

**“Towards Sustainable
Development
in the Caresses
of the Blue Seas”**

**ANNUAL REPORT
2016**

**MARINE ENVIRONMENT
PROTECTION AUTHORITY**

**MINISTRY OF MAHAWELI
DEVELOPMENT AND
ENVIRONMENT**

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The Marine Environment Protection Authority was established under the former Marine Pollution Prevention Act No. 59 of 1981. The new Marine Pollution Prevention Act No. 35 of 2008 was enacted for strengthening the legal powers vested in the Marine Environment Protection Authority for acting to prevent, mitigate and control marine pollution and for implementing international Conventions on marine pollution applicable to Sri Lanka and it was brought into effect on 01 January 2009.

Corporate Information

Name of the Authority

MARINE ENVIRONMENT PROTECTION AUTHORITY

Legal Statues

A regulatory authority established under the Marine Pollution Prevention Act No. 35 of 2008

Registered Address and Head Office

Marine Environment Protection Authority
No. 758 Baseline Road,
Colombo 09.

TP: 011 2687520/011 2690604/ 011 2690605;

Fax: 011 2687451/011 4615960

E-mail : info@mepa.gov.lk Web: mepa.gov.lk

Board of Directors

Chairman

01. Rear Admiral (Retired) Rohana Perera ,
Appointed by Minister

Directors

02. Mr. R.R.R.A. Rupasinghe
Additional Secretary, Minister of Mahaweli
Development and Environment

03.Mr. N.L.M.B.Liyanage
Parliament Secretary to the President

04.Mr. A.W.Senevirathne
Director General, Department of Merchant
Shipping

05. Mrs. M.A.Nandani
Director, Department of National Budget

06. Mr. Mahendra Perera
(Member appointed by the Minister)

07. Mr. Poshitha Perera
Director, Ministry of External Affairs

08. Mrs. Sepalika Wickramasinghe
Director, Ministry of Fisheries

09. Commodore Mr. A.K.M.Jinadasa
Director, Sri Lanka Navy

10. Dr. P.B. Turney Pradeep Kumara
General Manager

Provincial Offices and District Offices of Marine Environment Protection Authority

1 Western and North-Western Provincial Office and Colombo District Office

758 Baseline Road, Colombo 09.

TP: 011 2687520/011 2690604

Fax: 011 2687451/011 4615960

2 District Office – Kalutara District Marine Environment Protection Authority,

187/3 Galle Road, Beruwala.

TP: 034 2298407/071 8100821

Fax: 034 2298407

3 Southern Provincial Office and District Office, Galle

Marine Environment Protection Authority,

04 Clausenberg Road, Magalle, Galle.

TP: 091 2233547/071 8214184

Fax: 091 2233547

4 District Office – Matara District

Marine Environment Protection Authority,

18 Wilmott Balasuriya Avenue, Nupe, Matara.

TP: 041-2234250/071 4926849

Fax: 041 2234250

5 District Office – Hambantota District

Marine Environment Protection Authority,

46 Second Floor, Administrative Complex,
Siribopura, Hambantota.

TP: 047 2256372/071 3624651

Fax: 047 2256372

6 District Office – Ampara District

Marine Environment Protection Authority,

Pradeshiya Sabha Building,

Village Council Road, Thambiluvill

TP: 067 2265416

Fax: 067 2265416

7 Eastern Provincial Office and District Office, Trincomalee District

Marine Environment Protection Authority,

4th Mile Post, Trincomalee.

TP: 026 2050805/071 8383363

Fax: 026 2050805

8 District Office – Jaffna District

Marine Environment Protection Authority,

District Secretariat, Jaffna.

TP: 021 2212663

Fax: 021 2212663

9 District Office – Puttalam Marine

Environment Protection Authority,

23 Ebert Silva Gardens, Colombo Road, Chilaw.

TP: 031 2222865/071 8099899

Fax: 032 2222865

10 District Office – Gampaha District

Marine Environment Protection Authority,

704/9A Second Kurana, Colombo Road,
Negombo.

TP: 031 2228606/071 8325678

Fax: 031 2228606

11. District Office – Mannar District

Marine Environment Protection Authority,

District Office, Mannar

TP: 023 2251758

Fax: 023 2251758

12. District Office – Batticaloa District

Marine Environment Protection Authority,

No:03, Pillayar Kovil Road,

First Cross Road,

Kallady, Batticaloa

TP: 065 2224979

CHAIRPERSON'S MESSAGE

The Marine Environment Protection Authority established by the Marine Pollution Prevention Act No. 35 of 2008 is the regulatory authority which works to prevent, control and manage marine pollution occurring in the marine zone of Sri Lanka.

It has been possible to issue regulations termed "Waste Reception Facilities" during the year 2016 out of those which should be formulated under section 51 of the Marine Pollution Prevention Act for formulating and implementing efficiently and effectively the legal provisions necessary to achieve the objectives in order to achieve the objectives intended in establishing the Marine Environment Protection Authority. Accordingly, it has been possible to increase the number of regulations formulated under section 51 to five so far.

The National Marine Environment Symposium was conducted for the 3rd time covering all fields relevant to the field of marine environment aiming at stimulating a dialogue in the society towards saving the marine environment from the threats posed to it locally and globally and obtaining new proposals for identifying and resolving

environmental problems prevailing at present.

It was possible to recruit new officers to the staff of the Authority to fill the long-vacant posts of Deputy General Manager (operations), Manager (Planning), Assistant Manager (Legal) and Assistant Manager (Planning) and sixteen new officers including Assistant Marine environment Officers. It was a significant development that the establishment of the Planning Division, which had remained a large lacuna for the Authority, took place during the year.

Cabinet Approval was granted to declare and implement a "**National Marine Resources Protection Week**" during the period from third Saturday to fourth Saturday in the month of September side by side with the International Coastal Clean-Up Day covering all the coastal Districts in Sri Lanka as per the Cabinet Paper submitted by his excellency the President. As such, the National Marine Resources Protection Week will be implemented from third to fourth Saturdays in the month of September every year starting from 2016 focusing on marine environment and its protection. This measure will prove to be a huge boon to the herculean task of preserving the marine environment of Sri Lanka for posterity.

As such, the number of persons who participated in the programmes implemented throughout Sri Lanka in the year 2016 exceeds 5,000. This programme commence

on 17th September and continued till 23rd September.

The formulation of national strategies for the prevention, control and management of marine pollution that occurs due to activities associated with fishing industry was carried out by the intervention and guidance of the Authority. Accordingly, the proposed strategies are to be implemented in collaboration with the Ministry of Fisheries, the Department of Fisheries and the Fishery Harbours Corporation in due course.

The covering of gutters through which waste flowed to the sea was done with funding from the Authority in collaboration with the Trincomalee Municipal Council as a pilot project under the programmes implemented for creating a clean coastal belt all around Sri Lanka. It enabled the collection of the waste, which thitherto flowed directly to the sea, and disposal to the sea methodically. It has been proposed to implement this method in due course through all Districts offices throughout Sri Lanka learning from the lessons learnt during this programme.

A sum of 86 million rupees from the Capital Allocation provided for the year according to the Action Plan for the year 2016 was spent during the year and the physical progress was 98% while the financial progress was 96%.

The Authority was able to minimize and control the environmental damage that was caused to Lunawa area due to the explosion of a transport tunnel belonging to the Lanka

Petroleum Storage Terminals in January 2016 by working to get the support of the relevant associated party involved. At the same time the Authority is taking legal action against the Petroleum Stock Storage Terminals company.

The Authority activated the new electronic system for providing waste reception facilities to ships on 2016.07.01 and it has enabled the Authority to regulate the activities pertaining to the provision of facilities for waste reception service and earn extra incomes.

I wish to specially remember the leadership and guidance by His excellency Maithripala Sirisena, President and Minister in charge of the subject, advice and support by the Deputy Minister in charge and the Secretary to the Ministry and the cooperation by the Board of Directors, the General Manager, the Deputy General Manager and the staff extended to the Authority for the purposes of prevention, control and management of marine pollution during the year 2016.

**Rear Admiral (Retired) Rohana Perera RSP
VSV USP**
Chairman



Vision

"Creating a pollution free marine environment around Sri Lanka for the sustainable development and the well being of its people and the economy"

Mission

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

1. Background

1.1 Introduction

As an island, Sri Lanka is located at a strategically important place in the Indian Ocean. According to the international laws, Sri Lanka is entitled to tap resources in a vast marine region eight times the size of its land area. International shipping routes linking the orient and the occident run along the ocean region belonging to our country. The territorial waters belonging to Sri Lanka is rich with many resources, which are gradually polluted due to navigation of ships and human activities on land.

As such, the Marine Pollution Prevention Authority was established in terms of the Marine Pollution Prevention Act No. 59 of 1981 in order to maintain our oceanic resources free of pollution. The new Marine Pollution Prevention Act No. 35 of 2008 was enacted for strengthening the legal powers vested in the Marine Environment Protection Authority for acting to prevent, mitigate and control marine pollution and for implementing international Conventions on marine pollution applicable to the Government of Sri Lanka and it was implemented with effect from 01 January 2009. According to this Act, the name of the Authority was changed as Marine Environment Protection Authority.

Developing Sri Lanka as a naval hub is one of the main objectives as per the vision of the new government which is came in to the power in 2015. In the presence of this

objective, construction of new harbors and improvement of existing harbors is also done. In addition, programmes are being formulated to tap the marine resources. Therefore, the contribution on the part of this Authority is necessary for minimizing the pollution that can occur through development measures and for maintaining the sustainability of these industries.

Accordingly, this Authority has been implementing many programmes as the institution assigned to minimize, mitigate and management of pollution of marine Environment.

1.2 Responsibilities and Functions of the Authority

Functions of the Authority

- (a) To effectively and efficiently administer and implement the provisions of the Act and the Regulations made thereunder.
- (b) 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 its foreshore or the coastal zone of Sri Lanka.
- (c) 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 or any other maritime zones of Sri Lanka or its foreshore or the coastal zone of Sri Lanka.

(d) To take measures to manage, safeguard and preserve the territorial waters or any other maritime zone of Sri Lanka its foreshore and the coastal zone of Sri Lanka from being polluted by oil, harmful substances or any other pollutant.

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

(f) 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.

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

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

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

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

Powers of the Authority

(a) To effectively safeguard and preserve the territorial waters or any other maritime zone of Sri Lanka or its foreshore or the coastal zone from any pollution arising out of any ship based activity or shore based maritime-related activity.

(b) 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.

(c) To control all sea transport of oil and bunkering operations that are carried out in the territorial waters or any other maritime zone of Sri Lanka or its foreshore or the coastal zone for the purpose of prevention of pollution.

(d) To acquire, hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any movable or immovable property;

(e) To employ such officers and servants as may be necessary for the purpose of discharging the functions of the Authority;

(f) To enter into and perform directly or through any officer or agent authorized in that behalf, all such contracts as may be necessary for the discharge of the functions of the Authority;

(g) To appoint any person by name or office for the purpose of conferring all or any of the powers conferred on the Authority under the Act;

(h) To open, operate and maintain accounts in any bank or financial institution approved by the Board;

(i) To borrow such sums of money as may be necessary for the purpose of discharging the functions of the Authority;

(j) To accept and receive grants, donations and bequests of property both movable and immovable from sources in Sri Lanka and abroad and utilize them for the purpose of discharging the functions of the Authority;

(k) to make rules in respect of the management of the affairs of the Authority;

(l) To charge fees from any person or body of persons for any services provided by the Authority;

(m) To levy fees or charges in respect of all ships calling at Sri Lankan ports for the services provided by the Authority; and

(n) To do all such other acts or things as are necessary for the proper discharge of the functions of the Authority or are incidental to any of the powers specified in this Act or conferred on or assigned to the Authority

2. Administration Report

The Board of Directors guided and monitored the operational activities carried out for achieving the objectives expected through the implementation of the Corporate Plan 2012-2016 and the Annual Action Plan that were prepared aiming at the objectives of the Marine Pollution Prevention Act No. 35 of 2008. The Board of Directors further believes that by adopting good governance principles, long lasting benefits can be brought to stakeholders and the authority can be performed properly. The Board of Directors of the Marine Environment Protection Authority comprises ten (10) members.

The Administration Report has prepared base on the principles of corporate governance and the activities of the year under review in accordance with the guide for good governance published by the Chartered Accountants of Sri Lanka and principles and requirements of other administrative guiding issued by the Treasury and other relevant Authorities.

The attention of the Board of Directors was focused day-by-day towards improving the internal controls where necessary for ensuring that the principles of corporate governance are followed by responsible and transparent manner. The internal control structure is comprised of the Board of Directors, Audit and Management Committee, being its sub-committee, and a qualified senior Management team. The following Administrative Structure shows the manner in which internal control units

are used effectively through restructuring processes and methodologies.

2.1 Responsibility and Role of the Board of Directors

Using the capacities and decision making power that it possesses in the course of policy making and evaluation for the purpose of achieving the objectives specified in the Marine Pollution Prevention Act is one of the main responsibilities of the Board of Directors. The role of the Board of Directors is to implement strategies to achieve the long-term objectives. Technical and consultancy services had to be obtained from the experts in the field when necessary in executing these tasks.

During year 2016, It is the responsibility of the Board of Directors to practice good governance principles in order to achieve the targets expected by the Combined Plan, the Action Plan and the Budget Estimate.

The Board of Directors has appointed the Audit and Management Committee as a sub-committee to independently perform scrutinizing and monitoring to ensure effective and efficient performance of management and operational activities. This Committee mainly comprises non-executive Directors. This report contains the responsibilities and roles of the Audit and Management Committee.

2.2 Composition of the Board of Directors

The Board of Directors was comprised of 10 members as at 31.12.2016. Eight of them are non-executive Directors while the Chairman and the General Manager function as executive Directors

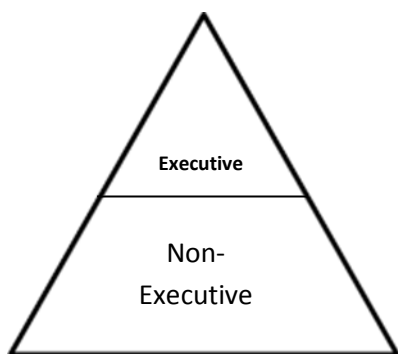


Figure 01

Mr. Rear Admiral Rohana Perera functioned as Chairman from the date of 05.01.2016 and he provided facilities and guidance for the proper conduct and smooth operation of the affairs the Board of Directors.

The executive and non-executive composition of the Board of Directors was kept in accordance with the provisions of the Marine Pollution Prevention Act No. 35 of 2008. Six of the non-executive Directors serving the Board of Directors are those representing four key Ministries, Navy Commander and the Director General of the Merchant Shipping Department. As such, Directors have been appointed to cover all the subject areas relevant to the scope of the Authority and these non-executive Directors perform a great role in bringing about coordination between those institutions.

2.3 Appointments and Retirements in the Board of Directors

During the financial year 2016 that is under review, one appointments were made to the Board of Directors while one retirement took place.

2.4 Meetings of the Board of Directors

During the year 2016, 13 Meetings of the Board of Directors were conducted. Necessary steps had been taken to send to the Board of Directors in time the Board Papers and other information necessary for making effective and efficient decisions.

2.5 Secretary to the Board of Directors

The Manager (Legal) of the Marine Environment Protection Authority functions as the Secretary to the Board of Directors. The Secretary to the Board of Directors provided the Board of Directors with necessary information in time and accurately adapting to the principles of good governance and legal requirements and managing more efficiently, in addition to keeping the records of the Board of Directors.

2.6 Records on the Meetings of the Board of Directors of the Marine Environment Protection Authority in 2016

	Name	Position Held by the Board of Directors	No. of Meetings of the Board
01	Mr. Rear Admiral (Retired) Rohana Perera	Chairman (Member appointed by the Ministry)- Executive Director	13/13
02	Mr. P.B. Turney Pradeep Kumar	General Manager Executive Director	12/13
03	Mr. R.A.R.R. Rupasinghe	Non- Executive Director	08/13
04	Mr. A.W. Senevirathna	Non- Executive Director	07/13
05	Mr. N. Paranawithane (Retired during the year)	Non- Executive Director	03/13
06	Mr. N.L.M.B.Liyanage	Non- Executive Director	09/13
07	Mrs. Anoma Nandani	Non- Executive Director	10/13
08	Mr. G. Mahendra Perera	Non- Executive Director	09/13
09	Mr. Poshitha Perera	Non- Executive Director	05/13
10	Mrs. Sepalika Wickramasighe	Non- Executive Director	06/13
11	Mr. A.K.M.Jinadasa (on behalf of N. Paravithane)	Non- Executive Director	09/13

2. Report of the Audit and Management Committee

The Audit and Management Committee comprises three non-executive Directors, Mrs. Anoma Nandani representative of the Treasury, held its chair and Mr. R.R.A.R. Rupasinghe, Additional Secretary to the Ministry of Environment, and Mr. N.L.M.B. Liyanage appointed Member of the Board of Directors, were the Members of the Committee. In addition, Audit Superintendent in charge of the Ministry of Environment and Chief Internal Auditor of the Ministry of Environment attended the Meetings of the Audit and Management Committee as main observers. The General Manager and the Accountant as well as officers holding other relevant positions appeared before the Committee whenever necessary to give clarifications upon being summoned by the Audit and Management Committee.

The internal auditing activities were carried out by the Internal Audit Division. The operations within the purview of audit have been planned to be implemented within the year covering operational, financial, administrative and legal Divisions. In addition, the Auditor General's Department subjected the deficiencies existing in terms of operations, administration and finance as well as shortcomings in internal controls to evaluation, side by side with auditing the Financial Statements.

Measures were adopted to make the necessary rectifications by discussing the

internal audit report with the management. The audit was planned and implemented to obtain an assurance that the affairs of the Authority are conducted in accordance with the internal Circulars of the Authority, the Financial Regulations, the Establishments Code and other regulations. All the financial, administrative and operational activities including the preparation of the Financial Statements of the Authority, preservation and maintenance of the assets of the Authority and maintaining the liquidity of the Authority were subjected to audit in this endeavor. The Audit and Management Committee inspected the Financial Progress Reports prepared by the Accountant and submitted recommendations to the Chairman and the General Manager pertaining to the action that should be taken regarding it.

The Audit and Management Committee discussed with the Auditor General's Department their observations, conclusions and recommendations at its meeting. In addition, the Audit and Management Committee evaluated the facts unveiled by the internal audit reports and the effectiveness of the auditing methodologies and provided the instructions and guidance necessary to minimize the deficiencies. The Audit and Management Committee conducted meeting four times during the year.

Records on the Meetings of the Audit and Management Committee of the
Marine Environment Protection Authority in 2016

	Name	Position Held in the Board of Directors	No. of Meetings of the Audit and Management Committee
01	Mrs. Amona Nandani	Chairman	04/05
02	Mr. N.L.M.B.Liyanage	Member	01/05
03	Mr. R.A.R.R. Rupasinghe	Member	04/05
04	Mr. L.D.N. Kumarasiri	Observer	05/05
05	Mr. K.K.S.Jayakody	Observer	05/05

4. Operational Review

1. Minimizing Marine Pollution

1.1 Implementation and Updating of National Oil Spill Contingency Plan

1.1.1 Provincial Council Level Programmes

The Marine Environment Protection Authority has put in place the National Oil Spill Contingency Plan (NOSCOP) for the prevention and mitigation of marine pollution that could be caused by oil spills in the Sri Lanka waters. Two Provincial level workshops were conducted in the year 2016 to raise awareness regarding this Plan. The first of the two workshops were conducted at Unawatuna and Galle Harbour on 26th and 27th May while the second was conducted on 7th and 8th July 2016 was conducted, based at the Trincomalee Harbour.

1.1.2 National Level Programmes

A workshop about the updating of the National Oil Spill Contingency Operational Plan was conducted at the Centre for Banking Studies on 9th August. At this workshop, the responsibilities were assigned to various organizations at a time of chemical spill, new responsibilities were added and the names of other responsible organizations were also added. This was attended by members of the organizations which have responsibility.



Flashbacks from the Workshop

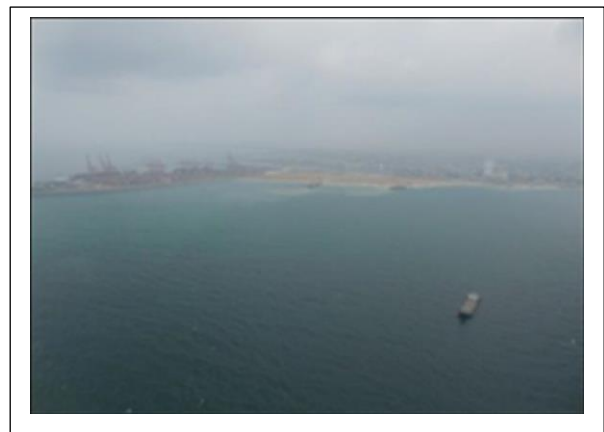
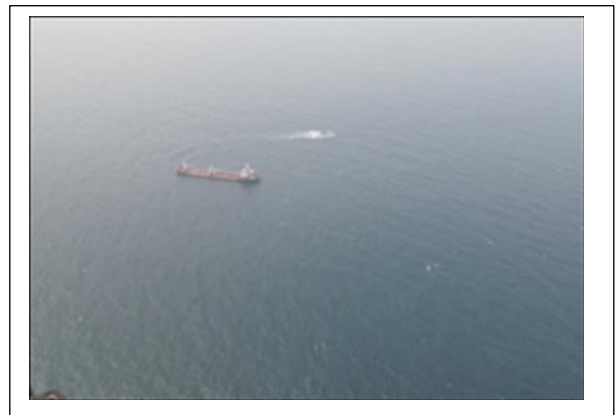
A workshop was conducted on 31st August and 1st September at the Sri Lanka Foundation Institute with a view to building the capacity of relevant organizations to respond first at a time of an oil spill and training officers who will be engaged in operational activities in such events. A practical training associated with was held on 2nd September at the Dickovita Fishery Harbour. Immediate and correct response directly impacts the mitigation at a time of an oil spill. It is very important to train the relevant stakeholders for this purpose.

Accordingly, oil spill combat was conducted on 9th and 10th December on action at a sudden spill together with the Disaster Management Centre, the Sri Lanka Army, the Sri Lanka Navy, the Sri Lanka Air Force, the Sri Lanka Police, the Sri Lanka Coastal Defence Force, the Sri Lanka Ports Authority, the Ceylon Petroleum Corporation, the Ceylon Petroleum Storage Terminals Limited, the National Aquatic Resources Research and Development Institute, the Ceylon Fishery Harbours Corporation, and the Colombo Dockyards Limited.

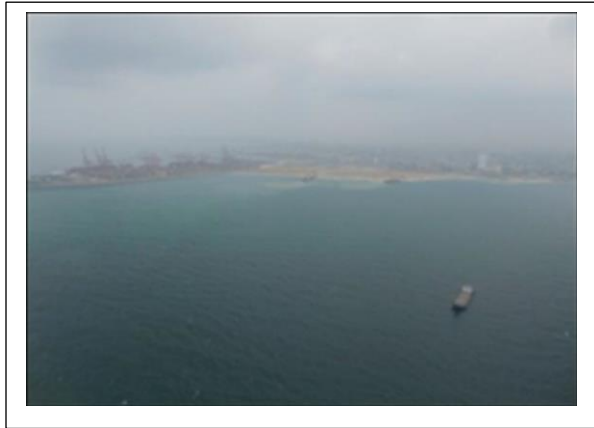
During this training, the procedure incorporated in the National Oil Spill Contingency Plan to respond in the event of an oil spill and the capacity relevant organizations possess (the awareness of the incident management team within the incident command system to face the unexpected events and the capacity to act, communicate and engaging in operations) were subjected to study.



Scenes from the drill on the Beach



Moments from the drill Conducted at the Disaster Management Centre



Aerial Photographs

Awareness programmes were conducted at District level within the Divisional Secretariat Divisions as follows in order to ensure preparedness to act in the event of a sudden oil spill and in order to update the National Plan:

Table. 1 Details of the Awareness Programmes Conducted in the year 2016 at District Level for Acting in an Oil Spill

District	Date	Divisional Secretariat Division
Gampaha	2016/03/04	Negombo
	2016/03/11	Wattala
Puttalam	2016/06/01	Wennappuwa
	2016/06/24	Chilaw
	2016/11/09	Kalpitiya
Kalutara	2016/08/23	Beruwala
	2016/08/31	Panadura
	2016/09/07	Kalutara
Galle	2016/04/07	Galle
	2016/05/11	Bentara

1.2 Responding to Sudden Oil Spills

Oil Spills which occur in sea and those associated with rivers on land cause damage to both marine environment and land environment. With support from other organizations, our Authority worked to minimize the environmental damage that was about to be caused in many such oil spills throughout the year 2016.

Table. 2 – Operations carried out in the year 2016 to minimize pollution that could have been Caused by Oil Spills

Date	Place and Incident	Damage
From 31 December 2015 to 05 January 2016	Leakage of oil from an oil pipeline at Muthurajewela belonging to the Ceylon Petroleum Storage Terminals Limited	• Lagoon water and the mangrove got polluted because 22 tonnes of aircraft fuel was mixed with lagoon water. • Many aquatic creatures died. • Terminal damage was caused to mangrove plants. • An oil removal operation of six days had to be performed from 5th January 2016.
16 January 2016	Seepage of oil from the oil storage of a filling station in Akuressa area.	• The Nilwala River was polluted due to spill of about 11,333 litres of oil.
24 March 2016	An oil tanker truck meeting with an accident while transporting coconut oil at Wettumakada in Kalutara.	• The lagoon of River Kalu Ganga got polluted.
05 May 2016	Oil leakage from a fishing boat at sea in Mirissa.	• About 15 litres of furnace oil entered the ocean. As it was a small quantity, the damage was minimal and it could be removed quickly.
23 May 2016	Seepage of oil from oil tanks in Orugodawatte area.	• Due to excessive rain associated with the area, a flood situation caused the oil to seep into a few houses.
02 September 2016	Seepage of oil when loading oil to MT LMS Laxapana at the Port of Colombo.	• Ocean in the port area around the ship was polluted by the seepage of about 2 metric tonnes of oil.

In addition to these oil spills, two seepage of minor scale occurred in the oil supply bouy located in the sea beyond Colombo Port in the year 2016 and our organization intervened to provide remedial measures for it. It was possible to minimize the severity of the pollution that could have occurred by conducting the above-mentioned operations successfully.

1.3 Control of Waste Water from Hotels and Factories Flowing to Sea

The Regulations that were published as Marine Environment Protection (Issue of Permits for Disposal at Sea) Order No. 01/2013, which was issued under the Marine Pollution Prevention Act No. 35 of 2008 was put into effect from 2013 with a view to minimizing disposal of waste at sea and encouraging disposal only after treating.

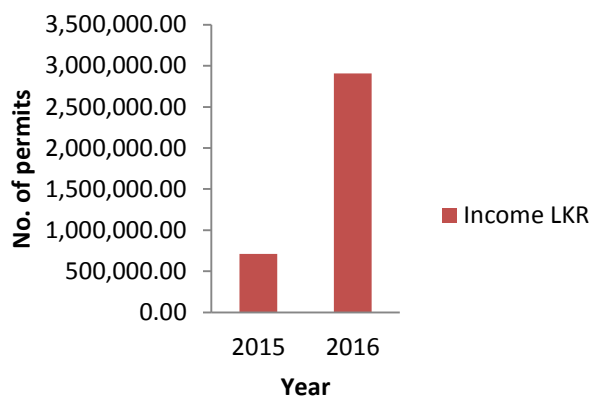
Accordingly application for treated waste water disposal permits are issued through all Regional Offices of the Marine Environment Protection Authority. After subjecting the applications received through the Regional Offices to proper scrutiny at the Head Office, steps are taken to issue licences.

In addition to being issued for waste water and waste matter released into the coastal zone and the sea by hotels and factories, the permit is issued for goods confiscated by court orders for destruction by dump at deep sea.

During the year 2016, 95 permits have been issued for dump at sea by the Marine Environment Protection Authority. An

income of 2.4 million rupees has been earned during the year 2016 by issuing these permits, which is a threefold increase compared to the year 2015.

**Number of Sea Dumping Permits
(2015, 2016)**



1.4 Reception Service for Waster Generated in Ships

As waste generated during voyages has the potential to pollute the sea through infiltration into the sea, the Marine Environment Protection Authority works to minimize such pollution through provision of waste reception facilities to ships arriving at ports in Sri Lanka. Service providers are registered annually for this purpose. During the year 2016, 23 service providers were registered. Institutions have got registered for:

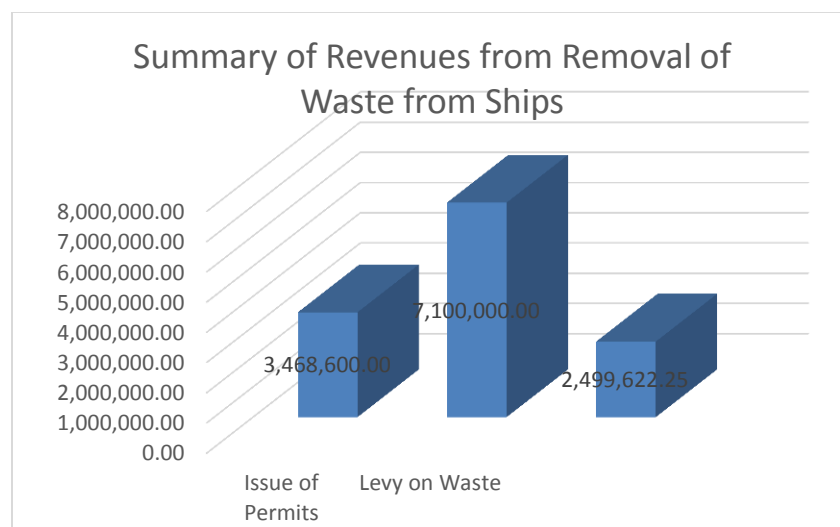
Table. 3 Number of Institutions Registered for each Commercial Port

Registered Ports	Colombo	Galle	Hambantota	Trincomalee
Number of Registered Institutions	22	12	11	09

The issuing of permits for receiving waste from each ship is carried out as an electronic service starting from 1st May 2016 and a 24-hour service was commenced for Colombo Port. As such, 698 permits were issued for ships from 1st January to 30th June in the year 2016 and 722 permits were issued under the electronic service from 1st July to

31st December 2016. Under the new methodology, according to the extents of oil contained in waste oil removed from ships, a charge of Rs. 500 per cubic metre is levied when in excess of 5 cubic metres.

Under 1,422 permits, 18,775 cubic metres of waste oil and 4,399 cubic metres of solid waste have been removed during 2016.



1.5 Establishment of Beach Management Committees and Environmental Pollution Surveillance Towers

Establishment of Coast Management Committees at District level comprising various stakeholders who use the coast was commenced covering the coastal belt around Sri Lanka. The role of these Committees will be to formulate and implement various courses of action for keeping their respective stretch of coastal belt free of pollution.

One environmental pollution surveillance tower each was erected in Moragalle and in Unawatuna. The Coast Conservation Department provided manpower contribution for this task.

The environmental pollution surveillance tower at Unawatuna was declared open under the aegis of Hon. Chandima Weerakkody, Minister of Petroleum Resources Development, and Hon. Anuradha Jayarathna, Deputy Minister of Mahavalley Development and Environment, on 24th June, 2016. The environmental pollution surveillance tower at Unawatuna was declared open under the aegis of Hon. Rajitha Senarathne, Minister of Health and Indigenous Medicine, on 29th July, 2016.

1.6 Sea Water Quality Monitoring Programme

The Regional Offices established by the Marine Environment Protection Authority in coastal Districts carry out water quality

monitoring programme at selected ocean bathing places as follows:

Regional Office	Seabathing Place
Ampara	Arugam Bay
Batticaloa	Pasikuda
Chilaw	Chilaw Beach Park
Colombo	Mount Lavinia
Galle	Hikkaduwa, Koggala, Unawatuna
Matara	Polhena
Hambantota	Paravi Wella, Hambantota, Kirinda
Kalutara	Moragalla
Trincomalee	Trincomalee
Negombo	Negombo Beach Park
Jaffna	Jaffna Fort, Thondamanaru

Table. 4 Sea Bathing Sites Selected for Water Quality Tests

Water samples have been obtained as specimens for water quality tests, and acidity/ basicity, conductivity, salinity, dissolved oxygen, turbidity and temperature are obtained monthly as physical measurements while quantities of nitrate and phosphate is measured as chemical data and coliform and E coli is measured as microbial data.

The count of the above-mentioned biological data, i.e. total coliform, fecal coliform and E. coli is very important in studying short-term water quality changes while testing for fecal bacteria is crucial since it is an indicator to show the presence of many disease causing bacteria.

The data obtained from these water quality tests are crucial for improving the bathing

places as well as for raising people's awareness and ocean bathing places are rated according to the findings of these tests.

Based on the findings from the above-mentioned studies, the Marine Environment Protection Authority has taken measures such as issuing permits to control the disposal of wastes in the sea and monitoring the places from which watercourses enter the sea.

The management methodologies suitable for different areas are multifarious and the Authority has taken appropriate steps according to water quality test reports.

2. Awareness Programmes

2.1 School Ocean Groups Awareness Programmes

This programme is implemented through ten Regional Offices of the Marine Environment Protection Authority established in ten coastal Districts around the country, namely Colombo, Gampaha, Puttalam, Jaffna, Trincomalee, Ampara, Batticaloa, Hambantota, Matara, Galle and Kalutara. 200 school ocean groups have been established by now consisting of schoolchildren having an interest in the marine environment from Grades 8, 9 and 10 in schools in coastal areas. Awareness is raised through various programmes targeting such groups.

The objective of this programme is to enlighten schoolchildren on the importance of the marine environment and the importance of preventing marine pollution and its

effects in order to create an environmental friendly student population.

Table.5 School Marine Groups which have been Established

Regional Office	No. of School Marine Groups
Colombo	12
Negombo	12
Chilaw	19
Trincomalee	9
Ampara	12
Batticaloa	10
Hambantota	35
Matara	39
Galle	32
Kalutara	20
Total	200



Awareness programmes were conducted to raise awareness of schoolchildren in the year 2016. School ocean groups were educated on the importance of marine environmental systems and why they should be protected, and topics such as marine species and threats they encounter at present, invasive marine species, marine pollution, marine pollutants and ways of minimizing them, 5-R concept, ballast water threat and continental drift.

3. Conservation of Marine Ecosystems

3.1 Project for Exploration and Restoration of Sea Grass From Rakawa to Puttalam on the Coastal Belt of Sri Lanka

Sea grasses are flowering plants that can be seen in the marine environment. These plants can be seen mostly in lagoon or shallow ocean beds and some of the species can be found in the deep sea as well. sea grass ecosystems can also be considered as habitats where species threatened with extinction such as sea hogs live. Although sea grass can be seen abundantly in most lagoons and seabelts, few studies have been conducted on them. Therefore, a sea grass exploration was carried out from Rakawa to Puttalam in Sri Lanka under this Project and sea grass varieties found in each area were

identified. At the same time, a preliminary test was carried out for the study of sea grass cultivation (externally) in Negombo Lagoon. In addition, sea grass collected from each area were conserved in a herbarium for later study. For this purpose, sea grasses were arranged on sheets as necessary and preserved to facilitate later studying.



A snap from sea grass exploration conducted within Negombo Lagoon



Engaged in activities for identifying and preserving sea grass



Sea Grass Replanting Experiment in Negombo Lagoon

3. Commoration of International Days.

3.1 International Coastal Clean-Up Day and National Marine Resources Protection Week 2016.

The risk of ocean around Sri Lanka being polluted is increasing day-by-day because of the effects of various pollutants used excessively due to development activities and increase of population. An enormous amount of both degradable and non-degradable waste generated on land join coastal and ocean zones directly or through watercourses. It causes adverse effects on sensitive marine ecosystems as well as on industries associated with ocean such as fishing and tourism. Therefore, it has become essential to formulate a methodical course of action to enlighten and practically engage all people for protecting coastal and marine ecosystems and sustainability of industries associated with such ecosystems. The International Coastal Clean-Up Day is marked in order to convince people of the importance of protecting the marine environment.

With this objective in mind, Sri Lanka joins hands with a vast majority of the inhabitants of Earth to commemorate the International Coastal Clean-Up Day on the third Saturday of each year. With the aim of expanding throughout Sri Lanka the coastal clean-up programme conducted in relation to the above-mentioned programme, His Excellency Maithripala Sirisena, President of Sri Lanka, has declared the one-week

period commencing on the third Saturday of September and ending on the fourth Saturday of the month as the “National Marine Resources Protection Week” to be marked every year commencing in 2016.

This year’s national programme to mark the International Coastal Clean-Up Day was held on the coastal belt in Mattakkuliya within the Colombo District on 17th September 2016. A series of coastal and marine systems cleaning programmes was conducted throughout Sri Lanka under the auspices and coordination by the Presidential Secretariat with the involvement of civilians, school community and state and non-governmental organizations from 17th to 23rd September.

The Programmes were attended by about 5000 people the final report containing the data analysis on the waste collected through this programme was presented to the International Marine Protection Institute.

The Programme for 2016 was conducted as follows:

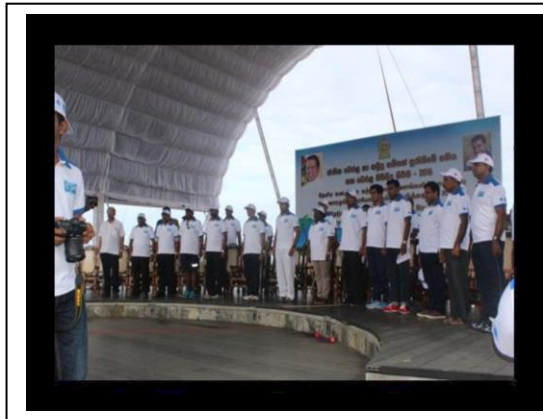
Coastal Clean-Up Day 2016

District	Venues	Main Event
Colombo	Crows Island Beach Park, Dehiwala, Wellawatta, Mount Lavinia, Ratmalana and Moratuwa.	September 17 th
Gampaha	Negombo Beach Park, Doowa, Poruthota, Uswetakeyyawa, Kamachchodai and Wattala	September 17 th
Puttalam	Chilaw, Ambakandavila, Kandakuliya, Marawila and Wennappuwa	September 18 th
Mannar	Keeri Beach, Arippe and Wankalai	September 19 th
Kilinochchi	Nachchikuda, Kilali and Gaudarimunai	September 20 th
Jaffna	Gurunagar Beach Park, Velvetithurai, Point Pedro and Thondamanaru.	September 20 th
Mulativu	Mulativu Beach Park, Alampil and Puthumathalan.	September 20 th
Trincomalee	Trincomalee urban coastal belt, Fort, Thirukkadalur, Jamaliya, Murugapuri and Uppaweli; the coastal belts adjoining Allace Park Lanka IOC, Tokyo Cement and Prima; and Pigeon Island.	September 21 st
Batticaloa	Savukadi, Arayampathy, Kaththankudy, Kiran, Walaichchenai, Wakarai, Chenkaladi, Kaluvanchikudi and Batticaloa.	September 21 st
Ampara	Arugam Bay, Thirukkivil, Alayadivembu, Saithamaruthu, Panama, Akkaraipaththu, Addalaichenai, Ninthavur, Karathivu, Kalmunai – Tamil Division, Kalmunai – Muslim Division.	September 22 nd
Hambantota	Coastal belt near the War Heroes' Memorial in Tangalle, Kirinda, Kalametiya and Hambantota.	September 22 nd
Matara	Matara Beach Park, Dikwella, Wellamadama, Thotamuna, Weligama and Matara.	September 22 nd
Galle	Dewata, Butterfly Park coastal belt, Bentota, Hikkaduwa and Ambalangoda.	September 23 rd
Kalutara	Calido Coastal Belt in Kalutara, Beruwala, Panadura Beach Park and Wadduwa.	September 23 rd

Main programme was conducted at the beach park in Crows Island.

Total Participation = 1,086

Date	Venue	Programme	Participants	Number of Participants	Sponsor
September 17 th	Crows' Island Beach Park	Main programme was conducted under the aegis of Hon. Anuradha Jayarathna, Deputy Minister of Mahaweli Development and Environment.	Distinguished guests, Sri Lanka Navy, Sri Lanka Air Force, Sri Lanka Army, Sri Lanka Police, Civilian Defence Force, Coast Conservation and Coastal Resources Management Department, Fisheries Department, National Gem and Jewellery Authority, students of CINEC Campus, Students of Oceanology University, schoolchildren, Red Cross, Colombo Municipal Council, Coast Management Committee, Colombo Dockyard, Marine Environment Protection Authority.	11 150 135 101 116 61 24 10 14 29 45 80 16 20 30 96	Marine Environment Protection Authority, Coast Conservation and Coastal Resources Management Department, Litro Gas Lanka Limited.



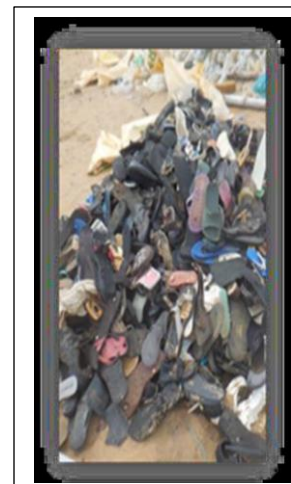
Inaugural Ceremony



Scenes from the Clean-Up Operation



More Snapshots of the Clean-Up Operation



Waste Collected during the Clean-Up

World Oceans Day - 2016

The Marine Environment Protection Authority marked the World Oceans Day on 8th June, 2016 with an awareness march under the theme “Clean Ocean –Healthy World” and a coastal clean-up programme.

The inaugural ceremony of this programme was held under the auspices of His Excellency Maithripala Sirisena, President of Sri Lanka, and other distinguished guests at the Vihara Maha Devi Park, Colombo. The First Copy of the annual publication *SATH SAMUDURA* (which means *seven seas*) was presented to the President.

After the inaugural ceremony, the march which was represented by about 1,500 from schools, Universities, government institutions, defence services and non-governmental organizations proceeded to the Galle Face Green. Following this march, coastal clean-up programmes were conducted on the beach of Wellawatta and on the Crows Island.



President on the march



Coastal Clean-Up Programme Organized for the World Oceans Day

World Environment Day 2016

The Marine Environment Protection Authority conducted an awareness programme for students of three schools in the Matale District to mark the World Environment Day under the guidance of Ministry of Mahaweli Development and Environment. The schools who were thus educated at this programme conducted on 24th and 25th of May, 2016 are the Rangiri Dambulla National School, the Warrior Mohan Jayamaha College and the Akuramboda Vidyalaya. From each school, 200 students attended the programme and the lectures focusing on the importance of marine environment were delivered by officers of the Marine Environment Protection Authority and a resources person who came from the Central Environmental Authority.



Clean Beach City Project

Many activities were conducted within the Trincomalee District under the 'City with a Clean Coast' Project. The fundamental objective of this Project is to maintain a clean coast under minimum pollution state and attract tourists. The Project has the potential to uplift the living conditions and livelihoods of people of Trincomalee District. Several successful activities were implemented in the Trincomalee District focusing on this objective.

Installing Mesh to Cover the Gutters through which Waste is Disposed to the Sea

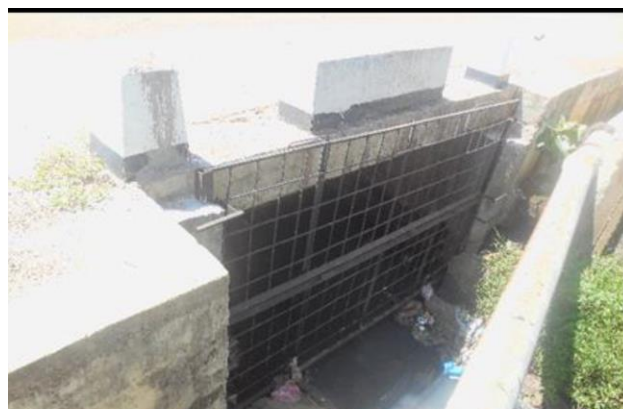
Fixing of segregating mesh to cover the gutters through which waste flows to the sea is a main activity conducted under the Clean-Coast Cities Project. There is a waste disposal gutters system associated with Trincomalee town established during the British rule. During the British colonial era, this gutters system collected rainwater and carried it to the ocean. However, this gutters system has been carrying both solid and other waste directly to the sea. After the Marine Environment Protection Authority identified this issue, its District Office in Trincomalee installed a guard mesh at the place where the gutters system exposed itself to the sea, thereby preventing the disposal of solid waste to the ocean.

As an initial step, twenty places were identified and guard meshes were fixed in

those twenty places in collaboration with the Trincomalee Urban Council and the District Secretariat. The Marine Environment Protection Authority bore an expenditure of Rs. 847,200.00 for this purpose.

The Marine Environment Protection Authority signed a memorandum of understanding with the Trincomalee Urban Council for fixing guard mesh for the gutters system for the purpose of removing collected waste matter in a proper manner. Accordingly, all the construction work will be conducted under the supervision of the Trincomalee Urban Council, who undertook the responsibility for the proper collection

of waste and disposal of collected waste. As such, the Authority was able to prevent the solid waste, which was hitherto dumped directly in the sea through the gutters system, from being so disposed, and it enhanced the potential to maintain a clean coast associated with the Trincomalee town.



Authority continued the distribution of waste bins under the Clean-Coast Cities Project to provide waste bins to schools associated with the coast in Trincomalee District in the year under review. Under this project, eight schools close to the beach were selected and each school was given

It also gives students the training to classify waste according to the time taken for decomposition. The main purpose of this activity was to make students understand that proper disposal of waste helps keep the environment clean and thereby to protect the marine environment.



Adorning the Walls of Coast-Based Schools with Pictures Depicting the Marine Environment and its Protection

The adorning of the walls of coast-based schools with pictures depicting the marine environment and the ways of protecting it was Yet another activity conducted with schoolchildren under the Clean-Coast Cities Project. Eight schools were selected for this purpose and instructions were given to students on painting the picture appearing on a selected photograph on the walls of their school. Enlightening schoolchildren and the general public on the importance of the marine environment, ways in which

marine pollution occurs and how it could be prevented was its fundamental objective.

In addition to the above activities, the Authority carried out activities such as establishment of hoardings, implementation of the Environment Week and coastal clean-up programmes during the year for achieving the objectives of this project.



The paintings drawn by schoolchildren

Oversight regarding oil exploration at Sea

According to the Excavation and Utilization of Offshore for Natural Resources Including Petroleum Regulation No. 01 of 2011, issuing of licences pertaining to exploration for petroleum in Sri Lanka's territorial waters is the responsibility of the Marine

Environment Protection Authority. In 2016, two applications were submitted for Marine

Environment Protection licences for the following projects:

1. Survey Project for the Exploration for Petroleum in the Sea East of Sri Lanka jointly by the French organization named Totale and Sri

Lanka's Petroleum Resources Development Secretariat

2. Terms of Reference prepared for this purpose by a technical committee comprising relevant stakeholders was presented. The company concerned has carried out the preparation of the environmental impact assessment report in accordance with such terms of reference.
3. The survey project pertaining to exploration for petroleum resources in the western seas of Sri Lanka by Schlumberge Multiclient Marine Seismic Acquisition

A Technical Evaluation Committee has prepared terms of reference for the environmental impact assessment of this project and presented to the company.

5 Service and Responsibility of Administration, Legal, Human Resources Development, Internal Audit and Financial Divisions

5.1 Administration Division

Management of the overall personnel of the staff of the Marine Environment Protection Authority from commencement to termination of service and facilitating the functioning of other Divisions are the responsibility of the Administration Division. The Administration Division functions under the guidance of the General Manager, who is the Chief Executive Officer of the Authority.

5.2 Legal Division

1. All the required information and documents are handed over to the ASS department with relation to initiating legal action against the CPSL who is responsible for the marine environment damage occurred in Thaldiyawatta Lunawa lagoon area on the 01st January 2016. Consultation are held a comprehensive report on the assessment on marine environment damage by NARA is also submitted to the Attorney General.

2. All the required documents and information are handed over to the Attorney General to initiate legal action under section 26(Criminal liability) and the MEPA act, with regards to the marine pollution incident occurred on the 02nd September 2016 in the Port and Colombo from the vessel MT Laxapana while transferring oil.

3. Regulations on “Providing reception facilities” for ship generated waste which is the 5th regulation promulgated under section 51(2) were published in the government gazette (No:1996/27) of 06th December 2016.

These regulation are a considerable source of income to the Authority.

5.3 Internal Audit Division

When looking at the other Divisions of the Authority, it can be shown that the Internal Audit Division is in a unique position.

The Internal Audit Division has been established to function under the guidance and direct supervision of the Chairman of the Authority. The Internal Audit Division functions according to the Audit Plan and Audit Programme, which are prepared annually, and conducts surveys on the effective functioning of the Finance, Operations, Administration and Legal Divisions of the Authority. Internal Audit Reports prepared based on the observations and finds of these surveys are submitted for the attention and decision of the Chairman.

The following tasks are involved in this regard:

1 Scrutinizing the internal control methodology established for the prevention of malpractices and frauds.

2 Scrutinizing the financial control methodology to ascertain whether any financial activity is carried out in an honest and fair manner.

3 Monitoring whether the duties and functions assigned to the employees are carried out efficiently and effectively.

4 Monitoring whether the fixed assets of the Authority that are used for operational and administrative activities of the Authority are used efficiently and effectively.

5 Monitoring whether the activities are in accordance with the state policies, laws and rules, and the internal rules of the Authority.

6 Conducting special investigations where necessary.

According to the Internal Audit Programme, not only the main Divisions but also Regional Offices are subjected to audit. Conducting an audit and management meeting every quarter is one of the main functions among the audit activities of this Division. This Committee can be termed as a consultative committee of the Board of Directors. The Committee held four meetings during the year 2016 and submitted its minutes to the Chairman, the General Manager and relevant Divisions for necessary action.

5.4 Human Resources Development Division

The responsibility of the Human Resources Development Division is to train all members of the staff of the Marine Environment Protection Authority to

enhance their capacity and ability. The Division functions under the sole guidance of the General Manager, who is the Chief Executive Officer.

Responsibilities of the Division:

1. Identifying the training needs for the enhancement of the capacity and ability of the staff of the Authority, identifying resource persons for training, preparing the local/foreign training plans and directing members of the staff to the identified training courses.

2. Monitoring whether the members of staff who follow training are obtaining the training properly or whether shortcomings exists and formulating and implementing strategies to overcome such shortcomings.

3. Evaluating the Annual Progress Reports of the staff.

4. Making arrangements to grade and promote employees.

5. Providing information sought by external parties and the line Ministry on staffs and institutional functions, subject to the approval of the General Manager.

6. Conducting staff welfare activities.

Participation List of Local Training - 2016

	Name	Designation	Programme	Period	Place
01	H. Harsha Maduranga,H.M.H.Umendra	MA	Advance MS Excel for data Analysis	29 th April 2016	AAT Sri Lanka
02	K.A.N.Darshani	MA	CourseinComputerized Accounting	03 rd April 2016	AAT Sri Lanka
03	N.D.S.L.Senavirthne, R.N.L.Dilini, T.B.K.Sachithra, A.M. Gammanpila, S.M.D.Athukorala, K.P.A.M.K.Luxmini, S.Theneshkaar, W.K.Suwadhahannadi,T.D.Udugama	AMEO	Workshop on motivation Through Right Attitudes	27 th April 2016	Skill Development Fund
04	A.J.I.T.Abeyrathne	MA	Advance Certificate inEnglish for Business &Professional Communication	1 st April 2016	Open University of Sri Lanka
05	A.D.D.Silva, K.D.W.S.Kumari	MA	Two Day Workshop on salary Conversion	12 th – 13 th May 2016	Skill Development Fund
06	Dr. P.B.T.Truneey Predeep Kumara, Commodor J.M.B.S.B.Jayaweera, D.R.C.Jayawardana G.P.Nilanjani, G.D.S.Priyadarshika, Thakshila Yasarathne, T.M.H.D.Thennakoon	GM DGM Accountant AO MEO AMEO	Leade ship & Persona ity Development	22 nd June 2016	Skill Development Fund

08	U.L.J.A.Priyanwada, H.H.Maduranga K.D.W.S.Kuamari,H.M.H.Umendra, S.P.S.Bandara,B.G.N.P.Perera, M.A.S.Suchithrangi, G.W.D.M.Karunarathne, M.P.D.S.Dias, R.A.U.Rangani, A.P.G.V.S.Amarasinghe, J.M.H.U.Jayakody, T.D.M.Pieris, M.R.M.Rifdi, P.R.Widanapathirana, K.M.I.Roshan	එච්.එච්. මධුරංග, MA	Office Management	27 th June 2016	Skill Development Fund
09	D.R.C.Jayawardna, W.H.A.S.K.Hitibandara S.D.G.P.Smarajeewa , K.D.W.S.Kumari	Accountant, AM(HRD) MA	Two Day Workshop on salary Converson	30 th June -01 st July 2016	Skill Development Fund
10	T.D.M.Pieris, K.A.N.Darshani	MA	Basic Tamil Course	June to December 2016	Department of Official Language
11	W.I.H.K.Wijerathne, H.P.T.U.Yasarathne, H.P.A.Chathurangi	AMEO	Worshopon Good Laboraory Pactices	9 th September 2016	Sri Lanka Association of Testing Laboratories
12	M.A.N.S.Dissanayake,A.H.A.Shantha	Driver	Drive safely	06 th September 2016	Construction Equipment Training Centre

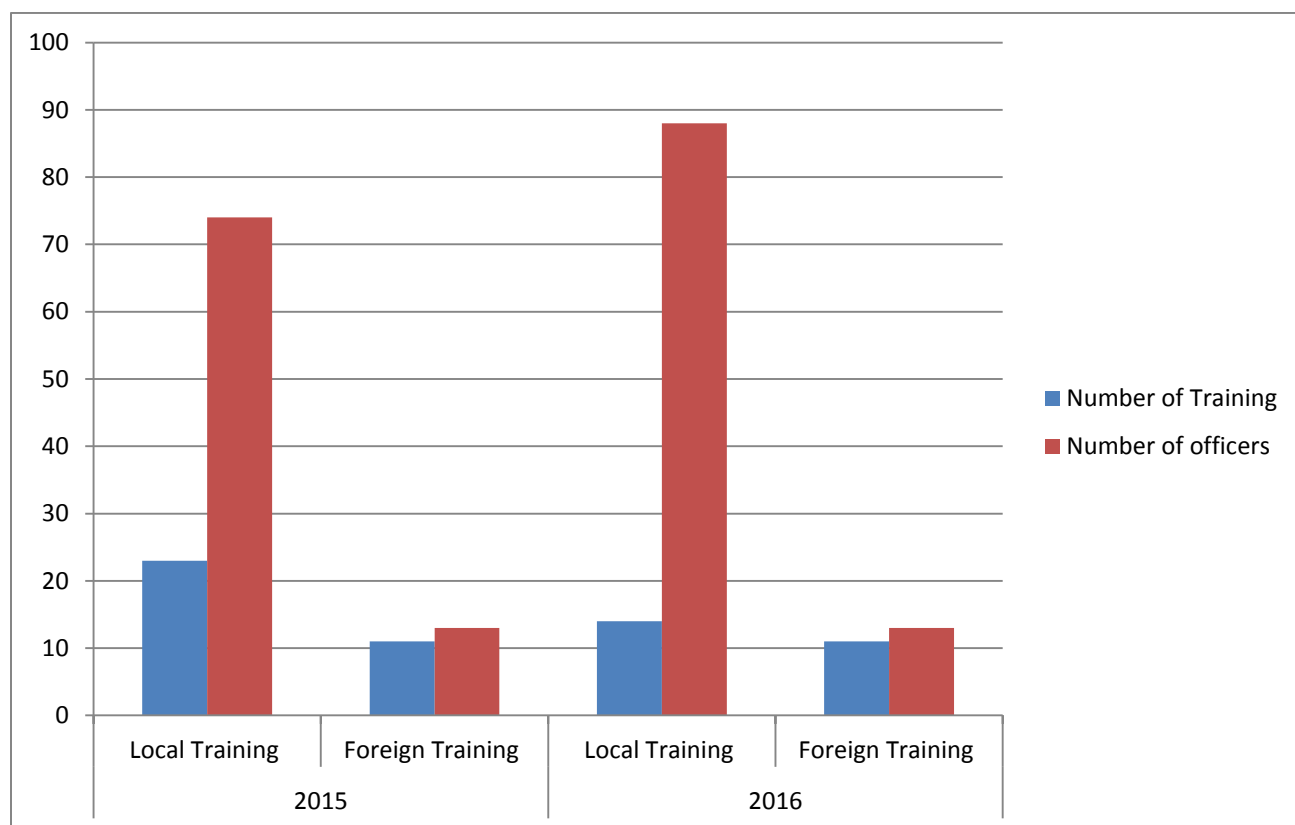
13	A.J.M.Gunasekara, R.N.Priyadarshana, L.L.R.B.De Silva, T.Shripathy W.I.H.K.Wijerathne, T.B.A.M.Kumara, P.H.S.Kumara, M.P.S.Priyadarshani R.Rajiharan, P. Kokulan, D.M.C.L.Dissanayake G.K.I.Kumara, R.D.Somathilaka, R.M.A.A.Kumara,P.N.D.Smarawikrama D.R.C.Jayawardana, B.M.C.S.Gunathilake, H.H.Maduranga, K.G.Y.L. Kulasuraiya ,W.D.K.Madusanka	Manager(Operation) AM(Ship ser.) MEO MEFA AMEO MA	Diving programme	October to November	Blue Deep Diving Centre
14	H.H.Maduranga, K.G.Y.L. Kulasuraiya	MA	Annual Stock Verification & Disposal of Unserviceable Items	20 th December 20	PRAG

Participation List of Foreign Training - 2016

	Name	Designation	Programme	Period	Country
01	C.D.W.Senevirathne	<i>MEO</i>	07 th - 10 th March 2016	Environmental Protection & Management	Doha Katar
02	P.L.M.C.Wijewarnasuraiya	<i>MEO</i>	2 nd - 6 th May 2016	Science and Innovation in Oil Spill Response	Australia
03	Dr.P.B.T.Pradeep Kumara	GM	18 th - 29 th May 2016	2016 Royal Colloquium	Sweden
04	M.T.K.Delpachithra	<i>MEO</i>	24 th - 27 th May 2016	Oceania Regional Environmental Security Forum	Singapore
05	Dr.P.B.T.Pradeep Kumara	GM	4 th - 16 th May 2016	Incorporating Climate Change into Ecosystem Approaches to fisheries and Aquaculture Management	Vietnam
06	A.Kariyawasam	Manager (Legal)	8 th - 10 th June 2016	103rd Session of Legal Committee (LEG) International Maritime Organization (IMO)	London
07	Rear Admiral (Rtd) Rohana Perera	Chairman	3 rd - 9 th August 2016	7th Meeting of the Ad Hoc Working Group of the General Assembly on the Regular Process for Global Reporting and Assessment of the state of the Marine Environment	United State of America
08	Dr.P.B.T.Pradeep Kumara Commodor J.M.B.S.B.Jayaweera, A.J.M.Gunasekara	GM DGM Manager (Operation)	22 nd - 25 th August 2016	Regional Workshop for updating the Regional Contingency Plan & its Annexes in male, Maldives from 22 to 25 August 2016	Maldives

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09	Rear Admiral (Rtd) Rohana Perera	Chairman	24 th -28 th October 2016	IMO Meeting	London
10	H.T.N.I.Piyadasa	AM(Provision)	18 th – 19 th August 2016	First Global Workshop on Oil Spill Response Planning	United State of America
11	L.L.R.B.De Silva	MEO	24 th -31 st October 2016	Overseas Study Tour on "Control & Management"	South Africa



5.5 Planning Division

The planning division of Marine Environment Protection Authority was established on March 2016. This division is responsible for preparation of Cooperate Plan and Annual Plans and monitoring the progress of MEPA for the subjects within the jurisdiction of Marine Pollution Prevention Act No 35 of 2008.

Activities carrying out by planning division:

1. Maintain/update the master plan and coordinate planning efforts.
2. Provide planning recommendation to Board of Directors.
3. Provide information to Ministry of Mahaweli Development and Environment.
4. Monitoring planned activities and submit reports.
5. Facilitate interdepartmental cooperation.
6. Estimation of resources for financing of Annual Plans & five year plan.
7. Preparation, monitoring and evaluation of five year plan/annual plans.
8. Revise Annual Action Plan according to the requirements.
9. Monitoring the progress of development projects.
10. Carrying out SWOT analyzes.

Financial Division

The Financial Division of the Marine Environment Protection Authority holds the responsibility for its financial management functions. The Financial Division deploys financial resources for all the economic and financial activities that affect the Marine Environment Protection Authority and distributes financial resources for the achievement of all objectives. The main objectives of the Financial Division are to supply of financial services of the Authority in an efficient and effective manner, provide guidance for it, carry out coordination activities and control financial resources of the Authority by constant monitoring.

Activities

1. Preparing annual budget estimates
2. Preparing Financial Statements
3. Presenting reports on Financial Statements and reports on monthly budgets
4. Keeping reports for salaries and emoluments and making payments
5. Keeping projects active
6. Making all payments
7. Accounting activities on loans and advances
8. Coordination with banks
9. Coordination with the Auditor General's Department
10. Carrying out management and other activities pertaining to investments.

Special Activities Conducted during the Year

01 The Authority was able to derive an interest income of Rs.1,211,704.17 by investing balances existing in the current account in one-day call deposits.

5.5.1 Financial Progress Report Recurrent Expenditure for the year 2016

Object Code	Object Description	Estimate for 2016	Actual Expenditure as at 31.12.2016	Balance as at 31.12.2016
	Recurrent Expenditures			
	Personal Emoluments			
1001	Salaries and wages	89,685,000.00	89,546,778.00	138,222.00
1002	Overtime and holiday pay	2,100,000.00	1,382,059.27	717,940.73
1003	Other allowances	2,120,000.00	2,197,900.00	(77,900.00)
	Total	93,905,000.00	93,126,737.27	778,262.73
	Travel Expenses			
1101	Local	3,943,000.00	2,987,829.79	955,173.21
1102	Foreign	3,060,000.00	3,059,424.29	575.71
	Total	7,002,000.00	6,047,251.08	955,748.92
	Supplies			
1201	Stationery and office requisites	3,800,000.00	1,782,637.51	2,017,362.49
1202	Fuel	3,301,000.00	2,099,340.33	1,201,659.67
1205	Other	290,000.00	84,000.00	206,000.00
	Total	7,391,000.00	3,965,977.84	3,425,022.16
	Maintenance Expenditure			
1301	Vehicles	4,728,000.00	3,823,626.40	904,373.60
1302	Machinery and equipment	1,699,000.00	660,234.88	1,038,765.12
1303	Buildings and constructions	500,000.00	62,355.00	206,000.00
	Total	6,927,000.00	4,546,216.28	2,380,783.72
	Services			
1401	Transport	-	-	-
1402	Post and communication	2,638,000.00	1,848,999.03	789,000.97
1403	Electricity and water	3,986,000.00	3,479,993.94	506,006.06
1404	Tax, rents and rates to local authorities	13,654,000.00	13,181,993.92	472,006.08
1405	Other recurrent expenditures	6,942,000.00	5,014,856.51	1,927,143.49
	Total	27,220,000.00	23,525,843.40	3,694,156.60
	Grand Total of Recurrent Expenditures	142,446,000.00	131,212,025.87	11,233,974.13

5.5.7 Financial Progress Report – Capital Expenditure for the year 2016

Object	Object Description	Estimate for 2016	Actual Expenditure as at 31.12.2016	Balance as at 31.12.2016
	Rehabilitation and Improvement of Capital Assets			
2001	Buildings and constructions	1,000,000.00	981,855.47	18,144.53
2002	Plant, machinery and equipment	600,000.00	517,159.54	82,840.46
2003	Vehicles	1,000,000.00	579,129.36	420,870.64
	Total	2,600,000.00	2,078,144.37	521,855.63
	Acquisition of Capital Assets			
2101	Vehicles	-	-	-
2102	Furniture and office equipment	2,000,000.00	1,991,624.08	8,375.92
2103	Machinery and equipment	2,000,000.00	1,973,731.44	26,268.56
2104	Building & Structure Galle building	35,000,000.00	34,514,417.00	485,583.00
	Total	39,000,000.00	38,479,772.52	520,227.48
2401	Training and Capacity Building (Human Resources Development)			
	1. Provide training for the staff	1,600,000.00	1,585,281.00	14,719.00
	2. Purchase book and magazines	200,000.00	199,919.00	81.00
	3. Welfare facility development	150,000.00	140,089.00	9,911.00
	Total	1,950,000.00	1,925,289.00	24,711.50
2502	Other Capital Expenditure			
	1 NOSCOP Implementation	8,273,000.00	8,133,413.42	139,586.58
	2.Strengthen Regulatory regime	1,100,000.00	904,203.58	195,796.42
	3. National Water quality monitoring Programme	8,288,000.00	6,640,778.10	1,647,221.90
	4.Waste Reception Service	2,275,000.00	2,196,480.27	78,519.73
	5. Bunkering	573,000.00	515,425.91	57,574.09
	6. National project on Pollution prevention from fishery industries	4,650,000.00	1,060,493.50	3,589,506.50
	7. Improvement of Laboratory facilities	1,073,000.00	841,252.04	231,747.96
	8. Joint research project with AEA	5,066,000.00	4,560,874.20	505,125.80
	9. National Marine Debris Management Project	200,000.00	184,417.00	15,583.00
	10. The Clean beach city project Beach Management Project	642,000.00	589,303.00	52,697.00
	11. Awareness building on marine Environment	800,000.00	186,603.63	613,396.37
	12. Commemoration on National events	2,516,000.00	1,520,386.35	995,613.65
	13. Assess marine Pollution impact to marine ecosystem	6,632,000.00	6,671,098.66	(39,098.66)
	14 . Marine Ecosystem Restoration project for Climate change adaption	362,000.00	304,519.28	57,480.72
	15. Offshore oil exploration	4,000,000.00	3,934,074.58	65,925.42
	Total	46,450,000.00	38,243,323.52	8,206,676.48
	Total of Capital Expenditure	90,000,000.00	80,726,528.91	9,273,471.09

6 Financial Statements of the Authority

6.1 Accounting Policies

6.1.1 Corporate Information

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

6.1.2 Principal Activities and Nature of Operations

The principal activities of the Marine Environment Protection Authority are, prevent, control and manage marine pollution in Sri Lanka waters through effective enforcement of regulations, implementation of concerned International Conventions, coordination and mobilization of stakeholder and other resources, for sustainable management of marine environment for present and future.

6.2. Basis of Preparation

6.2.1. Statement of compliance

The Financial Statements of Marine Environment Protection Authority comprise Statement of Financial Position, Statement of Financial Performance, and Statement of Changes in 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 Institute of Chartered Accountant of Sri Lanka.

Marine Environment Protection Authority uses the Sri Lanka Public sector accounting standards with effect from the year 2010 for preparation and the presentation of its financial statements.

The Financial Statements are presented in accordance with SLPSAS 01 and where the SLPSAS not available in such a case generally accepted accounting principles are applied for preparation of financial statements.

6.2.2. Basis of Measurement

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

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

6.2.2.3.Income and Expenditure have been accounted on accrual basis

6.2.2.4.Liabilities are recognized in the Statement of Financial Positions when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

6.2.2.5 Obligations payable at the demand of the creditors or within one year of the Statement of Financial Positions date are treated as current liabilities in the Statement of Financial Positions.

6.2.2.6 Obligations payable at the demand of the creditors or more than one year of the balance sheet date are treated as Noncurrent liabilities in the Statement of Financial Positions..

6.2.2.7 Provision is recognized if, obligation occurred as a result of a past event, the it can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

6.3. Property, Plant and Machinery

6.3.1. Property, Plant & Equipment has been recorded at their cost. They have been depreciated on straight line basis in order to write of their cost over their useful life. The rates used to depreciate them are as follows;

Assets	Depreciation Rate
Motor Vehicles	20%
Computers and related Equipments	15%
Office Equipments	15%
Furniture and office Equipments	10%
Lab Equipments & Other technical Equipments	10%
Books	10%
Exhibition Items	20%

6.1.2. 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.

6.4. Income

The main income of the authority is grants received from Government of Sri Lanka. In addition, there is a small operational income generated by the authority by issuing licenses for activities connected with waste reception Service, Natural resource exploration activity, Bunkering Operations and approving Oil Spill contingency plan.

6.4.1 Income generated by the Authority

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

6.4.1.2 However, the income received from application issued under the regulation is recognized year in which the application issued as income in to the income statement, irrespective of whether permit issued or not .considering the fact that there is no any refund procedure sated in relevant regulations with relation to the Application fees.

6.4.2 Grants received from the General Treasury

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

6.4.2.1 Capital Grants

4.2.1.1 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..

4.2.1.2 Grants received for activities connected with prevention of Sri Lankan Marine pollution naturally generate intangible assets. But it does not meet the recognition Criteria laid down in Intangible Assets therefore the Expenditure relation to the Marine pollution prevention activities are recognized as income in the year in which such activities are performed.

6.4.2.2 Recurrent Grants

Recurrent grants are recognized as income in the year in which they are received.

6.5 Employee Benefits

6.5.1 Define Contribution Plan.

Obligation to define contribution plan are recognized as an expenses in the income statement as incurred. The MEPA contribute 15% and 3% of gross emoluments of Employees to Employees Provident Fund and Trust Fund respectively.

6.5.2 Define Benefit Plan

Gratuity is a define benefit plan. The MEPA is liable to pay gratuity in terms of the relevant statute. In order to meet this liability , a provision is carried forward in the Statement of Financial Positions, equivalent to an amount calculated based on

a half month's salary plus cost of living allowance multiply by each completed year of service, commencing from the completed first year of service.

Provision is made for retirement gratuity for all employees in respect of gratuity payable under the payment of gratuity Act No. 12 of 1983. This item is grouped under noncurrent liabilities in the Statement of Financial Positions.

6.6 Comparative information

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

6.7 Events occurring after balance sheet date

All material post Balance Sheet events have been considered and where appropriate adjustment or disclosures have been made in respective of note to the Financial Statement.

6.8 Cash flow Statement

Cash Flow Statement has been prepared using the indirect method

6.9 Functional and presentation Currency

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

6.10 Inventories

The inventories used during the year transfer to the Statement of Financial Performance based on their cost. The balance stocks at the end of the year value at cost or NRV whichever is lower.

6.11 Library Books

Library Books has been recorded at their cost. They have been depreciated on straight line basis in order to write of their cost over their useful life.

6.12 Chemicals and Glassware Stocks

In the case of chemicals and glassware the policy adopted by the authority is to charge total purchase cost of Chemicals and Glassware to the P&L during the year the transaction happened.

This method is adapted due to the practical difficulties in calculation of exact amount of chemicals at the end of year, and some glass ware need to be replaced during the short a period of time. However the Laboratory maintains Stocks ledgers for both Chemicals and the Glassware for recording purpose.

6.2 Statement of Financial Position

Marine Environment Protection Authority

Statement of Financial Position

As at 31st December 2016

<u>Assets</u>	Note	2016 Rs.	2015 Rs.
<u>Current Assets</u>			
Cash in hand	10	30,024,657.89	29,181,624.75
Debtors	11	48,999.00	60,152.52
Deposits	12	2,596,000.00	2,091,000.00
Pre-Payments	13	2,204,656.60	1,666,487.02
Short Term Investment (Treasury Bills)	29	15,816,119.87	14,750,372.00
Staff loans recoverable	14	5,267,412.05	4,806,479.09
Inventory	28	4,182,303.30	3,858,594.00
<u>Non-Current Assets</u>			
Property, Plant & Equipment	09	114,822,734.84	65,778,872.90
Total Assets		174,962,884.45	122,752,781.78
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Payables	15	23,001,605.99	9,409,665.57
Income pre-received	24	2,398,767.00	773,082.19
<u>Non-Current Liabilities</u>			
Distress loan funds	16	7,443,919.99	7,241,779.43
Provision for Gratuity	17	13,736,758.00	10,931,250.00
Total Liabilities		46,581,050.18	28,355,777.19
Net Assets		128,381,834.27	93,890,793.04
<u>Equity</u>			
Government Grants and Capital (Deferred Grants)	18	80,308,318.58	65,778,874.32
Capital Expenditure on work in progress	20	34,514,417.00	-
Capital Grant to be utilized	26	12,048,760.59	25,207,173.31
Capital Input for Stocks	25	3,858,594.00	3,858,594.00
Accumulated Surplus (Deficit)	22	17,416,123.94	16,350,374.68
Accumulated Surplus/Deficit	21	(19,764,379.11)	(16,798,010.99)
Total Equity		128,381,834.27	94,397,004.59

6.3 Statement of Financial Performance

Marine Environment Protection Authority Statement of Financial Performance for the Year Ended 31 December 2016

Income	Note	2016 Rs.	2015 Rs.
Treasury Grants	1	196,990,302.56	141,168,735.17
Registration and Licence fees	2	17,430,909.42	12,959,886.99
Other revenue	3	5,029,616.86	2,958,002.39
Total revenue		219,450,828.84	157,086,624.55
Expenditures			
Salaries and wages	4	96,641,764.42	85,360,458.55
Supplies and consumables	5	8,747,684.32	7,930,060.77
Other recurrent expenditure	6	29,518,560.70	23,643,759.11
Grant and other transfers	7	71,654,455.72	27,847,538.73
Financial expenses	8	74,533.78	34,560.00
Depreciation of fixed assets	9	15,800,198.02	16,099,196.51
Total Expenses		222,417,196.96	160,362,304.12
Surplus/ (Deficit) for the period		(2,966,368.12)	(3,269,749.73)

6.4 Statement of Changes in Equity

Marine Environment Protection Authority Statement of Changes in Equity for the Year ended 31st December 2016

	Differed Grants (Rs.)	Grants related to the Inventories	Capital grant to be utilized	Capital Grant Related to Building WIP	MEPA Fund	Accumulated Surplus / Deficits Rs. Cts.	Total (Rs.)
Balance as at 01/01/2016	65,831,837.16	3,858,594.00	25,207,173.31	-	16,350,374.68	(17,357,210.38)	93,890,768.04
Change of Accounting Policies							
Reversal of Expenditure chg to P&L			4,298.14				
Restated Balance as at 01/01/2016	65,778,874.32	3,858,594.00	25,211,471.45	-	16,350,374.68	(16,350,374.68)	94,397,005.32
Capital Grants Received	142,306,041.67	-	-	-	-	-	142,306,041.67
Transfer to Capital grant to be utilized	(9,271,871.09)	-	9,271,871.09	-	-	-	-
Transfer from Capital Grant to be utilized	-	-	(22,434,581.95)	-	-	-	(22,434,581.95)
Transfer from Capital Grant Related to							
Building WIP	(34,514,417.00)	-	-	34,514,417.00	-	-	-
Interest Income received	-	-	-	-	1,065,749.26	-	1,065,749.26
Capital grants transferred to Income	(83,990,308.56)	-	-	-	-	-	(83,990,308.56)
Surplus/Deficit for the year						(2,966,368.12)	(2,966,368.12)
Balance as at 31.12.2016	80,308,319.34	3,858,594.00	12,048,760.59	34,514,417.00	17,416,123.94	(19,764,379.11)	128,381,835.03

6.5 Cash Flow Statement

Marine Environment Protection Authority

Cash Flow Statement for the year 2016

	2016	2015
Cash Flow from Operational Activities		
Excess of Income over Expenditure	(2,966,368.12)	(3,269,749.73)
Adjustments for		
Depreciation	15,800,198.02	16,097,155.46
Loss of Disposal assets	-	7,971.01
EIA deposit chg to P&L	-	(447,043.50)
Provision for Gratuity	3,515,027.15	1,796,190.00
Reversal of expenses chg to P&L	4,298.14	
Gratuity Payments	(709,519.15)	-
Income Recognized (From grants received in previous years)	(83,990,308.56)	(43,999,723.01)
Operating Surplus/Deficit Before working Capital changes	(68,346,672.52)	(29,815,199.77)
Working Capital Changes		
(Increase) / decrease in Deposits	(505,000.00)	(61,500.00)
(Increase) / decrease in Prepayments	(538,169.58)	405,292.67
(Increase) / decrease from Debtors	11,152.62	(12,895.52)
Decrease/ increase in current liabilities	13,591,939.62	(6,133,939.80)
Decrease/ increase in Inventories	235,490.20	(559,199.50)
Net Cash flow from operating Activities	(55,551,259.66)	(36,177,441.92)
Investment Activities		
Investment in Treasury Bills	(15,816,119.87)	(14,750,372.00)
Maturity of Treasury Bills	14,750,372.00	13,916,148.17
Acquisition of property plant & Equipment	(30,329,642.96)	(16,975,439.53)
Building WIP	(34,514,417.00)	-
Interest from Treasury Bills	1,065,749.26	834,224.55
Interest from staff loan	202,140.56	261,218.60
(Increase) / decrease in staff loans recoverable	(460,932.96)	353,024.09
Income Pre-received	1,625,684.81	(680,136.99)
Disposal of Assets	-	47,058.00
Net Cash flow generated from Investment Activities	(63,477,166.16)	(16,994,275.11)
Financing Activities		
Finds received from MT Gang Bar Incident		
Government grant for Capital expenditure	119,871,458.96	50,500,000.00
Bank charges – People's Bank	-	(4,292.45)
Net cash from Financing Activities	119,871,458.96	50,495,707.55
Net increase/decrease in cash and cash equivalents	843,033.14	(2,676,009.48)
Cash and cash equivalents at the beginning of the year	29,181,624.75	31,857,634.23
Cash and cash equivalents at the end of the year	30,024,657.89	29,181,624.74

6.6 Notes to the Financial Statements

Marine Environment Protection Authority Notes to the Financial Statements

Note 01	Transfer other Government Entities	
	2016	2015
Treasury Recurrent Grant	112,999,994.00	97,222,000.00
Capital Grant transfer to income-Cash Balance	-	-
Capital Grant transfer to income-Current year	68,190,110.62	27,847,538.73
Capital Grant transfer to income-From differed Grant	15,800,197.94	16,152,184.28
	196,990,302.56	141,221,723.01

Note 02	Fees, Penalties and Permit Fees	
	2016	2015
Waste Reception Service -Registration Fees	3,446,000.00	3,995,000.00
Waste Reception Service -Permit Fees	9,742,594.35	6,578,750.00
Waste Reception Service - Application Fees	46,500.00	54,000.00
Bunkering Application Fee	12,000.00	19,000.00
Bunkering Registration	1,650,000.00	1,560,000.00
Road Tankers Registration - Bunkering	81,000.00	40,000.00
Noscop Application fee & Approval fee	50,000.00	-
Dumping Regulation Income	2,402,815.07	713,136.99
	17,430,909.42	12,959,886.99

Note 03	Other Revenue	
	2016	2015
Supplies Registration Fees	284,000.00	167,000.00
Sundry Income	371,655.49	2,114,404.56
Book advance interest	4,257.20	5,134.50
Interest Account (Short Terms Investment on Treasury Bills)	1,211,704.17	624,405.33
Sponsorship	3,158,000.00	-
	5,029,616.86	2,910,944.39

Note 04	Wages, salaries and employee benefits	
	2016	2015
Salaries & Wages	89,546,778.00	82,159,052.32
Overtime/Holiday Pay	1,382,059.27	880,966.23
Other Allowances	2,197,900.00	524,250.00
Provision for Gratuity	3,515,027.15	1,796,190.00
	96,641,764.42	85,360,458.55

Note 05	Wages, salaries and employee benefits	
5.1 Supplies	2016	2015
Stationary & Office Requisites	2,018,127.71	749,951.38
Fuel & Lubricants	2,099,340.33	1,550,054.44
Uniforms	84,000.00	179,500.00
	4,201,468.04	2,479,505.82
5.2 Maintenance Expenditure	2016	2015
Vehicles	3,823,626.40	3,261,544.66
Plant Machinery & Equipment	660,234.88	1,436,752.57
Building and Structures	62,355.00	193,058.22
	4,546,216.28	4,891,355.45

Note 06	Other Recurrent Expenditure	
6.1 Traveling	2016	2015
Domestic	2,987,826.79	2,236,337.30
Foreign	3,059,424.29	1,982,156.45
	6,047,251.08	4,218,493.75
6.2 Contractual Services		
Telecommunication/Postal Charges	1,848,999.03	1,403,270.06
Electricity & Water	3,479,993.94	2,948,663.76
Office Rent	13,181,993.92	10,937,146.22
Others Contractual Services	4,960,322.73	4,144,156.32
	23,471,309.62	19,433,236.36

Note 07	Grant and Other Transfer Payments	
	2016	2015
Total Capital Grant for the Year	142,306,041.67	67,554,428.81
Less:		
Amount utilized to purchase of capital Assets	(30,329,642.96)	(16,975,439.53)
Building WIP	(34,514,417.00)	
Capital To be utilized	(9,271,871.09)	(22,731,450.55)
Amount transfer to Statements of the F/ Performance	68,190,110.62	27,847,538.73

Note 08	Financing Costs	
	2016	2015
Bank Charges	54,533.78	34,560.00
	54,533.78	34,560.00

Note 09	Depreciation of Property, Plant and Machinery						
Type of Asset	Cost -2016			Depreciation - 2016			Written-off value
	01.01.2016	Additions	31.12.2016	01.01.2016	Additions	31.12.2016	
Motor Vehicles	57,676,699.63	-	57,676,699.63	39,679,721.19	7,556,799.76	47,236,520.95	10,440,178.68
Furniture & Office equipment	36,025,814.81	12,448,916.71	48,474,731.52	17,720,419.65	3,966,558.94	21,686,978.59	26,787,752.93
Technical Equipment	41,411,230.78	17,571,607.25	58,982,838.03	12,564,589.62	4,193,168.80	16,757,758.40	42,225,079.63
Library Books	778,569.50	309,119.00	1,087,688.50	148,711.36	83,670.52	232,381.89	855,306.61
	-	34,514,417.00	34,514,417.00				34,514,417.00
Total	135,892,314.72	64,844,059.96	200,736,374.68	70,113,441.82	15,800,198.02	85,913,639.83	114,822,734.85

Note 10	Cash and Cash Equivalents	
Cash and Cash Equivalents	2016	2015
Bank of Ceylon -Boralla-194109	26,042,550.56	26,721,324.41
Peoples Bank -Dematagoda-071100180004783	2,176,507.68	2,435,300.34
Bank of Ceylon -Boralla-	1,805,599.65	25,000.00
	30,024,657.89	29,181,624.75

Note 11	Debtors	
	2016	2015
Shanika Marine	8,366.00	-
Unsettled advanced As per list	2,781.38	-
Shehan Kuruneru	6,000.00	6,000.00
C Sapumohoti	2,477.52	2,477.52
RP Ranaweera	12,500.00	12,500.00
Laksitha Dayarathna	-	2,800.00
Asanka Wijewarnasooriya	-	8,500.00
C D W Senawirathna	-	13,500.00
Festival Advance due As per list	16,875.00	14,375.00
	48,999.90	60,152.52

Note 12	Deposits	
	2016	2015
Refundable Deposits For Rent - Galle Office	96,000.00	96,000.00
Refundable Deposits For Rent - H/O - Cold Storage	2,400,000.00	1,950,000.00
Refundable Deposits For Rent -Trinco - Food Commissioner	7,500.00	7,500.00
Refundable Deposits For Internet Mobile Phone -2015	11,000.00	6,000.00
Refundable Deposits For Internet Mobile Phone -2009		
Refundable Deposits For Water Dispenser 2009/2012	31,500.00	31,500.00
R/Deposits For Rent -Puttalam -Regional Resorce Development	50,000.00	-
	2,596,000.00	2,091,000.00

Note 13	Pre - payments	
	2016	2015
Rent	772,642.01	722,301.37
Vehicles Maintenance Expenditure	644,114.01	577,163.10
PPE Maintenance Expenditure	497,172.59	22,732.10
Other Exep	290,727.99	344,290.45
	2,204,656.60	1,666,487.02

Note 14	Staff Loans Recoverable	
	2016	2015
Opening Loan Balance	4,806,479.09	5,159,503.18
Add:		
Adjustment for opening Balance	4,763.37	3,924,000.00
Loan given during the year	3,811,000.00	9,083,503.18
Total recoverable amount	8,622,242.46	-
Less:		
Amount recovered during the year	3,354,830.41	4,277,024.09
Balance as at 31.12.2016	5,267,412.31	4,806,479.09

Note 15	Current Liabilities	
	2016	2015
Overtime/Holiday Pay as per List	407,733.07	350,253.91
Electricity & Water Bill Payable as per list	266,693.63	33,827.34
Telephone Payable(as per list)	212,797.20	89,010.23
Analytical Instruments (Pvt) Limited	2,298,965.00	842,301.64
Prima ceylon	51,000.00	51,000.00
China habor Engeeneering	1,000.00	1,000.00
SRT Security pvt ltd	49,290.00	54,855.00
Sri Lanka State Trading	38,800.00	36,710.00
Cold storage lanka	-	336,938.75
Salary & Other Allowances as per List	1,532,572.97	-
Domestic Traveling as per List	560,050.09	-
Fuel Reimbursement as per List	179,642.35	-
Unidentified Bank Deposit	130,000.00	-
Rent payabale (as per list)	144,840.00	-
Accsees international Pvt	16,530.12	-
Business machine Pvt	10,350.00	-
Hulchem Lanka (Pvt) Ltd	143,750.00	-
R Ragu	18,500.00	-
Trinco Automobile	16,755.00	-
Quolitorn Pvt	44,000.00	-
Toyota Lanka	38,240.09	-
Alpaha Industies	518,536.10	-

Machlarance logistic	1,242,000.00	-
Mihiri Bake House	47,725.00	-
Associated Newspapers of Ceylon	180,663.00	-
DN Panditharathna	95,354.38	-
Sooriya Staioners	12,108.75	-
Boomi tech Pvt Ltd	6,777,500.00	-
Hi Tech technical	402,500.00	-
Cambridge Traders	3,850.00	-
Nahua lanka	6,008.34	-
Derector General NARA	100,950.00	-
Aomic energy Board	37,605.00	-
other paybale list	60,630.00	-
Aluv Glass Engineering (Pvt) Ltd	70,863.00	
Cellular Arcade Security Solutions	189,061.88	
Central Engineering Consultancy Bureau	3,928,026.23	
Government Printer	655,118.75	
Modern Air Con (Pvt) Ltd	92,842.67	
Paye Payabale	460.00	
WRS Liyabality as per List	489,842.65	
South Beach Resort	10,000.00	
Sanjeewa Motors (Pvt) Ltd	-	152,750.00
Ministry of Mahaweli Development	484,410.67	1,218,000.00
Stamp Duty payable	50.00	25.00
Fisheries Habouir Corporation	1,431,266.45	5,634,980.00
Industry Serve Engineers Pvt Ltd	-	120,222.54
Topshine Enviromental services	-	81,899.95
S.Godage & Brothers(Pvt) Ltd	-	32,106.00
Secretary-Thirukkivil Pradeshiya Sabha	-	10,677.30
Dankotuwa Porcelain PLC	-	50,520.00
Dis sec- Hambanthota	-	117,640.00
John Keels office Automation	-	16,000.00
My Tools Auto mobile tech	-	1,200.00
P.B.T Pradeep Kumara	-	46,703.92
University of Ruhuna	-	127,996.55
Sumudu Priyadarsika	-	12.00
Ranjith Megaswathe	-	312.64
L A Lajith	2,722.80	2,722.80
	23,001,605.19	9,409,665.57

Note 16	Staff Loan Fund	
	2016	2015
Opening Loan Balance 01.01.2016	7,241,779.43	6,984,853.28
ADD:		
Interest for the Year	202,140.56	261,218.60
Less:		
Bank Charges for the year	-	4,292.45
Closing Loan Balance 31.12. 2016	7,443,919.99	7,241,779.43

Note 17	Provision for Gratuity	
	2016	2015
Opening Balance	10,931,250.00	9,135,060.00
Adjustment for OP Balance		
Provision for the Year	3,515,027.15	1,796,190.00
	14,446,277.15	10,931,250.00
Less:		
Gratuity payment during the year	709,519.15	-
Closing Balance	13,736,758.00	10,931,250.00

Note 18	Government Grants and Capital	
	2016	2015
Opening Balance	65,778,874.32	64,955,619.07
Reversal of charge Defferd income		
Capital Grants Received During the year		142,306,041.67
	208,084,915.99	67,554,428.81
Less		
Grant Recognized as income Note: 19 &27	83,990,308.56	43,946,735.17
Capital Grant to be utilized Annexure 01	9,271,871.09	22,731,450.55
Building WIP	34,514,417.00	
Closing Balance as at 31.12.2016	80,308,319.34	65,831,862.16

Note 19	Accumulated Deficit	
	2016	2015
Opening Balance	65,778,874.32	64,955,619.07
Assest Purchase During the Year	30,329,642.96	16,975,439.53
Less	96,108,517.28	81,931,058.60
Defferd grant Recognized as income		
Closing Balance as at 31.12.2016	15,800,197.94	16,152,184.28
Opening Balance	80,308,319.34	65,778,874.32

Note 20	Government Grants for Building WIP	
	2016	2015
Opening Balance	-	-
Capital Grants Received During the year	34,514,417.00	-
	34,514,417.00	-
Less		
Recognized Assets	-	-
Closing Balance as at 31.12.2016	34,514,417.00	-

Note 21	Accumulated Deficit	
	2016	2015
Opening Balance	(16,798,010.99)	(13,528,261.26)
Reversal of charge Deferd income	-	-
Reversal of over charge depreciation	-	-
Transfer to defferd income	-	-
Adjustment for OP Balance -Gratuity		
Deficit/ surplus for the year	(2,966,368.12)	(3,269,749.73)
Closing Balance as at 31.12.2016	(19,764,379.11)	(16,798,010.99)

Note 22	Marine Environment Protection Fund	
	2016	2015
Opening Balance	16,350,374.68	15,516,150.13
Interest Income-TB	1,065,749.26	834,224.55
Closing Balance as at 31.12.2016	17,416,123.94	16,350,374.68

Note 23	EIA Deposit Account	
	2016	2015
Opening Balance	-	447,043.50
Deposit Received During the year	-	-
	-	447,043.50
Less		
Expenditure made during the year	-	447,043.50

Note 24	Income Perceived	
	2016	2015
WRS Application & Permit Fees	856,000.00	33,000.00
Bunkering Application & Registration	656,000.00	8,000.00
Dumping regulation Application & Permit Fees	776,767.00	637,082.19
Supplier Registration	110,000.00	95,000.00
	2,398,767.00	773,082.19

Note 25	Grant Related to the inventories	
	2016	2015
Grant received for the Year(from 2012)	3,858,594.00	3,858,594.00
Less		
Amount transfer to the P&L	-	-
Closing Balance as at 31.12.2016	3,858,594.00	3,858,594.00

Note 26	Capital Grant to be utilized	
	2016	2015
Opening Balance	25,207,173.31	19,530,151.57
Reversal of charge Expencess	4,298.14	
Amount transfer during the year	9,271,871.09	22,731,450.55
	34,483,342.54	42,261,602.12
Less		
Expenditure incurred during the year	22,434,581.95	17,054,428.81
Closing Balance as at 31.12.2016	12,048,760.59	25,207,173.31

Note 27	Capital Fund Reconciliation	
	2016	2015
Capital Grant for the year	89,998,400.00	50,500,000.00
Vehicle Grant-Treasury	-	-
Amount trasfer from EIA Expenditure	-	-
Balas Water Proproject funds	2,000,000.00	-
Green Fihery Harbour	26,420,381.78	-
IAS Project	733,589.33	-
Yesu Project	719,088.61	
Trasfer from Capital Grant to be utilized	22,434,581.95	17,054,428.81
Total Capital Grant	142,306,041.67	67,554,428.81
Less:		
Purchase Fixed Assets	(30,329,642.96)	(16,975,439.53)
Building WIP	(34,514,417.00)	
Trasfer to Capital Grant to be utilized	(9,271,871.09)	(22,731,450.55)
Amount Transfer to P&L	68,190,110.62	27,847,538.73

Note 28	Capital Grant to be utilized	
	2016	2015
Opening Balance	4,417,793.50	3,858,594.00
Stationary Stocks	323,709.30	559,199.50
Less		
Amount transfer to the P&L	559,199.50	
Closing Balance as at 31.12.2016	4,182,303.30	4,417,793.50

Note 29	Capital Grant to be utilized	
	2016	2015
Opening Loan Balance	14,750,372.00	13,916,147.26
Add		
Interest for the year	1,065,747.87	834,224.55
Less		
Bank charges for the year	-	-
Closing Loan Balance	15,816,119.87	14,750,372.00

Note 30
Grant and Other Transfer Payments

Expense	Actual Expenditure	Transfer to Assets	Expenditure for P &L
Rehabilitation and Improvement Capital Assets			
2001. Building and Structures	981,855.47	868,265.11	113,590.36
2002. Plant Machinery & Equipment	517,159.54	50,240.00	466,919.54
2003. Vehicle	579,129.36	-	579,129.36
2102. Furniture and Equipment	1,991,624.08	1,991,624.08	-
2103. Plant Machinery and Equipment	1,973,731.44	1,790,581.44	183,150.00
2104. Building and structures	34,514,417.00	34,514,417.00	-
2401. Human Resources Development	1,925,288.50	337,008.00	1,588,280.50
2502. Other Capital Expenditure			
1."Contrilling of Impacts of Accidental Oil & Chemical Spilling"	8,133,413.42	4,826,682.25	3,306,731.17
2"Working in liaison with the International Convention to control air pollution from ships & Strengthen Regulatory regime"	904,203.58	112,200.00	792,003.58
3. Monitoring of the quality of coastal waters & Minimization of marine water pollution (National Water quality monitoring Programme)	6,640,778.10	279,383.00	6,361,395.10
4. Minimizing the pollution caused by ships	2,196,480.27	1,802,359.25	394,121.02
5. "National project Pollution prevention from fishery industries"	515,425.91		515,425.91
6. Upgrading of laboratory facilities and achieving accredited status	1,060,493.50	977,500.00	82,993.50
7. "Strengthening legal framework for marine debris management"	841,252.04	-	841,252.04
8. Coastal and marine water pollution control &	4,560,874.20	-	4,560,874.20

Improvement of bathing sites			
9. Assess marine Pollution impact to marine ecosystem	184,417.00	-	184,417.00
10. Marine Ecosystem Restoration project for Climate change adaption	589,303.00	-	589,303.00
11. Prepare National Exhibition Unit	186,603.63	-	186,603.63
12. Establishment of Groups in schools and making awareness	1,520,386.35	-	1,520,386.35
13. Commemoration on National events	6,671,098.66	112,000.00	6,559,098.66
14. Coordination and monitoring regional stakeholders and officers works	304,519.28	-	304,519.28
15. Establish regional offices	3,934,074.58	3,873,095.58	60,979.00
Balast Water Project funds	2,000,000.00	1,386,945.00	613,055.00
Green Fishery Harbour	26,420,381.78	-	26,420,381.78
IAS Project	733,589.33	30,000.00	703,589.33
Yesu Project	719,088.61	-	719,088.61
WIP Expenditure(Capital Grant to be utilized 2014/2015)	22,434,581.95	11,891,758.95	10,542,823.00
ICC 2015 Expenditure	3,464,344.80		3,464,344.80
	136,498,515.38	64,844,059.66	71,654,455.72

31 The Authority invested Rs 13,916,147.26 in 6 Month Treasury Bills in August 2015 and it was matured in the year 2016 and the total amount (interest and the investment amount) reinvested during the year 2016. The amount of Rs 1,065,749.26 have been earned as the interest income during the period. The amount of Rs 15,816,119.57 (interest and the investment Value) reinvested in October 2016 and this amount shown under the Current assets in the Statement of Financial Position.

32 The authority started to invest surplus cash balance at the end of the each Day in the current account of MEPA to repurchase Treasury Bills in the daily basis. This process was continued until the end of the year and earned Rs. 1,211,704.17 as interest income. This

interest income was included to the total income for the year.

33 The Authority acquired Rs 30,329,642.96 value of fixed assets during the year. These assets included furniture, office equipment, lab equipment, technical equipment, computers, etc.

34 Gratuity Provision

1. The Basic salary and cost of living allowance used as base for Calculation of gratuity.

2. As per the Public Enterprise Circular the retirement age of public sector employee is extended up to 60 years. Accordingly the authority considers the employee will be retired at the age 60 years.

3. Based on the PED circular there should be separate bank account for gratuity (Same amount to the provision in cash value). However Authority was not opened the bank account during the year 2016, though it is scheduled to be opened during the year. This was due to the unavailability of sufficient funds. Account will be open and cash will be transferred subsequently based on the excess cash availability.

35. Capital Grant to be utilized

During the year Rs. 89.998 million Cash received as Capital Grant from the Treasury, out of that Rs.80, 726,528.91 spend for the Action Plan activities and the balance Rs. 9,271,871.09 was included in closing cash balance. This was due to the delay in suppliers to delivered goods and services on due dates and cost savings from action plan activities which was planned last year. In addition to that Rs 2,772,591.36 balance brought forward from the year 2014/15 which include some actions and cost saving from planned activities . Accordingly, total value of Rs. 12,044,462.45, shown under the Equity as Capital Grant to be utilized (Proposed Expenditure Details Attached as Annexure 01)

36 Inventories.

Inventories valued at net realizable value or cost whichever is lower.

There was no any indication that nets realizable value of socks less than the cost of inventories in relation to the oil dispersant. The technical department on the view that this stocks can used another two to three years. Though its expiry dated will reached in the year 2017.Accordingly, during the year no adjustment was made to the oil dispersant stocks.

However, physical verification indicated that 1600 liters of oil dispersant was issued to the Ceylon Petroleum Storage Terminal Limited on a replacement basis on 30.05.2014 .This stocks

issued from the 5800 liters of oil dispersant stocks which'd were in the store. However, it was not replaced until 31.12.2016. Several reminders were made to them and they have informed that they will replace the stocks very sooner. Accordingly, this was not considered as sale of stocks.

In addition to the above oil dispersant Stocks, physical verification of stores indicated that, considerable amount of Stationary items were available in store. Therefore it is decided to take material items of stationary as an inventory item (Annexure 02). The Stationary stocks balance carryforward from last year was fully used during the year. Accordingly the value of used inventory charged to Statement of Financial performance. The closing stocks of stationary is included in inventory as Stocks as at 31.12.2016.

Inventories shown under the Current assets in the Statement of Financial Position.

37 Library Books.

The value of Library books shown under the PPE in Statement of Financial Positions as Library Books and the cost of the books which purchased during the year was transferred to the deferred grant account and amortized over the useful life of books.

The useful life of books consider as 10 years.

38 Chemicals and Glassware Stocks

The policy adopted by the authority in relation to the chemicals and glassware is to charge the total purchase cost of Chemicals and Glassware to the Statement of Financial performance during the year in which the transaction happened.

This method is adapted due to the practical difficulties in calculation of exact amount of chemicals at the end of year, and some glass

ware need to be replaced during the short a period of time. However the Laboratory maintains Stocks ledgers for both Chemicals and the Glassware for recording purpose.

39 Building Work in Progress (Building WIP)

During the year Authority started to build its own office complex for Southern Provincial office and Galle Regional office in Dadalla area in Galle. This building complex include laboratory. The estimated cost for the Building complex is approximately Rs. 57.2 million, out of that Rs. 35 million estimated for the year 2016 and balance Rs.22.2 million will be received during the year 2017. The construction activities of building hand over to Central Engineering Consultancy Burro (CECB) as per the Cabinet approval. The CECB started and carried out construction during the year and Rs. 34.5 million was paid during the year for the constructions works. The amount paid to the CECB recoded as capital assets and name as Building work in progress (Building WIP) under Property Plant and Equipment (PPE). The grant related to the construction of building deferred and carried forward as Equity until the building construction is complete. It is expected that

building construction will be completed in fully during the year 2017.

40 International Coastal cleanup Proramme (ICC) 2015

The outstanding balance in relation to the International Coastal cleanup Proramme (ICC) 2015 was settled during the year 2016 by using sponsorships received for ICC 2016 programme. The total settlement of outstanding bills amount was Rs. 3,464,344.80. This amount was included in Grant and Other Transfer Payments in the Statement of Financial performance.

41 Pending Legal Action as at 31.12.2016

1) Legal action has been initiated against a Cypress flagged Vessel “Thermopylae Sierra” anchored in the outer harbor limits close to Panadura for the marine pollution occurred on the 23rd August 2012, under Criminal Liability as per Sections 26 of the Act respectively. Prosecution should be conducted by the Attorney General under Section 50 of this Act. All the documents / information required by the Attorney General have been submitted. Further action is under consideration by the Attorney General

Annexure 01

Marine Environment Protection Authority
Pending Payment Vouchers Details as at 31.12.2016

No	Date	Supplies	Item	Per Unit Value
1	Gestetner of Ceylon Plc	Supply and installation of printers	114,540.00	4.1
2	Boomi Tech (Pvt) Ltd	Purchasing Laboratory Refrigerators	977,500.00	6.1
3	Halchem Lanka (Pvt) Ltd	Purchasing Cover rolls and hand gloves	304,750.00	1.2
4	Halchem Lanka (Pvt) Ltd	Purchasing Hand Gloves and Life Jackets	564,420.00	CGU
5	Department of Government Printing	Printing SMG Guideline books	793,500.00	12.2
6	Hemsons International (Pvt) Ltd	Purchasing Laboratory Incubator	3,756,590.00	6.1
7	McLarens Logistics Limited	Bathroom walls paneled with ceramic tile, Steel single bed, steel bunk and mattresses with pillows	158,675.00	4.1
8	Department of Government Printing	Printing Booklets	80,500.00	3.6
9	Qualitron (Pvt) Ltd	Purchasing Turbidity meter & Multipara meter	720,000.00	3.1
10	Sign Tech Advertising Services (Pvt) Ltd	Preparation of exhibition stall	622,143.90	11.1
Total			8,092,618.90	

Annexure 02

Marine Environment Protection Authority
Pending Payment Vouchers Details as at 31.12.2016

N o	Date	Supplies	Item	Per Unit Value	Qty	Total
1	2016.05.16	A Tech Technology (Pvt) Ltd	SCX 4521	6,900.00	1	6,900.00
2	2016.05.16	Data Tech Business Centre	HP CE 505	9,759.00	3	29,277.00
3	2016.11.22	Sri Lanka State Trading (Gen) Cor	HP 22	3,080.00	4	12,320.00
4	2016.05.16	Data Tech Business Centre	HP 702 Black	3,396.00	1	3,396.00
5	2016.05.16	A Tech Technology (Pvt) Ltd	Lexmark MX 310 DN	26,500.00	4	106,000.00
6	2016.05.16	Office Network (Pvt) Ltd	Canon Fx9	8,990.00	2	17,980.00
7	2016.05.16	A Tech Technology (Pvt) Ltd	Richo Sp 3400 HS	7,100.00	2	14,200.00
8	2016.05.16	Softlogic Retail (Pvt) Ltd	Xerox 5335	24,067.12	1	24,067.12
9	2016.08.11	AP Enterpriscr	A4 Papers	426.07	184	78,396.88
10	2016.08.11	AP Enterpriscr	Legal Paper	630.62	15	9,459.30
11	2016.06.16	Rainbow Stationory & Electical	9x4 Envelop	1.19	10300	12,257.00
12	2016.06.16	Rainbow Stationory & Electical	10x12 Envelop	3.80	1520	5,776.00
13	2016.06.16	Rainbow Stationory & Electical	10x15 Envelop	4.60	800	3,680.00
Total						323,709.30

6.7 Marine Environment Protection Authority
Statement of Financial Position
From 2012 to 2016 (Rupees)

<u>Assets</u>		2016	2015	2014	2013	2012
<u>Current Assets</u>						
Cash Balance	10	30,024,657.89	29,181,624.75	31,857,634.23	15,553,928.21	5,512,790.27
Debtors	11	48,999.00	60,152.52	47,257.00	22,250.00	13,500.00
Deposits	12	2,596,000.00	2,091,000.00	2,029,500.00	2,014,100.00	1,219,100.00
Pre-Payments	13	2,204,656.60	1,666,487.02	2,071,779.68	602,149.49	597,394.81
Investments (Treasury Bills)	29	15,816,119.87	14,750,372.00	13,916,147.26	12,979,451.23	11,755,525.00
Staff Loans Recoverable	14	5,267,412.05	4,806,479.09	5,159,503.18	6,238,964.09	5,633,670.23
Stock	28	4,182,303.30	4,417,793.50	3,858,594.00	3,858,594.00	-
<u>Non-Current Assets</u>						
Property, Plant and Machinery	09	114,822,734.84	65,778,872.90	64,955,616.96	38,211,544.09	43,404,750.36
Total Assets		174,962,884.45	122,752,781.78	123,896,032.32	79,480,981.11	68,136,730.67
<u>Liabilities</u>						
<u>Current Liabilities</u>						
Payables	15	23,001,605.99	9,409,665.57	15,543,605.37	422,894.10	2,372,439.26
Income perceived	24	2,398,767.00	773,082.19	1,453,219.18	2,015,000.00	1,694,000.00
EIA Project Deposit	21	-	-	447,043.50	447,043.50	486,990.50
<u>Non-Current Liabilities</u>						
Marine Environment Protection Fund	20	-	-	15,516,150.13	14,579,453.20	13,355,525.74
Staff Loan Fund	16	7,443,919.99	7,241,779.43	6,984,853.28	6,752,928.71	6,565,640.22
Gratuity Provision	17	13,736,758.00	10,931,250.00	9,135,060.00	7,284,380.00	4,480,874.50
Total Liability		46,581,050.18	28,355,777.19	49,079,931.46	31,501,699.51	28,955,470.22
Net Assets		128,381,834.27	93,890,793.04	74,816,100.85	47,979,281.60	39,181,261.00
Equities						

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Government Grants and Capital	18	80,308,318.58	65,778,874.32	64,955,616.49	38,211,543.55	43,404,750.36
Capital Grant to Building WIP	20	34,514,417.00	-	19,530,151.57	14,481,822.55	-
Capital Grant to be utilized	26	12,048,760.59	25,207,173.31			
Capital grant to the Inventories	25	3,858,594.00	3,858,594.00	3,858,594.00	3,858,594.00	-
Marine Environment Protection Fund	22	17,416,123.94	16,350,374.68			
Accumulated Surplus/Deficit	21	(19,764,379.11)	(16,798,010.99)	(13,528,261.26)	(8,572,678.50)	(4,223,489.36)
Total Equity		128,381,834.27	94,397,004.59	74,816,100.85	47,979,281.60	39,181,261.00

6.8 Marine Environment Protection Authority Statements of Financial Performance – 2012 to 2016

	Notes	2016	2015	2014	2013	2012
Revenue						
Transfer from other government entities	1	196,990,302.56	141,168,735.17	100,052,473.75	79,059,481.67	79,902,066.62
Fees, Fines, Penalties and Licenses	2	17,430,909.42	12,959,886.99	12,038,930.82	11,976,053.17	10,033,547.94
Other Revenue	3	5,029,616.86	2,958,002.39	2,619,793.00	1,168,403.50	1,095,406.19
Total Revenue		219,450,828.84	157,092,554.39	114,711,197.57	92,203,938.34	91,031,020.75
Expenditures						
Wages, salaries and employee benefits	4	96,641,764.42	85,360,458.55	55,794,565.26	41,797,413.42	39,005,981.99
Supplies and Consumable used	5	8,747,684.32	7,370,861.27	6,539,776.55	5,297,828.16	4,329,712.86
Other Recurrent Expenditures	6	29,518,560.70	23,651,730.11	19,865,034.64	14,482,504.22	13,081,247.73
Grants and Transfer payments	7	71,654,455.72	27,847,538.73	24,906,853.19	23,058,734.95	26,924,095.44
Financial Cost	8	54,533.78	34,560.00	35,430.00	36,800.00	47,162.10
Depreciation and amortization Expenses	9	15,800,198.02	16,097,155.46	12,525,120.63	10,335,446.79	9,457,531.25
Total Expenditures		222,417,196.96	160,362,304.12	119,666,780.27	95,008,727.55	92,845,731.37
Deficit/ Surplus for the period		(2,966,368.12)	(3,269,749.73)	(4,955,582.70)	(2,804,789.20)	(1,814,710.62)

7. 7 Report of the Auditor General

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මගේ අංකය எனது இல. My No.	} IEN/E/MEPA/01/16/31	}
මගේ අංකය உமது இல. Your No.	}	}
දිනය திகதி Date	} 10 September 2017	}

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 2016 in terms of the Section 14(2)(c) of the Finance Act, No: 38 of 1971.

The audit of financial statements of the Marine Environmental Protection Authority for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the Statement of financial performance, 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 discretion in pursuance of provision 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 Environmental 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 13 June 2017.

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.

No. 306/77, Polduwa Road, Battaramulla, Sri Lanka



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கணக்காய்வகம்
Auditor General's Department

1.3 Auditor's Responsibility

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 Auditing 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 performance 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 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, 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 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 audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matter in paragraph 2.2 of this report.



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2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of the report, the financial statements give a true and fair view of the financial position of the Marine Environmental Protection Authority as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) The value of the stationery stocks as at end of the year under review had been understated by a sum of Rs. 299,914
- (b) Intangible assets valued at Rs.1,386,945 that should be presented in the face of the financial statements had been brought to account under furniture and equipment.

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

The following non-compliances with laws, rules and regulations were observed.

Reference to Laws, Rules and Regulations	Non-compliance
(a) Public Finance Circular No.03/2015 of 14 July 2015	(i) Even though it is stated that an ad-hoc sub-imprest up to a maximum of Rs.100,000 can be granted only to a Staff Officer for any specific purpose, ad-hoc sub-imprests exceeding the limit by Rs. 825,000 had been granted to 03 officers for 4 programmes.



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(ii) Contrary to the provisions in the Circular 14 officers had been granted ad hoc sub – imprests totaling Rs. 738,854 exceeding the requirement in 31 instances.

(b) Public Expenditure Even though workshops and conferences Management Circular No. should not be held at hotels, Rs. 478,800 CSA/PI/40 of 28. February had been paid for the workshop on “Workshop for International Conference” conducted in a private hotel on 22 and 23 November 2016.

(c) Management Audit Circular. Although the Government had emphasized No. 01/2016 of 01 January the need of maintaining a computerized database for motor vehicles owned by Government institutions, it had not been so done by the Authority.

(d) Public Finance Circular No. Although a Board of Survey should be appointed every year on or about 15 December to verify the inventory of the Branches of the entity, the Board of Survey had been appointed only on 04 April 2017. As such, the Board of Survey activities had been delayed. In addition the relevant forms were not used for reporting the physical balances.



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2.4 Transactions not Supported by adequate Authority

An allowance of Rs. 750 per day effective from 01 December 2010 and a new payment method in accordance with the day-night shifts from 2016 had been paid to the officers assigned in harbors for the provision of waste reception service. But the approval of the Department of Management Services had not been obtained for this and allowances amounting Rs. 987,900 had been paid during the years 2014 to 2016.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Authority for the year ended 31 December 2016 had been a deficit of Rs. 2,966,750 as compared with the corresponding deficit of Rs. 3,269,750 for the preceding year. The financial results for the year under review as compared with the preceding year indicated an improvement of Rs. 303,382. An increase in fees, fines, license fees and other income by Rs. 4,471,022 had been the reasons for above improvement.

An analysis of the financial results of the year under review and of four preceding years, indicated that the deficit of Rs. 1,814,711 in the year 2012 had increased to Rs. 2,966,368 in the year under review. After adjusting for employees remuneration and depreciation on non-current assets, the contribution of year 2012 had been Rs. 46,648,802. It had continuously improved to Rs. 109,475,594 in the year under review.

4. Operating Review

4.1 Performance

The Authority had been established by the Marine Pollution Prevention Act No. 35 of 2008 and the main objectives in term of the Act are as follows;

- (i) To formulate and execute proposals 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, maritime zones, off-shore and coastal zone of Sri Lanka or any other maritime zone and to



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conduct research in collaboration with other government and private institutions.

- (ii) To prevent pollution and protection of territorial waters, maritime zones, off-shore and the coastal zone from any oil, harmful substance or any pollutant, to provide adequate and effective reception facilities and to formulate and implement the National Emergency Oil Pollution Plan.
- (iii) To recommend adherence to all international conventions and relevant protocols dealing with maritime pollution.
- (iv) To supervise the conduct of the person engaged in exploration of natural resources including petroleum or related activities, to create awareness amongst groups of community of the need to preserve the marine environment.

The following objectives out of those objectives had not been fulfilled.

- (a) Even though the Authority should pay greater attention to the protection, preservation and promotion of the environmentally sensitive land areas which are of high importance environmentally in order to preserve the biodiversity and environmentally sensitive services, as a result of the leakage of oil from a petroleum pipeline in the west bank of the Uswatakeyyawa Taldiyawatta Lunawa Lagoon, oil mixed with water of the lagoon and the mangrove environment had destroyed an area of high importance environmentally.
- (b) Action had not been taken to enforce the legal powers in the Act, impose penalties and prevent the ocean pollution caused by the Chilaw Urban Council by the irregular disposal of garbage on a land at Kurusapaduwa situated near the main estuary of the Chilaw Lagoon in the area of the Chilaw Office.



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4.2 Management Activities

The following observations are made.

- (a) In view of the bid evaluation carried out contrary to the Guideline 7.8.7 and 7.9 of the Procurement Guideline, a loss of Rs.580,000 had been incurred from the purchase of 1,500 T-Shirts and 10,000 Caps for Rs.885,000 and Rs.1,962,100 respectively.
- (b) Even though the Procurement Committee had approved the purchase of a 42 inches Television Set, an item not included with Annual Procumbent Plan, a Television Set of 49 inches had been purchased for Rs.129,999. Nevertheless, the Authority did not have the necessary connection to operate that Television Set.
- (c) Even though equipment for the laboratory valued of Rs.14,120,045 had been purchased in several instances in the year under review, the standardization work thereof had not been finalized even by January 2017. As such the standard test reports could not be obtained from the laboratory and a sum of Rs.2,078,560 had been spent in the year 2016 for obtaining those reports from external institutions.
- (d) Even though the constructions of the Green Fisheries Harbour of an estimated cost of Rs.30,400,000 had been completed on 30 April 2017 action had not been taken up to date to Prepare the Project Completion Report and handover to the Mirissa Fisheries Harbour.
- (e) Even though a decision had been made based on the approval granted by the Board of Directors to in the year 2013 to establish a laboratory at the Trencomalee Office, a laboratory had not been established up to January 2017. Nevertheless, the equipment for that laboratory valued at Rs.2,075,253 had been purchased in the years 2014 and 2015



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4.3 Transactions of Contentious Nature

A sum of Rs.1,500,000 had been allocated in the Action Plan for the year 2016 for the formulation of a National Action Plan for a Pollution Free Sustainable Ocean Environment and a sum of Rs. 87,285 had been spent for the publication of news paper advertisements in the three languages for the supply of consultancy services for that purpose. Nevertheless, in views of inadequacy of money for that programme, the money had been given to the Sri Lanka Next Conforming to the Climate Changes Programme operated by the Ministry of Mahaweli Development and Environment. As the postponement of that activity to the year 2017, the expenditure on the publication of the newspaper advertisement had become fruitless.

4.4 Underutilization of Funds

A sum of Rs.6,595,327 received in the years 2014,2015 and 2016 for capital expenditure had been entered in the Expenditure Awaiting Account even up to 15 May 2017, without being utilized.

4.5 Idle and Underutilized Assets

The following observations are made.

- (a) Fourteen laboratory equipment valued at Rs.10,843,550 purchased in the year under review had not been used even by January 2017.
- (b) Even though 11 display boards costing Rs.167,200 had been purchased in the year under review to be installed at the Information Centers to be established at the Head Office and 09 Regional Offices, those were kept in the stores even by January 2017 without being distributed.
- (c) Forty antivirus software purchased for Rs.111,355 in the preceding year had been idle for about one year without been used and had become outdated. Action had not been taken for obtaining other antivirus software in lieu of those.



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4.6 Staff Administration

The following observations are made.

- (a) The approved staff of the Authority as at 31 December 2016 had been 202 and the actual staff, had been 172 and as such there were 30 vacancies. Out of those vacancies, the existence of 20 vacancies in Tertiary and Secondary Levels had been an obstruction to the operating activities of the Authority.
- (b) According to the Scheme of Recruitment, the Efficiency Bar Examinations should be held for all posts before completions of 03 years. Nevertheless, all employees of the Authority had been granted salary increments without holding such examinations.

5. Accountability and Good Governance

5.1 Internal Audit

The Authority had established an Internal Audit Division and attached only 02 Internal Audit Officers. An Internal Auditor had not been appointed from the year 2015 up to date.

5.2 Budgetary Control

Variances ranging from 10 per cent 88 per cent were observed between the estimated expenditure of the budget for year under review and the actual expenditure, thus indicating that the budget had not been made use of as an effective instrument of financial control.

5.3 Unresolved Audit Paragraphs

The following observations are made.

- (a) In terms of the provision in the Marine Environmental Pollution Prevention Act, No. 35 of 2008, the emergency plan for overflow of oil according to the Order No. 1 of 2012, should have been forwarded to the Authority by in Sri Lanka Ports Authority and obtained the approval. As the Marine Environmental Protection Authority had not paid its attention to the failure on the part of Sri Lanka Ports Authority to forward the plan, the responsibility of that institution in the event of an accidental oil spill had been beyond the Authority.



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(b) A formal methodology for the prevailing waste management in the Fisheries Harbours had not been formulated.

(c) Even though a decision had been taken to make aware the Local Authorities with regard to the latrines constructed in the area 300 metres landwards from the sea coast allowing for disposal of waste to the sea and the disposal of waste to the sea without being recycled and to discuss with the Director General of Sri Lanka Tourism Development Authority the impact on tourism created by the dumping of non - recycled waste to the sea and prepare a report on the ways and means of future action thereon had not been done.

6. **Systems and Controls**

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

<u>Areas of Systems and Controls</u>	<u>Observations</u>
(a) Staff Administration	Activities such as under recruitment, promotions, disciplinary action, etc., are not done in the formal manner.
(b) Implementation of Projects and Plans	i. Projects had not been completed on due dates. ii. Action not taken to obtain the final observation and accounts of Projects iii. Non – formalizing the implementation of plans. iv. Lack of follow-up action

(c) Implementation of Programs	Excess expenditure had been incurred on implementation of programs due to lack of attention paid to provision allocations
(d) Stock Control	Takeover of goods by store and issues had not been updated in the registers
(e) Assets Control	i. Security Methodology not used in connection with technical and laboratory equipment ii. An officer in charge of such equipment had not been deployed
(f) Internal Control	i. " PAID" Seal not stamped on paid vouchers ii. Non – maintenance of a register on an approved format for the issue of cheque books and cash receipt books
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