litres out of a total of 10,000 litres purchased using the Treasury grants has been kept in the warehouse to be used in an emergency. However, at the time of preparation of financial statements for the year 2012, this stock has been written off as an expense in the Statement of Financial Performance. As per the directives given by the Auditor General's Department, this was included in the stock in the year 2013. Accordingly the value written off from expenses was added as an income and values were accounted accurately. The cost of the stock was entered in the Stock Expenses and Capital Grants Account while the value of the stock in the warehouse was entered in the stock. The value of the stock is shown as current assets in the Statement of Financial Position. The adjustments pertaining to it has been made to the accumulated balance as at 01.01.2013.

### 33 Library Books

The total expense borne for purchasing library books in the year 2013 has been transferred to the Profit and Loss Account. However, the Auditor General's Department has directed that this should be included in the Financial Statements treating it as an asset. Accordingly, the incomes and expenses transferred to the Profit and Loss Account in the year 2012 has been accounted correctly in the year 2013 and the adjustments necessary for this have been made to the accumulated balance as at 01.01.2013.

Accordingly, the value of these books have been included under Library Books in the Statement of Financial Position in the year 2013 and the cost has been transferred to Deferred Grant Account. As such, depreciations have been transferred to the Profit and Loss Account in the year 2013.

The value of the books that had been purchased and the books received as grants before the year 2012 were not evaluated in the year 2013. However, a fact file on books was prepared and has been entered in the Assets Register. It is expected to assess the value of these books and periodicals at their highest possible worth and to include them in the Financial statements for the year 2014.

### 34 Information Boards

The Authority installed information boards since the year 2008. Some of these boards were damaged due to natural causes while others are due to development activities as well as human or animal acts. According to the past accounts, Rs. 7,197,220 has been spent for installing information boards in the period 2008-2012. Officers of the Marine Environment Protection Authority have provided particulars pertaining to the present situation with regard to the information boards as at 31.12.2013. However, it is difficult to come to a conclusion about the date of installation or period based on the existing information. The values of the information boards were calculated based on the reports of the officers. These values were not included in the Financial Statements for the year 2013 due to practical difficulties. Action is being taken to conduct the first physical verification and give numbers to these information boards before including values in the financial statements and to thereafter enter the values in the statements in the year 2014.

### 35 Consignment of Chemicals and Glass Instruments

The policy followed by the Authority pertaining to chemicals and glass instruments is to write off the total cost of purchasing the chemicals and glass instruments to the expenditure of the year of purchasing.

The reasons for using this method are the practical difficulty existing in accurately calculating the stocks of chemicals at the end of the year and the glassware having to be removed from use within a very short time. However, the laboratory maintains a separate register for chemicals and glass instruments.

## 5. Auditor General's Report



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல.  
My No.

} TM/L/MEPA/1/13/28

මගේ අංකය  
உமது இல.  
Your No.

}

දිනය  
திகதி  
Date

} 18 November 2014

The Chairman,  
Marine Environmental Protection Authority

**Report of the Auditor General on the Financial Statements of the Marine Environmental Protection Authority for the year ended 31 December 2013 in terms of Section 14(2)(c) of the Finance Act, No.38 of 1971**

The audit of financial statements of the Marine Environmental Protection Authority comprising the statement of financial position as at 31 December 2013 and the statement of financial position, the statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act No.38 of 1971 and Section 20 of the Marine Pollution Prevention Act, No.35 of 2008. My comments and observations which I consider should be published with the annual report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Authority on 02 May 2014.

**1.2 Management's Responsibility for the Financial Statements**

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



### 1:3 Auditor's Responsibility

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of the Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## 2. Financial Statements

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### 2.1 Opinion

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In my opinion, the financial statements give a true and fair view of the financial position of the Marine Environmental Protection Authority as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.



**2.2 Non Compliance with Laws, Rules, Regulations and Management Decisions**

Non-compliance with the following laws, rules and regulation were observed

Reference to Law, Rules, Regulations

Non-compliance

Financial Regulations of the Democratic  
 Socialist Republic  
 of Sri Lanka

i. Financial Regulation 757

The Board of Survey Reports had not been furnished to the Auditor General.

ii. Financial Regulation 104(i)

Although it was reported that the advance of Rs.17,700 given for awareness programmes had been defrauded, action had not been taken to determine the officers responsible thereto.

**3. Financial Review**

**3.1 Financial Results**

According to the financial statements presented, the financial results of the Authority for the year under review amounted to a deficit of Rs.2,804,789 as compared with the corresponding deficit of Rs.1,814,711. for the preceding year. Thus, a deterioration of Rs.990,078 in financial results as compared with the preceding year was observed. The deficit as compared with the preceding year had increased by 54.56 per cent. The increase in total income by Rs.1.17 million and the increase in operating expenses by Rs.2.16 million had mainly attributed to this.



### 3.2 Working Capital Management

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The current ratio and the quick assets ratio had shown significant increase as compared with to the previous year. The increase in cash balance and the stock balance had mainly attributed to this.

## 4. Operating Review

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### 4.1 Performance

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The following observations are made.

- (a) According to the Action Plan of the Marine Environmental Protection Authority for the year under review, the provision amounted to Rs.45,000,000. This Action Plan had been revised during the year under review and according to the progress reports the actual expenditure of the year amounted to Rs.17,094,096.
- (b) Two out of 46 activities included in the Action Plan for which a sum of Rs.6,800,000 had been allocated had been cancelled and the entire provision of Rs.12,440,000 relating to 10 activities had been saved. Over 50 per cent of the provision for 20 activities amounting to Rs.21,617,000 had been saved. Accordingly, it was observed that the activities planned according to the Action Plan had not been executed.
- (c) The Action Plan had been revised during September 2013 and the provision made for 8 activities included in the Action Plan had been reduced and the provision concerned had been transferred to 4 activities. Of this, provision for 3 activities amounting to Rs.14,069,700 had been saved.



#### 4.2 Management Inefficiencies

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According to the provisions in order No.01 of 2012 made in terms of the provisions in the Act for avoidance of marine pollution, the emergency plan for the provision of Marine Pollution from oil slick should have been approved by the Sri Lanka Ports Authority. However, such an action had not been taken accordingly. The Institutional responsibility for an emergency oil slick remained outside the Marine Environmental Protection Authority. The management had not paid its attention to this matter.

#### 4.3 Operating Inefficiencies

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The following observations are made.

- (a) The Cabinet of Ministers had informed that all expenditure incurred with regard of the oil leakage from vessel named MV. Thermopylae Sierra on 23 August 2012 should be recovered from the owners of the vessel. However, the expenditure of Rs.11,551,133 incurred in this connection had not been recovered up to dated. Further, compensation relating to the marine pollution caused by the vessel could not be recovered in terms of Section 26 of the marine pollution Act although 2 years had elapsed.
- (b) Although 3 years had elapsed since the environmental damage caused by the leakage of oil from the vessel named MT Chahat in the Colombo Port on 13 November 2010, the compensation related thereto had not been recovered.
- (c) According to Section 51(4) of the Prevention of Marine Pollution Act, all orders made by the Minister should be published in the Gazette and laid before Parliament for approved. However, such action had not been taken with regard to 2 Gazette Notifications.
- (d) Even though a sum of Rs.6,507,297 had been spent on awareness programmes with the objective of making awareness about prevention of marine pollution, the Marine pollution continues to increase. As such, the contribution made for the prevention of marine pollution by conducting these workshops could not be ascertained in audit.



- (e) Although a sum of Rs.3,000,000 had been allocated for assessment of risk of alien invasive species introduction through ballast included in the Project for Management of Introduction of Invasive of Alien Species into Sri Lanka waters through ship's Ballast water, the Programme concerned had not been implemented.

#### 4.4 Idle and Underutilised Assets

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In addition to the floors of the building occupied by the Authority, 2 additional floors had been obtained on rent from December 2013 at Rs.240,000 per month. Even though a sum of Rs.1,200,000 had been spent up to April 2014, those two floors had not been occupied up to April 2014.

#### 4.5 Resources of the Authority made available to other Government Institutions

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A microscope camera valued at Rs.873,750 had been purchased for a survey of establishing primary data system in the vicinity of harbour. As there was no space available in the laboratory of the Authority it had been handed over for institution in the University Sri Jayawardenapura on a request made by a lecturer of the who participated in the survey.

#### 4.6 Staff Administration

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The following observations are made.

- (a) The approve staff of the Authority as at 31 December 2013 had been 183 whereas the actual cadre had been 110 thus resulting in 73 vacancies.
- (b) Even though the General Manager is the Chief Executive Officer of the Authority in terms of Section 16(2) of the Marine Environmental Protection Act, a permanent officer had not been appointed for that post and the Manager (Legal) had been appointed to cover the duties. Meanwhile, the existence of 7 vacancies in the Senior Management Level had affected the administrative and operative activities of the Authority.



- (c) The authenticity of educational qualifications had not been confirmed through the relevant institutions at the time of recruiting officers.
- (d) Even though a sum of Rs.303,744 had been spent during the year under review for newspaper advertisements relating to recruitment for posts of General Manager, Deputy General Manager (Operations), Secretary, Assistant Manager, (Planning) and Assistant Manager (Legal). However, these recruitments had not been made up to August 2014.

**5. Accountability and Good Governance**  
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**5.1 Non-achievement of objectives of the Act**  
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Action had not been taken to draft legal provision relating to 7 directives prescribed under Section 51(1) of the protection of Maritime pollution Act for the introduction of methodologies for minimization of marine pollution.

**5.2 Audit Committee**  
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The following decisions made at meetings of Audit Committee had not been implemented.

- (a) Although it was decided to prepare proper procedure for waste management existing in fishery harbours, action had not been taken accordingly.
- (b) Although it was decided to make aware the Local Authorities work regard to latrines constructed in a manner to floor sewage within a limit of 300 metres from the maritime limit to the mainland and disposal of waste to the sea without recycling and to hold discussions with the Director General of Sri Lanka Tourism Board Development Board regarding problems that may adversely affect to tourist industry as a result of allowing disposal of waste materials to sea without recycling them and for future action and to prepare a report accordingly, that had not been done.



- (c) Preparation of a report pertaining to overall tests (fecal coliform, total coliform etc.) conducted at the laboratory and expending the range of existing tests in order to successfully and effectively conduct laboratory activities had been delayed.

### 5.3 Unsettled Audit Paragraphs

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Action had not been taken up to date to establish a Marine Environmental Council in terms of Protection of Marine Pollution Act.

### 6. Systems and Controls

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The deficiencies in systems and controls observed in audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

- (a) Budgetary Control
- (b) Staff Management
- (c) Project Administration
- (d) Planning and Implementation of Plans.

W.P.C. Wickramaratne  
Acting Auditor General