

National Transport Commission (NTC)

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Hon. Minister of Private Transport Services,
Ministry of Private Transport Services,
No. 34, Narahenpita Road,
Nawala.

Annual Report - 2013

I am pleased to present the Performance Review, the Annual Financial Report and Auditor General's Report of the National Transport Commission for the year ending on 31st December 2013, in terms of Section 14 (2) of the Finance Act No. 38 of 1971 and chapter 05 and 06 of the Public Enterprises Guidelines for Good Governance.

Renuka Dushyantha Perera,
Chaiman,
National Transport Commission.

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Members of the Directors' Board of the Commission January 2013 to February 2013

Annual Report 2013, National Transport Commission

- | | | |
|----|---|---------------------------------|
| 1. | Mr Roshan Gunawardane | Chairman |
| 2. | Mr. K Buddhadasa
(Working Director) | Member |
| 3. | Mr. A. Podiralahamy
(Ministry of Private Transport Services) | Member
(<i>ex officio</i>) |
| 4. | Mrs. Sepali Rupasinghe
(Ministry of Finance & Planning) | Member
(<i>ex officio</i>) |
| 5. | Mrs. W.G. Chandrika
(Ministry of Finance & Planning) | Member
(<i>ex officio</i>) |
| 6. | Mrs. U.L. Jayanthi de Silva | Member |
| 7. | Mr. K.D.K. Tilakaratne | Member |

From March 2013 to June 2013

- | | | |
|----|---|---------------------------------|
| 1. | Mr Roshan Gunawardane | Chairman |
| 2. | Mr. K Buddhadasa
(Working Director) | Member |
| 3. | Mr. A. Podiralahamy
(Ministry of Private Transport Services) | Member
(<i>ex officio</i>) |
| 4. | Mrs. Sepali Rupasinghe
(Ministry of Finance & Planning) | Member
(<i>ex officio</i>) |
| 5. | Mr. D.M.D. Dissanayake | Member |
| 6. | Mr. D.S. Wijesinghe | Member |
| 7. | Mr. R.M.S.P.K. Rathnayake | Member |

From July 2013 to December 2013

1.	Mr Roshan Gunawardane	Chairman
2.	Mr. K Buddhadasa (Working Director)	Member
3.	Mr. A. Podiralahamy (Ministry of Private Transport Services)	Member (<i>ex officio</i>)
4.	Mr. W.D.R. Krishantha (Ministry of Finance & Planning)	Member (<i>ex officio</i>)
5.	Mrs. D.C.W. Hapugoda (Ministry of Finance & Planning)	Member (<i>ex officio</i>)
6.	Mr. D.M.D. Dissanayake	Member
7.	Mr. D.S. Wijesinghe	Member
8.	Mr. R.M.S.P.K. Rathnayake	Member

Message from the Chairman



It is with great pleasure that I issue a message to the Annual Report 2013 published every year by the National Transport Commission, as its present chairman.

I consider providing a qualitative and safe transport service to the citizens of Sri Lanka by managing the entire transport network of the country systematically, as one of the prominent functions of our institution.

Our nation has embarked on the road of rapid development in the present, and the National Transport Commission has successfully implemented many projects in the previous year to provide a qualitative, efficient and safe transport service to the labour forces which are active participants to the development, an excellent transport service to our children who are expected to assume the future through the Sisu Seriya Service, the Gemi Seriya Service to rural public and the Nisi Seriya Service to passengers who travel during night.

Likewise, awareness campaigns on road safety are conducted throughout the island in order to safeguard the future generation of the nation. The human resource of our institution is a great boon in appropriately managing the private transport service established in 1978 through a scientific methodology. The management of 75% of buses based on their correct routes and timetables through the GPS technology by utilizing aforementioned resources is a victory attained by our institution.

I would like to extend my gratitude to, the Honourable Minister for Private Transport Services C.B. Ratnayake, Secretary of the Ministry Mr. Padmasiri Jayamantha, Working Director of the National Transport Commission, Board of Directors, Acting Director General and all officers, private bus owners and their employees, bus companies and other voluntary organizations related to the transport sector, scholars including university professors who provide consultation and guidance externally, and media institutions and journalists who point out the shortcomings and the right way, in the endeavour undertaken by our institution in order to provide a qualitative transport service that facilitates reaching the destinations safely in the shortest time possible, in relation to the accurate data obtained by surveys conducted using scientific methodologies.

Renuka Dushyantha Perera,
Chairman,
National Transport Commission.

Overview

...Our Vision...

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

...Our Mission...

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

Our Goals/Objectives

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

Composition of the Commission

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

The approved cadre of the Commission consisted of 198 employees whereas the number of permanent staff was 137 by the end of the year 2013.

Cadre of the National Transport Commission by 31.12.2013

Employee Category	Approved Cadre	No. of Staff employed
PL - 1	14	10
PL - 3	13	13
MA- 1.1	90	55
MA- 2.1	03	-
MA- 4	52	42
MA- 5.3	-	-
JM - 1.1	04	10
MM - 1.1	17	04
HM - 1.1	04	02
HM- 2.1	01	01
Total	198	137

Source - Administrative Division, NTC

Performance of the year 2013

01.

Bus passenger transport services have been expanded in order to provide an efficient public bus service with the objective of fulfilling the social and economic needs of the public. The Sisu Seriya school bus service for school students, Gemi Seriya rural bus service and Nisi Seriya night bus service are carried out under the financial aid basis with the aim of fulfilling the aforementioned objective. These services are procured from bus operators from both the state and private sectors. These projects are implemented primarily as social services while considering the commercial aspects as secondary.

1.1 School Bus Service – “Sisu Seriya”

As there were no bus services operating exclusively for the transportation of school children, many parents were inclined to send their children in school vans as an alternative though the fares were very high. This resulted in large traffic congestions in the major cities throughout the island as well as Colombo. In addition, the roads surrounding the schools were constantly congested due to the non existence of standard parking for the school vans from morning till the end of school hours, causing a huge problem.



Sisu Seriya is a bus service that is operated throughout the island as a regular bus service exclusively for school students, which ensures a more reliable and secure mode of transportation that covers schools and routes centered on all the cities in the island, which is carried out under state patronage and a concessionary fare scheme. The main objective of this project is to produce a healthy future generation to the society by creating a healthy atmosphere that enables school children to attend school in time and engage in studies devoid of any mental or physical inconvenience and return home safely due to a reliable service.

The other objectives of this project include providing an economical relief to families through concessionary fares, reducing the fuel consumption and thereby saving foreign exchange by deploying large buses instead of many small vehicles, reducing the run time and avoiding environmental pollution by minimizing the large traffic congestions in the main roads and integrating the bus services from the private sector as well as the state sector into national service. These services are implemented on pre arranged charges per kilometer owing to the decrease in the revenue of the operators as a concessionary rate of 50% the normal charge is levied from students in school buses under this project.

The expenditure incurred by this project for the year under review is Rs. 440.38 million. Sisu Seriya services were operated as follows by the end of the year 2013.

Province	No. of Sisu Seriya Bus Services
Western	298
Southern	111
Wayamba	237
North Central	131
Sabaragamuwa	122
Uwa	67
Eastern	101
Central	35
Northern	23
Inter provincial	10
Total	1135

Source - Department of Planning, NTC

1.2 Bus Services for Rural and Uneconomical Routes - "Gemi Seriya"



The transport service under the Gemi Seriya Project operates as a medium of linking the rural and urban areas. The objective of this Rural Bus Service is to provide economical and reliable transport facilities to people in rural areas travelling to cities to fulfill their daily needs.

This project has identified the real uneconomical routes through a standard method and provides the provisions of maximum Rs. 31 per kilometer for the uneconomical run times of operators providing bus services for the above routes.

About 37 Gemi Seriya services were launched and 31 were operated by the end of 2013. Expenditure incurred during the year in this regard is Rs. 8.35 million.

The service suppliers are selected through an open tender process and the opportunity is given to those who bid the least amount.

These services are operated in relation to the Western, North Central, Eastern and Southern provinces in the island and are supplied according to the demands received by the Commission.

This service is the sole passenger transport service operating in the routes to which this is provided. Therefore, it is vital that this service remains operational, and while all the buses deployed in these routes are installed with a GPS device to supervise its running, the service is supervised and is paid provisions through them.

1.3 Night Bus Service - "Nisi Seriya"



The main objective of commencing the Nisi Seriya project was to avoid the difficulties faced by passengers due to the lack of bus services during night time and early morning and provide them with reliable and secure public transport facilities in order to reach their destinations. The

expenditure incurred by this project during the year is Rs. 10.16 million. 136 services were operated by the end of the year 2013.

Province	No. of Services
Western	48
Southern	18
Uwa	08
Central	38
North Central	06
Wayamba	10
Sabaragamuwa	03
Eastern	05
Total	136

Source - Department of Planning, NTC

1.4 Distributing Bicycles for School Students

The campaign of distributing free bicycles for school students in rural areas under the Sisu Seriya project, with the objective of promoting the bicycle as an environmental friendly and economically profitable mode of transport for the rural areas, is an immense social service introduced by the National Transport Commission. School children who reside in uncongenial areas with limited transport facilities and rural areas with unfavourable road conditions for bus transport are provided with these bicycles under this service.

This project was introduced as a medium of transport for school children in uncongenial areas to where no other transport facility can be provided.

3050 bicycles were distributed among the school students in the year 2013 incurring an expenditure of Rs.28.28 million.



02. Preparation and Revision of Timetables

The main objective of this project is to enhance the quality of the public passenger transport service by providing a reliable, safe and comfortable public transport service for passengers and to prepare timetables that provide equal opportunities to all bus operators thereby safeguarding the business stability of the bus operators. In addition, other anticipated objectives of this project include, minimizing the

unhealthy competition between the bus operators of the public and private sectors while maximizing the average number of kilometers run by each bus per day.

The implementation of the integrated schedules prepared for 454 inter provincial bus services was the target for the year 2013, and the provision of the basic facilities (Agreement of SLTB, computer facilities) required for preparing those timetables were made during this year. The expenditure incurred in the year under review in this regard is Rs. 0.71 million.

03. Awareness Programmes on Road Safety

The increase in road accidents is a factor that detrimentally affects the entire economy of the country, and in analyzing the data and statistics on road accidents, it is shown that a large number of road accidents take place due to the carelessness and recklessness of the motorists and pedestrians. This is a factor that causes many social problem too.

His Excellency the President had declared 2011-2020 as the decade of road safety and emphasized the necessity of all related institutions taking an active role in minimizing road accidents.

In the context of the increase in road accidents detrimentally affecting the entire economy of the nation, the National Transport Commission as a pioneer state regulating institution has implemented awareness programmes on road safety regularly throughout the year 2013, as it is a timely necessity to take firm steps to avoid road accidents. Spreading awareness among the society by promoting road safety especially among interprovincial bus drivers and thereby minimizing the motor accidents related to those services, and conducting road safety workshops throughout the island in district levels with the participation of three wheeler, school van and state institution drivers as well as bus drivers were implemented under the road safety project. Awareness was promoted for about 2000 drivers, conductors and bus owners and more than 1155 school students by conducting 12 workshops on road safety in the year 2013. Data analysis of road accidents that took place in the year 2013 shows that the death rate of passengers travelling in private buses have declined rapidly in comparison to the year 2011. While 3.1% of the road accidents that resulted in death in 2011 involved passengers travelling in private

buses, this percentage had dropped to 2.4% in the year 2013. The series of awareness programmes conducted by the National Transport Commission from 2011 had contributed to this change. The expenditure incurred by this project for this year is Rs. 15.1 million.

04 Remote Vehicle Monitoring System based on new technology i.e. GPS (Global Positioning System) in order to provide a reliable and safe public transport service by improving the quality of said service.



National Transport Commission introduced and successfully implemented the monitoring of the interprovincial buses through integrating the G.P.S. technology and other technologies, to incorporate Information and Communication Technology into the public transport sector in order to establish a qualitative, safe and reliable public transport service with the aim of providing a solution to the challenges faced by the public transport sector.

GPS systems have been installed in about 1667 inter provincial buses during the year 2013 by hastening the process of installation.

Many buses installed with GPS which travel in high speed have been regulated due to mainly setting off a warning alarm in the bus that regulates the speed of buses

which travel in high speed and concurrently recording the instance in the control room, through this technology.

It has been planned to expand the control room with the objective of providing prompt solutions and taking the necessary measures related to solving the complaints received by the hotline section of the Public Complaints Unit by merging with the unit and expanding the current monitoring methodology, and this plan is expected to be implemented in the forthcoming years. Moreover, it is also planned to develop softwares that would enable the passengers to get prompt information on the required bus through short message service and android software in a productive manner, and this plan is expected to be implemented in the forthcoming years. Plans have also been formulated to improve the quality of public transport through establishing an accurate database by consolidating all modes of transport in the forthcoming years. Moreover, it is also expected to introduce and implement this technology to the intraprovincial and SLTB buses too. The expense incurred in this regard during the year under review is Rs. 72.92 million.

05. Restructuring of Private Bus Services

05.1 Formation of Bus Companies

It is expected to restructure transportation with the objective of providing a superior service to the public by developing the present passenger transport service into a qualitative and reliable service according to the national policy. Steps have been taken to establish companies throughout the island by aggregating bus operators holding interprovincial passenger permits, under this process.

The establishment of Passenger Transport Companies (Limited) for interprovincial services commenced in 2009, according to the Companies Act No. 7 of 2007 and under the patronage of the National Transport Commission.

The National Transport Commission Act No.37 of 1991 and National Transport Commission (Amendment) Act No.30 of 1996 are being amended to suit the process of restructuring and forming bus companies. The main objective of forming these bus companies is to provide a safe, reliable and qualitative service to the public by integrating the bus owners and providing them with necessary guidance and aid in order to develop those businesses.

About 95% of the private bus businesses are owners of a single bus. Therefore, this company scheme provides the opportunity of calling for the members of the Board of Directors in the company that represent the bus operators in the instance of a particular problem, rather than calling for all the bus operators for the discussion as the National Transport Commission.

16 Passenger Transport Companies (Limited) were registered by the end of the year 2013. 14 of those companies are operational in the present. The expenditure incurred in this regard in 2013 was Rs.3.58 million.

1. Badulla Passenger Transport Company Limited.
2. Matara Passenger Transport Company Limited.
3. Kataragama Passenger Transport Company Limited.
4. Ambalangoda Passenger Transport Company Limited.
5. Rathnapura Passenger Transport Company Limited.
6. Kurunegala Passenger Transport Limited.
7. Halawata Passenger Transport Company Limited.
8. Vavuniya Passenger Transport Company Limited
9. Kurunegala Passenger Transport Company Limited.
10. Kurunegala - Kandy Passenger Transport Company Limited.
11. Kandy – Colombo (S) Passenger Transport Company Limited
12. Galle Passenger Transport Limited
13. Nuwara Eliya Passenger Transport Limited
14. Polonnaruwa Passenger Transport Limited

06. Bus Fare Rectification

The Bus Fare Rectification project was implemented according to the recommendation of the Bus Fare Policy approved by the Cabinet in the year 2002.

Various anomalies were detected in the bus fares as the fare schedules used in the present are not prepared according to a general criterion and a scientific method, and are not compiled by a centralized institution. As a result, different fares were charged from passengers who travelled the same distance but in different routes, and the passengers who travelled in the same route but in SLTB, private and also interprovincial buses. There were

continuous disputes occurring between the passengers and the bus crew due to the absence of a standard fare schedule.

The bus fare policy had recommended average distances for determining the fares with the aim of charging a bus fare relative to the distance travelled by the passenger and establishing the fares according to a definite standard.

Accordingly, it was recommended that all bus routes in the island had to be measured and fares rectified, in accordance with the average distances determined for a route in a valley as 2 k.m and a bus route in a mountainous terrain as 1.7 k.m. This project was launched with the objective of implementing those recommendations, and thus the bus fare anomalies in all the interprovincial routes and the routes in the Western, Central, Southern and Wayamba Provinces were rectified and standardized fare schedules have been implemented by the end of the year 2011.

All the bus routes in the Eastern Province were measured and standardized fare schedules were prepared for 300 routes by the end of the year 2012. Likewise, measurements were taken and standardized fare schedules were prepared for 574 bus routes in the Sabaragamuwa and 480 bus routes in the Uva Provinces by the end of the year 2013. Plans have been made to finalize the rectification of bus fares in the North and North Central provinces by the year 2014. The expenditure incurred during 2013 is Rs. 1.78 million.

07. Registration and Training of Bus Crew

Special training programmes are conducted to improve the service conditions and the level of discipline of drivers and conductors employed in interprovincial buses under this project. The bus crew who successfully complete these training programmes are also issued identity cards and certificates under this project. Accordingly, 1584 drivers and 1372 conductors have been trained by these programmes during the year 2013. Steps were taken to organize and conduct the driver/conductor training programmes by the National Transport Commission itself and the training programmes were conducted in district level according to the district development programmes. In addition, training programmes were also conducted in concurrence to the Deyata Kirula Development Programme. A special drivers' training course was conducted in the Hector Kobbekaduwa Training Institute on July 2013, with the joint effort of the Department of Motor Traffic and Department of Police. These incurred an expenditure of Rs. 6.89 million during this year.

08. Physical Checking of Buses and Issuing Passenger Service Permits

The objective of this project is to improve the condition of buses being the main mode of transport utilized by the public, that are engaged in passenger transport services and providing a safe and comfortable service to the passengers until their destinations by monitoring the noise level, quality assurance of other conditions (Length, Breadth, Height and the Space between seats), recruiting drivers and conductors equipped with proper training and are registered in the Commission, researching the ability of issuing standard tickets and other conditions, surveying and introducing the necessary criteria for relevant enforcements.

National Transport Commission has taken actions to issue interprovincial passenger service permits by following a transparent tender procedure taking the public needs into consideration. Accordingly, 317 permits were issued by the end of 2013 through the methodology implemented from the year 2007. The expenditure incurred during the year under review is Rs. 1.78 million.

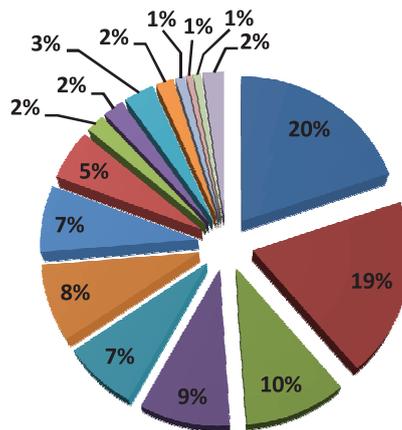
09. Public Complaints

The Public Complaints Investigation Unit was established with the objective of providing a courteous as well as great and qualitative service for the public utilizing the interprovincial bus service. This has been developed in a manner that is available 24 hours of the day for the passengers lodging their complaints.

The passengers can lodge complaints to the National Transport Commission via the hotline (1955) or the general no. (0112595555), fax, e-mail, letters and also by visiting the Commission or the Bastian Mawatha Bus Terminal. This Unit carries out the functions of receiving public complaints, maintaining records, carrying out investigation and taking relevant measures.

Public Complaints received from 1st of January to 31st of December 2013

- 1. Over Charging / not given balance
- 2. Being impolite to the passengers
- 3. Collection of passengers by stopping on the way in an unnecessary manner
- 4. Overloading of passengers
- 5. Not issuing relevant tickets
- 6. Reckless driving
- 7. Violation of the relevant time table
- 8. Not beginning from the relevant terminal and not travelling till the destination
- 9. Bus being unsuitable for transportation
- 10. Malfunction of Air Conditioning
- 11. Not operating on the relevant route
- 12. Unbearable volume of cassette/radio



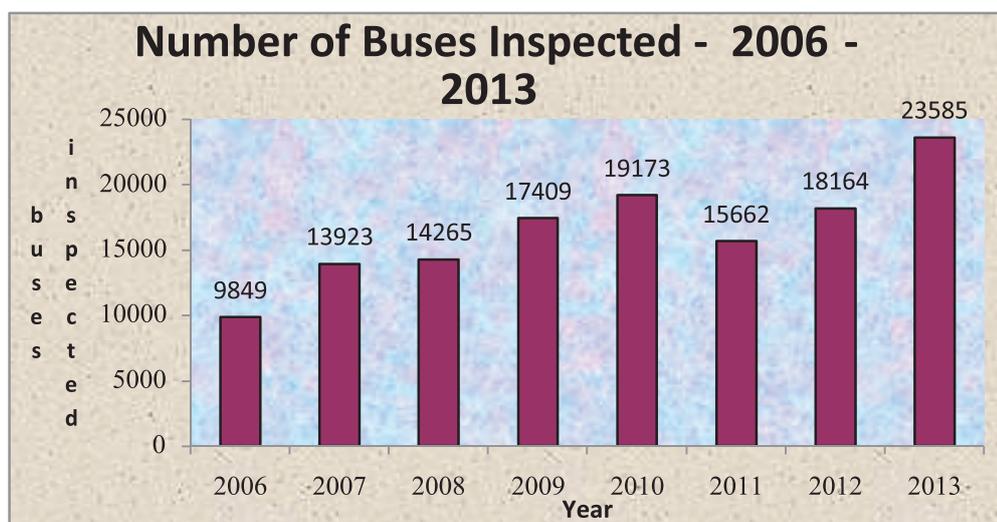
Source – Department of Quality Assurance and External Relations - NTC

The main objective of the Public Complaints Investigation Unit is to provide an efficient, qualitative and safe service to the passengers. The National Transport Commission has made arrangements to conduct investigations into complaints relating to interprovincial services at the Commission and complaints pertaining to intra provincial services to be referred to the relevant provincial authorities. Complaints relating to SLTB services will be directed to the Chairman of Sri Lanka Transport Board. The total number of complaints received by the Public Complaints Unit was 6421 and 90% of the complaints viz.5798 were resolved by the end of the year under review.

10. Mobile Inspections

The Mobile Inspection Unit inquires about the violations of the conditions drafted for buses issued with permits for interprovincial passenger transport in accordance with the authority vested by the National Transport Commission Act No. 37 of 1991 to the National Transport Commission. Other functions carried out by the Mobile Inspection Unit include, reporting the buses which operate in the interprovincial routes violating the terms and conditions of the passenger service permits to the Investigation Unit, aiding in taking judicial measures against buses that operate in the interprovincial routes without passenger service permits, and thereby contributing towards providing a qualitative passenger transport service.

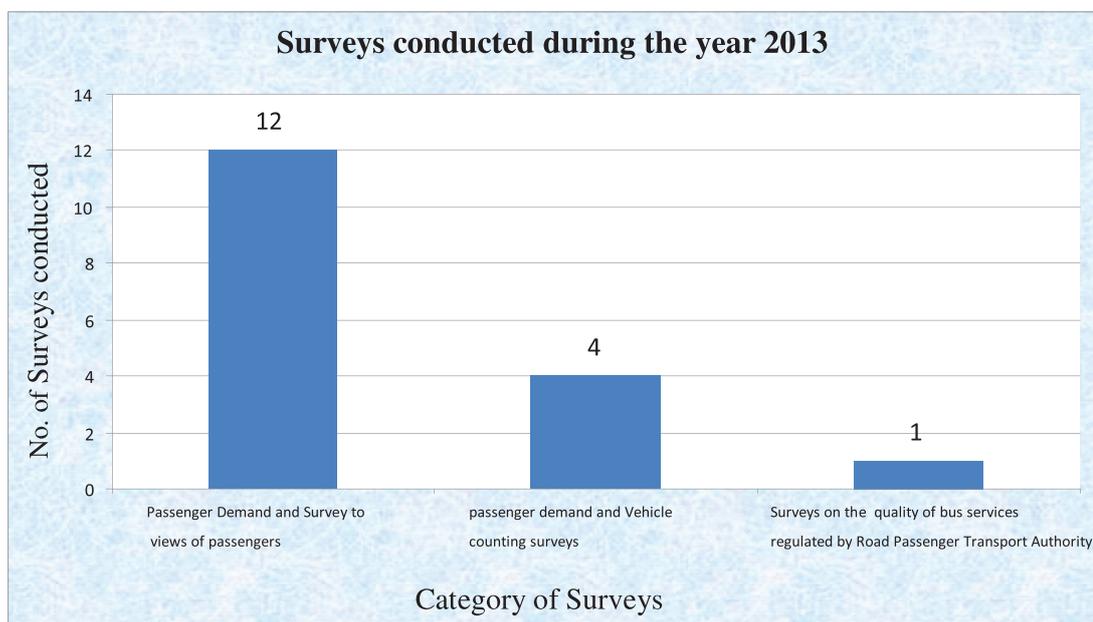
Accordingly the Mobile Inspection Unit inspected 23585 buses by the end of the year 2013. The following chart represents the number of buses inspected by the Mobile Inspection Unit during each year following the year 2006.



Source – Department of Quality Assurance and External Relations - NTC

About 5015 of the buses inspected by the inspectors during the mobile inspections had violated the conditions during the year 2013. It amounts to a 21.3% of the buses inspected. Furthermore, this Unit also carries out the supervision of the Sisu Seriya and Nisi Seriya bus services that are operated by the National Transport Commission with financial aid of the state.

11. Surveys



Source - Department of Planning, NTC

The function of the Survey Unit is to provide the necessary data for formulating the policies, planning and decision making of the National Transport Commission. It is the key role of the Survey Unit to compile the data required to handle the demand and supply for the public transport in an optimal manner, in order to be just for the two main parties of National Transport Commission being the passengers using the public transport services and the bus operators. For this purpose, the passenger demands are surveyed and accurate data pertaining to existing passenger demands and supply are provided thereby supplying the necessary information to prepare timetables for the inter provincial buses, formulate plans and provide solutions to the problems that arise according to the instance. This Unit has conducted 17 surveys during the year 2013. The total expenditure incurred for surveys during the year under review is Rs. 0.81 million.

12. Fixing and maintainance of bus stop signs for Long Distance Services



This project was implemented in order to provide a safe and reliable transport service for passengers using the long distance transport services and for the passengers to easily identify the long distance bus stops. 501 long distance bus stop signs were erected by the end of the year 2013. The expenditure incurred for fixing long distance bus stop signs was Rs. 4 million during 2013.

13. Construction of bus shelters for Long Distance Services



It is the aim of this project to construct bus shelters for the comfort of passengers utilizing the long distance bus service. 13 bus stops for long distance services have been constructed in the areas of Ratmalana, Bentota, Kahawa, Hikkaduwa, Boossa, Mahamodara, Kudawella, Kamburugamuwa, Nonagama and Pallemulla under this project, incurring an expenditure of Rs. 2.4 million during the year under review.

14. Construction of bus terminals

Construction of Vavuniya Bus Terminal



The passengers, bus operators and also the institutions that administrate Vavuniya City face many problems due the absence of a bus terminal that could facilitate the parking of the large number of buses that

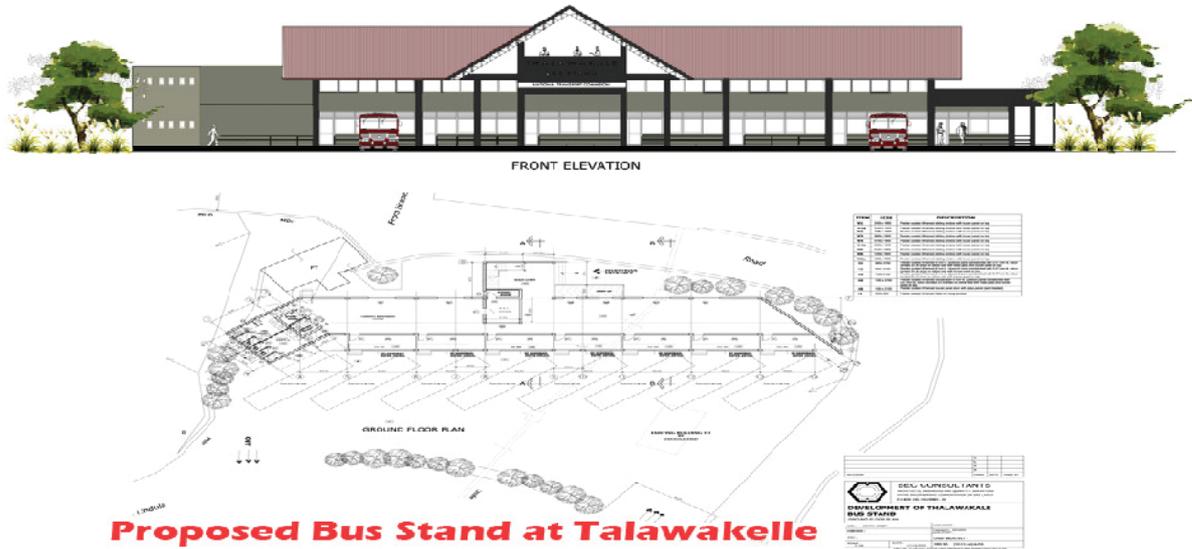
begin and travel across the Vavuniya City that is considered to be the centre of the Northern Province. All plans have been prepared to construct a bus terminal for the Vavuniya City in the proposed 3 acres of land allocated by the Department of Agriculture (Research), as a step taken by the National Transport Commission in order to improve the quality of public transport service by constructing the bus terminal.

The plan prepared by the State Engineering Corporation consists of 02 building of 800 square meters and 1100 square meters, which have the facility of parking 34 buses at once consisting of 13 long distance buses and 21 intra provincial buses.

In addition, the terminal would also consist of sanitary facilities, rest rooms and a canteen to have meals for all passengers including the disabled.

The Ministry of Finance has allocated Rs. 110 million for this project. While the tender was given for Rs. 104 million, work is to commence on 31st January 2014.

Talawakelle Bus Terminal



Talawakelle Bus Terminal – Phase One

Talawakelle is a developing commercial city that has a constant rainy weather. About 6000 students from 10 neighbouring schools daily travel to this city, while an enormous amount of employees of state and private institutions travel through this city.

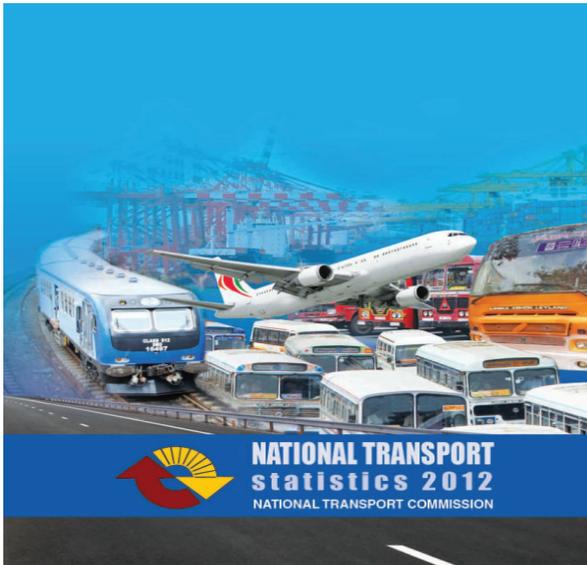
A large number of local and foreign tourists travel to Nuwara Eliya and Sri Pada through this city which is abundant in natural beauty with breathtaking waterfalls like the Devon and St. Claire's.

The National Transport Commission has commenced the construction of the bus terminal with the provisions of the Ministry of Finance and the consultation of the State Engineering Corporation on the request of the Urban Council, in order to provide a bus terminal to the passengers who led a very difficult life for many years without one.

While it is set to construct a 450 square meter ground floor for phase one, about 50% of the construction was completed by the year 2013.

This terminal has space available to park 08 buses simultaneously, and also the sanitary facilities for all passengers including the disabled. It is proposed to construct the first floor and lay the interlocking pavers for the phase two.

15. National Transport Data Collection



The main objective of this project is to provide statistical data for institutions and authorities engaged in making policies on transport, and to collect, store and analyze data required to promote awareness on problems pertaining to transport and to find solutions for them. This project was established in March 2010.

Scope of this project is to formulate a Statistical Annual Report on National

Transport Data collected from the relevant institutions under the Ministry of Private Transport Services and to produce a formal analysis by means of the collected data.

The statistics have been obtained from the following institutions for transport data collection.

1. National Transport Commission
2. Sri Lanka Transport Board
3. Road Passenger Transport Authorities
4. Sri Lanka Railway Department
5. Department of Motor Traffic
6. National Transport Medical Institute
7. Sri Lanka Central Bank
8. Department of Census and Statistics
9. Traffic Police Headquarters
10. Sri Lanka Ports Authority
11. Road Development Authority
12. Civil Aviation Authority
13. Ministry of Civil Aviation
14. Ministry of Road Development

It has been planned to print 2000 copies of the National Transport Statistics Report 2012 and to distribute them to institutions related to transport and to public libraries, schools and universities island wide by the end of September 2013. Moreover, arrangements have been made to get this report on to CDs and to include it in the website of the National Transport Commission. The expenditure incurred during the year, in this regard is Rs.3.0 million.

16. Staff Training and Development

The officers of the National Transport Commission were directed to national and international training workshops and courses that are required for the institution during 2013, with the aim of enhancing the productivity of the officers through training and developing the staff of the institution. 22 officers of the National Transport Commission were given local training while 27 officers participated in foreign training during the year 2013. The participants of the international training programmes comprised of the officers serving in the Road Passenger Transport Authorities in addition to the officers of the National Transport Commission. These foreign training programmes included public transport planning and road safety, and urban transport planning and management. The total number of officers trained is 88. A sum of Rs. 0.13 million was spent on local training programmes and Rs.9.27 million was spent for foreign training programmes during 2013.

17. Improving the Website

The information supplied by relevant units and divisions keeping with the government standards have been entered to the Website in order to provide passengers with information pertaining to Interprovincial Passenger Transport Services and to notify permit holders. Methodologies have been introduced to update the existing information and to facilitate searching for information during the year 2013. Arrangements have been made to develop the website to obtain data regarding bus fares and to facilitate easy access to interprovincial bus timetables.

18. Reformation of the Private Bus Service

Amendments to the National Transport Commission Act

The necessary amendments to be made to the National Transport Commission Act No. 37 of 1991 were identified and directed to the Ministry of Private Transport Service in order to prepare the draft of the amendments and take the relevant steps to amend the Act.

Staff Meetings

The number of meeting held by the Board of Directors during the year is 12.
The number Audit and Management meetings held during the year is 04.

Annual Accounts

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2013	2012
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	505,315,317	455,190,797
Library Books		762,126	702,479
Total Non-Current Assets		506,077,443	455,893,275
Current Assets			
Receivables	5	3,960,160	3,917,222
Staff Receivables	6	17,037,820	15,050,801
Investment in Term Deposits	7	16,525,336	12,722,879
Investment in Treasury Bills	8	8,400,591	7,422,983
Interest Receivable		10,004,698	22,860,147
Cash and Cash Equivalents	9	171,056,940	315,217,619
Total Current Assets		226,985,545	377,191,652
TOTAL ASSETS		733,062,988	833,084,927
LIABILITIES			
Non-Current Liabilities			
Government Grants	10	428,949,131	407,231,140
Retirement Benefits Obligation	11	23,625,293	21,852,808
Total Non-Current Liabilities		452,574,423	429,083,949
Current Liabilities			
Payables	12	92,899	2,744,433
Refundable Tender Deposits		29,611,054	25,603,554

Concessionary Credit Scheme		17,632,912	17,632,912
Provision & Accrued Expenses	13	119,693,278	63,366,189
Total Current Liabilities		167,030,144	109,347,088
TOTAL LIABILITIES		619,604,567	538,431,037
<hr/> <hr/>			
NET ASSETS		113,458,421	294,653,890
<hr/> <hr/>			
NET ASSETS / EQUITY			
Accumulated Fund		113,458,421	294,653,891
TOTAL NET ASSETS / EQUITY		113,458,421	294,653,891
<hr/> <hr/>			

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

.....
Accountant

These Financial statements were approved by the Members of the Commission and signed on their behalf.

.....
Chairman

.....
Act. Director General

Date :

Colombo,

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 23 form an integral part of these Financial Statements.

NATIONAL TRANSPORT COMMISSION

(Expressed in Sri Lankan Rupees)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER

	Note	2013	2012
Revenue & Government Grants			
Government Grants For Projects		370,000,000	197,332,602
Revenue	14	272,728,147	269,594,764
Other Income	15	59,884,229	74,567,325
Total		702,612,376	541,494,691
Expenses			
Special Project Expenses	16	714,967,598	397,693,861
Operational Expenses	17		
Personnel Emoluments	17.1	81,723,089	78,396,842
Transportation	17.2	14,373,763	10,816,786
Travelling & Subsistence	17.3	3,650,195	4,600,066
Establishment Expenses	17.4	27,114,262	19,144,489
Repairs & Maintenance of Fixed Assets	17.5	1,745,535	1,237,412
Staff Welfare	17.6	7,328,758	7,363,184
Staff Development	17.7	163,316	831,705
Legal & Other Fees	17.8	1,419,323	852,752
Information	17.9	3,608,571	1,699,950
Depreciation	17.10	24,859,175	15,249,449
Financial Charges	17.11	47,998	54,593
Other Expenses	17.12	2,806,263	872,922
Total Operational Expenses		168,840,247	141,120,149
Total Expenses		883,807,846	538,814,009
Surplus/(Deficit) for the Year		(181,195,469)	2,680,681

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 23 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

		Accumulated Surpluses/ (Deficits)	Total
Balance as at 01 January 2011		512,264,709	512,264,709
Adjustment to Government Grants	Note - A	(220,500,000)	(220,500,000)
Prior Year Adjustment	Note - B	208,500	208,500
Surplus / Deficits for the Year		2,680,681	2,680,681
Balance as at 31 December 2012		294,653,891	294,653,891
Surplus / Deficits for the Year		(181,195,469)	(181,195,469)
Balance as at 31 December 2013		113,458,421	113,458,421

Note - A

Land at No.241 Park Road Narahenpita received from the Government of Sri Lanka has been initially accounted as accumulated surpluses / (Deficits) and an asset at fair value of the land. Due to application of Sri Lanka Accounting Standards (SLFRSs) LKAS 20 - Accounting for Government Grants and Disclosure of Government Assistance, the land received from GOSL has been recognized as government grants and amortized the grant in profit or loss over the life time of the building for the period of 2010 & 2011 and corresponding adjustment has been made to Accumulated surpluses / (Deficits).

Note - B

Purchase of Fixed Assets amounts to Rs. 208,500 had been erroneously accounted in the financial year 2011.

Figures in brackets indicate deductions.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER	Note	2013	2012
Cash Flows from Operating Activities			
Surplus/(Deficit) for the Year		(181,195,469)	2,680,681
Non Cash Movements			
Depreciation		24,859,175	15,249,449
Amortization of Government Grants		(26,782,010)	(67,672,872)
Gratuity Charge for the Year		3,566,085	4,525,580
Interest Income		(33,102,220)	31,394,454
Operating Surplus/(Deficit) Before Changes in Working Capital		(212,654,439)	(76,611,615)
Changes in Working Capital			
Receivables		(42,938)	(839,852)
Staff Receivables		(1,987,019)	(97,548)
Interest Receivable		12,855,449	(11,188,783)
Payables		(2,651,534)	1,566,378
Refundable Tender Deposits		4,007,500	1,569,500
Provision & Accrued Expenses		56,327,090	(7,054,621)
Cash Generated from / (used in) Operations		(144,145,891)	(92,656,541)
Gratuity Paid		(1,793,600)	(953,816)
Net Cash Flow from / (used in) Operating Activities		(145,939,491)	(93,610,357)
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment		(74,983,695)	(33,014,532)
Acquisition of Library Books		(59,648)	(49,934)
Net Investment in Term Deposits Treasury Bills		(4,780,065)	(1,318,875)

Interest Received		33,102,220	31,394,454
Net Cash Flow from / (used in) Investing Activities		(46,721,188)	(2,988,887)
Cash Flows from Financing Activities			
Capital Grants Received From Treasury / (Repayment)		48,500,000	49,430,759
Net Cash Flow from / (used in) Financing Activities		48,500,000	49,430,759
Net Changes in Cash and Cash Equivalents During the Year		(144,160,679)	(47,168,485)
Cash and Cash Equivalents at Beginning of the Year		315,217,619	362,386,104
Cash and Cash Equivalents at End of the Year	Note 9	171,056,940	315,217,619

Figures in brackets indicate deductions.

Notes to the Financial Statements on Pages 5 to 23 form an integral part of these Financial Statements.

National Transport Commission

Annual Accounts for the year ending 31.12.2013

Accounting Procedures

1 CORPORATE INFORMATION

1.1 Reporting Entity

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

The financial statements of the commission for the year ended 31 December 2013 comprise the financial information of the commission.

1.2 Principal Activities and Nature of Operations

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

1.3 The commission had 137 employees as permanent carder and 35 employees on contract basis at the end of the financial year.

1.4 Reporting Date

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

1.5 Date of Authorization for Issue

The Financial Statements were authorized for issue by the members of the commission on 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of National Transport Commission have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSASs) and Government Grants have been recognized and measured in compliance with Generally Accepted Accounting Principles – LKAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Public Sector Accounting Standards (SLPSASs) requires

the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Changes in Accounting Policies

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

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

2.3 Foreign Currency Translation

2.3.1 Functional and Presentation Currency

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

2.3.2 Transactions and Balances

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

2.4 Property, Plant and Equipment

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

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

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

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

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

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

2.5 Investments in Term Deposits and Treasury Bills

Investments in term deposits and treasury bills are stated at cost.

2.6 Receivables

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

2.7 Cash and cash equivalents

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

2.8 Payables

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

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

2.9 Government Grants

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

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

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

2.10 Borrowing Costs

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

2.11 Employee benefits

The commission has both defined benefit and defined contribution plans.

(a) Defined Contribution plan

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

The commission contributes 12% on gross emoluments of employee to Employee Provident Fund (EPF) and 3% on gross emoluments of employee to Employee Trust Fund (ETF).

(b) Defined benefit plan

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

(c) Short-term employee benefit

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

2.12 Provisions and Contingent Liabilities

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

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

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

2.13 Revenue recognition

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

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

(a) Permit Revenue

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

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

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

2.14 Expenses

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

2.15 Events Occurring after the Reporting Period

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

2.16 Commitments

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

3. Significant Accounting Estimates and judgments

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

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

(a) Useful life time of depreciable assets

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

Report of the Auditor General



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கணக்காய்வாளர் தலைமை அறிப்பதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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My No. }

RT/B/NTC/FA/2012

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Your No. }

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திகதி }
Date }

30 April 2014

Chairman
National Transport Commission

Report of the Auditor General on the Financial Statements of the National Transport Commission for the year ended 31 December 2012 in terms of Section 14(2) (c) of the Finance Act. No. 38 of 1971.

The audit of financial statements of the National Transport Commission for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012 and the statement of financial performance and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 37 of the National Transport Commission Act No. 37 of 1991. My comments and observations which I consider should be published with the Annual Report of the Commission 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 Commission on 31 July 2013.

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 Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial



statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 the extent of the audit.

2 **Financial Statements**

2.1 **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the National Transport Commission as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 **Comments on Financial Statements**

2.2.1 **Best Accounting Practices**

A statement of changes in equity had not been presented with the financial statements.

2.2.2 **Accounting Deficiencies**

Even though the sum of Rs. 6,163,680 spent for Deyata Kirula in the year under review should be shown separately in the accounts, it had been accounted under project expenditure.

2.2.3 **Non-compliance with Laws, Rules, Regulations and Management Decisions**

The following non-compliances were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
-----	-----
(a) Finance Act No. 38 of 1971 Section 11 of the Act and Paragraph 8.2.2 of the Public Enterprises Circular No. PED/12 dated 02 June 2003.	The concurrence of the Minister of Finance and the approval of the relevant Minister had not been obtained for the sum of Rs.

- 333,452,811 invested during the year under review.
- (b) Financial Regulation 371(2)(a) of the Democratic Socialist Republic of Sri Lanka. An advance of ad-hoc sub imprest of Rs. 900,000 had been granted exceeding the maximum amount of Rs. 20,000 that could be granted in one instance for distribution of cycles held in Batticaloa and Mahaoya.
- (c) Public Enterprises Circulars Paragraph 9.2(b) of Circular No. PED/12 dated 02 June 2003. An organization chart had not been prepared including posts on hierarchy levels based on the approved cadre according to the National Transport Commission.
- (d) Public Enterprises Circulars Paragraph 03 of Public Administration Circular No.26/2010 dated 31 December 2010. Twenty nine officers had been recruited on contract basis in the year under review and prior approval of the Department of Management Services had not been obtained before recruitment of the said officers. The Chairman had informed that this recruitment had been made on requirement of the service due to unavailability of adequate employees.

3. **Financial Review**

3.1 **Financial Results**

According to the financial statements presented, the operation of the National Transport Commission for the year ended 31 December 2012 had resulted in a deficit of Rs.8,189,317 after making adjustments in the preceding year as against the surplus of Rs.192,801,311 for the preceding year, thus indicating a deterioration of Rs.200,990,628 in the financial results in this year as compared with the preceding year. Non receipt of government grants for recurrent expenditure and decrease of the amount of money received from the Treasury by 36 per cent in relation to the preceding year had mainly affected this.

4. **Operating Review**

4.1 **Performance**

The following observations are made.

- (a) Even though it had been targeted to commence 82 Gemi Seriya Services during the year under review to maintain socially essential bus services, only 21 services had been commenced and it was 24 per cent of the targeted services.
- (b) Even though establishment of 05 bus companies had been targeted under the Bus Companies Establishment Project during the year under review, only 02 bus companies had been commenced during the year under review and a sum of Rs. 1,705,433 had been spent for this purpose.

4.2 **Transactions of Contentious Nature**

The following observations are made.

- (a) Five passenger service permits had been provided through Tenders in the year 2011 for operation of buses on the Highway from Kottawa to Galle and by the end of the year under review the number of buses had increased up to 13. The 08 passenger service permits had been provided additionally by revising ownership, route and service of the passenger service permits already issued for other routes without calling Tenders. Only the minimum annual bid of Rs. 740,000 decided at the previously called Tender, had been charged for a permit.
- (b) Permission had been granted by the Cabinet Paper No. 10/2374/445/007 to provide 155 permits for unauthorized bus runners revealed at the survey conducted in respect of buses operating without permits on the Jaffna - Colombo route by the Transport Commission in the year 2010. Out of them, 130 permits had been issued in the year 2011 and permits had been issued under the same approval for 20 bus owners not revealed at the said survey in the year under review. Even though it had been decided by the Paper of the Board of Directors No. 49/2012 dated 22 March 2012 to grant permits only through Tenders by suspending issue of route permits under the above

Cabinet Paper after 31 May 2012, without considering the decision of the Board of Directors, route permits had been issued to 02 more persons under the same Cabinet Decision and it was revealed that the said 02 persons were not unauthorized bus operators identified by the survey.

- (c) Four passenger service permits issued for the Jaffna-Colombo route in the year under review had been transferred to other persons before obtaining passenger service of permits by a relevant first applicants and the relevant passenger service permit had been issued in the name of the transferee by the Commission. Thus, the income of Rs. 400,000 obtainable to the Commission under transfer of ownership had been lost.
- (d) Four passenger service permits had been issued outside routes unoccupied from other cities to Northern and Eastern Provinces except Colombo to Jaffna as per the letter N.T.C./R/T 2011 dated 09 January 2012.
- (e) Even though the resources belonging to public enterprises should not be made use of by the Line Ministry and other public institutions for any reason whatsoever in terms of Paragraph 8.3.9 of Public Enterprises Circular No. PED/12 dated 02 June 2003, a total of Rs.2,977,179 had been spent by the Commission for establishment of the Nuwara Eliya District Office and maintenance of a holiday resort of the Commission. However, payments for repairs, water and electricity of this building had been made by the Line Ministry indicating that the said payments were for the Nuwara Eliya District Office and Circuit Bungalow of the Minister.

4.3 **Uneconomical Transactions**

Procurement notices had been published in the newspapers of 27 March 2012 spending a sum of Rs. 307,759 to construct rest rooms for passengers by the Transport Commission and construction work of the passenger rest rooms had not been commenced even by the end of the year under review.

4.4 **Deficiencies in Contract Administration**

The following observations are made.

- (a) The following deficiencies in respect of the contract of repairing of 02 toilet systems located at the bus terminal of Bastian Mawatha were observed.
- (i) Quotations had been called in 02 instances for this contract and the minimum quotation had been submitted at the previous quotation. However, the contractor himself who had been rejected by the Technical Evaluation Committee saying that the contract could not be completed successfully, had submitted minimum quotation at the second time and the relevant contract had been awarded to the said contractor without considering the previous position.
 - (ii) Even though repairs should be commenced immediately in terms of the letter of assignment dated 07 July 2011, they had commenced only on 04 August 2011. Even though the work should be completed within 03 months of commencing the contract, the work had not been completed even by the end of that period. As such, it had been extended by a period of 06 months that is up to 04 May 2012 with the approval of the Director General. However, work of No.2 toilet system was completed by 31 December 2012 while the physical progress of No.1 system was 50 per cent.
- (b) A contract for a monthly rental of Rs.525,000 had been awarded by the National Transport Commission to an external party for a period of 06 years to facilitate, charge and maintain the two toilet systems located at the bus terminal on Bastian Mawatha belonging to the Commission. According to the Condition 3 of the Agreement, monthly rental should be paid before the 5th day of the following month and in case of a delay more than 03 months, the agreement would be cancelled. Even though rentals relating to 03 consecutive months had not been paid by the end of the year under review, action had not been taken as per the agreement. Further, when using toilets Rs.6.00 per head should be charged and issued a receipt and that charge

should be displayed at the entrance of the toilet as per Conditions 8 and 9 of the Agreement. Nevertheless, it was observed that Rs. 10 per head was being charged without a proper approval and a receipt thereon also was not being issued.

4.5 **Delayed Projects**

According to the results of the pilot project implemented through 05 buses under Sisu Seriya Project, procurement advertisements on introduction of Prepaid Cards for interprovincial buses had been published during the year under review. Nevertheless, the said project had not been implemented even by the end of the year under review.

4.6 **Resources of the Commission given to other Government Institutions**

Two drivers of the Commission had been attached to the Sri Lanka Transport Board and their salaries and allowances had been reimbursed by the relevant institute contrary to the Paragraph 8.3.9 of the Public Enterprises Circular No.PED/12 dated 02 June 2003.

4.7 **Personnel Administration**

Approved cadre and actual cadre of the National Transport Commission as at 31 December 2012 are given below.

	Approved Cadre	Actual Cadre	(Vacancies)/ Excesses
	-----	-----	-----
Executive	97	70	(27)
Non-executive	66	52	(14)
Other	27	22	(5)
	----	----	----
	190	144	(46)
	==	====	====

The following observations are made.

- (a) A comparison between approved cadre and actual cadre revealed that vacancies existed had been 46 out of which 27 posts were in executive level.

- (b) A person had been recruited as a Media Coordinator for a period of 06 months from 01 March 2012 without a prior approval of the Board of Directors and allowances amounting to Rs.90,000 had been paid to the said officer for 06 months at Rs.15,000 per month. The Board of Directors had given instructions to maintain a register in respect of the work and arrival and departure of the officer and to check his work done, arrival and departure before payments are made. Nevertheless, such register had not been maintained and as such payments had been made without checking the work done and arrival and departure.
- (c) Five officers had been recruited on assignment basis from 17 September 2012 as Coordinators in respect of operating of buses on Bastian Mawatha Terminal and an approval of Board of Directors had been obtained to pay them a daily allowance of Rs. 750.00. Three persons had been recruited with the approval of the Board of Directors for this purpose on an earlier occasion too and a daily allowance of Rs. 1250.00 had been paid to them. They were recruited as consultants and coordinators and their posts had been changed to the posts of Management Assistants with effect from 05 April 2012. No duties had been assigned to the said 05 officers who were recruited on 17 September 2012 by the Director. (Operations and Service Supervision)
- (d) An officer had been appointed on contract basis as Coordinator of Security on Bastian Mawatha subject to a daily allowance of Rs. 1500.00 and a fuel allowance of Rs. 18000.00 per month for a period of 06 months from 01 August 2012. Even though such officers recruited on contract basis are not entitled to a fuel allowance, it had been so paid. Further, 09 officers had been appointed to carry out operations of buses on the Bastian Mawatha terminal. The approval of the Department of Management Services had not been obtained with regard to these recruitments.

5. **Accountability and Good Governance**

5.1 **Action Plan**

- (a) Even though an Action Plan had been prepared for the year under review, it was not prepared by clearly identifying the expected objectives and targets to be achieved during the period mentioned therein.

(b) Particulars of number of new passenger service permits expected to issue during the year 2012 and details of new routes had not been planned or included in the Action Plan for the year under review.

5.2 **Internal Audit**

Even though an Internal Audit Unit was in operation, approval had not been obtained for the recruitment of necessary staff and as such it was unable to carry out the functions of the Internal Audit Unit properly with a view to achieving the objectives of internal audit of the Commission as per Financial Regulations 133(1) and (2).

5.3 **Budgetary Control**

Even though a budget had been prepared for the year under review, action had been taken to revise that budget at the end of the year of accounts and to minimize the variances of the budget. Budgeted amount relating to 09 Expenditure Heads had been exceeded by a sum of Rs.4,452,359 in two instances during the year and that amount had been absorbed into the project expenditure.

6. **Systems and Controls**

Special attention is needed in respect of the following areas of control.

- (a) Issuing of Route Permits
- (b) Accounting
- (c) Budgetary Control
- (d) Contract Administration
- (e) Payment and Settlement of Advances
- (f) Payment of Allowances

H.A.S. Samaraweera

Auditor General

National Transport Commission

Current state and replies to the Auditor General's report pertaining to the Financial Statements for the year ending on 31st December 2013 in terms of Section 14(2)(C) of the Finance Act No 38 of 1971.

2.2.1 Sri Lanka Accounting Standards

- (a) I kindly inform that the fixed assets were deducted in preparing the financial statements for the year 2014 in accordance to the query.
- (b) The furniture purchased and fixings for the passenger transport companies were accurately accounted for as fixed assets as mentioned in the query and, these information have been furnished along with the details pertaining to the relevant accounts in providing replies to the Auditor General's Audit Query No: RT/B/NTC/2013/AQ-17/12 (Dated 24th October 2014) and the Auditor General's Report (Draft) pertaining to the Financial Statements for the year ending on 31st December 2013, in terms of Section 14(2)(C) of the Finance Act No 38 of 1971.

2.2.2 Accounting Deficiencies

- (a) The expense inquired about in the query is an expense incurred by special projects. These expenses incurred by special projects are borne by the provisions of the Treasury or the surplus in income obtained by the operations commissioned by the National Transport Commission. Therefore, as this expense is an irrelevant expense to the generation of income for the National Transport Commission, it has not affected the deficiency of operations in the institution as mentioned in the query.
- (b) It has been noted to carry out the task of accounting the advance payments made prior to work as mentioned in the query in the future.
- (c) It has been noted to focus on the matters mentioned in the query while accounting the accrued expenses for the year 2014.

2.2.3 Unexplained Differences

It is the policy of the Commission to maintain the balance deposit in nominal values. This policy is being followed for the past several years and is also followed in this accounting year. It has been

recorded to pay attention to the matters referred to in the query in accounting for the income generated by interest in the year 2014.

2.3 Non-compliance with laws, rules and regulations

- (a) While the Ministry of Private Transport Services had requested for the approval of the Treasury to invest the temporary surplus in accordance to the Section 8.2.2. of the Public Enterprises Circular No. PED/12 on 02nd June 2003 as given in the query, the approval has thus far not been granted. (A copy of the relevant letter has been produced to the Audit along with the replies for the Query No. RT/B/NTC/SF/2012/22 made by the Auditor General)

However, it was advised to invest the short term surplus funds in fixed deposits in order to receive more interest revenue rather than investing them in seven day call deposits during the General Committee meeting on Public Enterprises conducted on 22nd August 2012. (A copy of the minutes of the General Committee meeting on Public Enterprises has been produced to the Audit along with the replies to the Query No. RTB/B/NTC/FA/2012/22)

- (b)
- i) Steps were taken to pay the grants of providing warm clothes to officers who travel overseas for duty in rupees from the year 2014.
- ii) It has been recorded to take the necessary steps to recover the amount granted for the warm clothes from the officers as mentioned in the query.

(c)

- (1) Section 133(2) of Financial Regulations

The programmes implemented under special projects are mostly conducted in rural areas with considerable distance from Colombo. Very often a large amount of people participated in these programmes organized in district levels. While the participants of such a programme, which is conducted throughout a day, are very often supplied with tea (Morning and evening) and lunch and the expenses incurred cannot be borne by an advance of Rs. 20,000/-.

Likewise, most programmes are conducted in neighbouring districts as 2 or several programmes on consecutive days in order to minimize the expenses incurred by the institution (like transport expenses). These circumstances are mostly the cause of the large amount of advance as a single advance is obtained for several of these programmes.

In addition, the large amount of advance is also caused by one officer receiving the advance on behalf of all the other officers who participate in these projects for the purpose of facilitating easy financial administration as the officers recruited on contract basis cannot receive advances.

However, I kindly inform that steps have been taken to rectify the errors mentioned in the query by limiting the act of providing the advance in cash, while steps have been taken to make the payments by cheques as much as possible, and by instructing to settle the bills as soon as the relevant work is completed.

(2) Financial Regulations 1646

A new logbook (running chart) has been prepared and is in use after informing the Department of Audit of the problem in using the available running- logbooks (running chart). While the drivers require the relevant details and training to test the fuel consumption and report the remaining amount of fuel in the tank, the steps to conduct an awareness programme would commence as soon as possible as approval has been granted to obtain the support of a required resource person.

Steps will be taken to photocopy only the relevant section as per request of the Auditor General's Department as the printing of the running-logbook does not facilitate separating a copy.

(3) Financial Regulations 1647

A logbook has been introduced to record the accidents taking place and differences seen in the vehicles of the institution, and is kept in the security section.

(c) Approval was obtained to get the support of an officer qualified to prepare reports on fuel consumption as soon as possible.

(d) All vehicles have been painted with the state symbol and the name of the institution from 15th January 2015.

(e) It has been noted to maintain a separate assets register for computer parts and software.

(f) It has been noted to include the details given in the query to the assets register.

(g) It has been noted to pay attention to the matter referred to in the query.

(h)

(i) It has been noted to pay attention to the matter mentioned in the query hereafter.

- (ii) Steps have been taken to obtain the approval of the Procurement Committee for the procurement schedule that have been prepared for each procurement process in the forthcoming procurement activities as given in the Procurement Guideline Manual.
- (iii) I would like to mention that a budget estimate for passenger shelters was prepared by the engineer of the institution. I kindly inform that a copy has been sent as the reply to the Audit Query No. RT/B/NTC/2013/AQ-15/13 sent by the Auditor General's Department on 14.10.2014.
- (iv) Even though the minimum duration for calling for bids is 21 days as given in the Procurement Guideline Manual, steps have been taken to reduce this duration as several passenger shelters were to be built for long distance passenger service for the Deyata Kirula Exhibition 2013.
- (v) It was recorded to pay attention to the matter mentioned in the query in future contracts.

3. Financial Review

3.1 Financial Results

The profit generated by operations carried out by the National Transport Commission for the year ending on 31st December 2013 is Rs. 163,772,129 according to the financial statements of the National Transport Commission produced to the Audit. The above profit is gained by deducting the institutional, legal, advertising, depletion and other expenses mentioned in the query.

3.2 Legal issues raised by and against the institution

- (a) Outside institutions/ 15 people have filed 15 cases in the courts against the institution regarding timetables, passenger service permits, bus fare amendments, facilities in bus terminals and actions taken regarding bus staff.
- (b) The institution had filed 10 cases against various outside parties regarding engaging in transportation without passenger service permits in the year 2013.

4. Operational Review

4.1 Performance Review

(a) Seriya Service Gemi

services 2 Due to implementing .2013 Gemi Seriya services were in effect in the beginning of 21 the ,services in the Wayamba Province 14 each in the Northern and Southern Provinces and service in the ement of a newThe commenc .2013 by April 39 services were increased to services were cancelled due to the 9 .services 40 saw a total of 2014 Southern Province by July

buses being inactive as confirmed, the lack of support from the Provincial Transport Authorities service was cancelled due to the completion of the logs data and not receiving S.P. by the G and new services were 30 the number of services shrank to, Accordingly, of its duration the number of services by, Therefore, 2013 implemented in the Southern Province on October the, Even though several permits were issued by tender, 31 was 2013 the end of the year was a cause in many services being abandoned before 2013 decrease in the number of services in commencing

,2013 services in the Northern Province during the year 7 Though tenders had been called for details forwarded by the Northern Provincial Authority consisted of only one applicant, only one service was implemented, Therefore

in the North Central Province 2102 Gemi Seriya services in effect by the end of the year 6 The services were cancelled due to being inactive when checked the 3, 2013 in the year 3 declined to, and not receiving the logs, S.P.G

the cancellation of the services that have, Even though new services are implemented annually been verified as inactive and the lack of support from the Provincial Transport Authorities in, maintaining these services have resulted in the decline of commencing new services

(b) Nisi Seriya Service

123 buses were engaged in service by the end of the year 2012. Only 42 new services were implemented due to the lack of funding in the yearly allocations. By the end of the year only 111 services out of the 136 were in effect due to cancelling the inactive services and services that do not run according to the conditions of the National Transport Commission according to the reports produced by the continuous inspections of these services done by the mobile inspectors of the National Transport Commission.

Warning letters have been sent to the relevant depots that it is mandatory that these services should be active in order to maintain these services uninterrupted. Likewise, the SLTB head office also has been informed so every time.

(c) These activities were delayed due to the arising of various problems.

(d) Construction of shelters for long distance passengers

According to the query, it has been mentioned that Rs. 35,000,000 was allocated for constructing 100 shelters for long distance passengers for the above project according to the operational plan. However, only an amount of Rs. 10,000,000 was allocated for this project to construct 35 shelters for long distance passengers according to the operational plan.

Despite calling the tender for constructing 25 shelters, payment was settled only for 13 shelters completed by the bidder. While those 13 passenger shelters are in effect from Benthara Kahambaliyakanda Junction to Katharagama, the Chairman of NTC has suspended the constructions due to the sudden notice issued by the Member of Parliament Namal Rajapaksha to suspend all construction activities during a meeting for development performance review of the Southern Province.

4.2 Management Inefficiencies

(a) Bidding was called for providing 12 road permits for 10 routes by the newspaper advertisement of Tender No. 17. Despite calling for tenders for all routes with the approval of the Board of Directors, only 2 road permits were issued. Only 2 permits were issued due to the lack of bus owners applying to obtain permits for this tender and the absence of qualified applicants among those who did.

(b) Even though tenders were called for 6 routes with the approval of the Board of Directors, only 4 road permits were issued due to the lack of bus owners applying to obtain permits according to the assigned prices.

(c) In issuing the passenger permits for the Colombo-Kuchchaveli route the road permit was given to the second bidder as the first bidder did not take on the permit. However, as the second bidder refused to pay the price of the first bidder, that problem had to be presented to the Board of Directors for two meetings. Thus obtaining the approval was delayed as the meeting of the Board of Directors is conducted just once a month.

Steps have been taken to hold a bidder's bond in calling for bids in order to prevent such delays in the future. Likewise, steps have also been taken to blacklist the names of the bidders who do not come forward to receive the road permits.

(d) The 1500 bicycles purchased in March 2013 were ones that were to be purchased in the year 2012. Accordingly, the procurement began on October 2012 and while 3 suppliers came forward, as the supplier that submitted the lowest price did not meet the conditions given in the tender, the 1500 bicycles were purchased from the institutions that met the relevant criteria. Due to the demand for bicycles increased suddenly, an addition of 750 bicycles were purchased by reordering from the same supplier and purchased a total of 2250 bicycles.

The bidders were informed regarding the shortcomings that occurred in the distribution of bicycles from a particular supplier and it has been recorded to blacklist the relevant suppliers that engaged in such delays.

Likewise, the payments for the bicycles purchased will be made only after receiving the verification letters by the officers on site verifying that the relevant bicycles were received correctly and without shortcomings,

and they were inventoried in separate inventory books from the year 2014 and inspected for bicycle specifications.

The students will be chosen according to the criteria of the bicycles and they will be issued an application for obtaining bicycles before granting it. The application requires the information of the student, the certification by his/her parents, class teacher and principal and also his/her signature that would verify that the student had received the bicycle.

Likewise, during the bicycle presenting ceremony, the student will be presented with the bicycle after he/she produces the application, and as it is an unmanageable and tough task to get the signature of the child on a separate register during the ceremony, the verification process will be done through contacting the telephone numbers mentioned in the application forms obtained by the students and through their principals. However, from the year 2014 onwards the signatures were obtained from the students.

4.3 Controversial Transactions

- (a) The approval has been obtained from the Board of Directors to issue the two permits issued in the year 2013 inquired by the Audit Query.
- (b) The profit generated from the operations of the National Transport Commission for the year ending on 31st December 2013 is Rs. 163,772,129 according to the financial statements of the National Transport Commission submitted to the Audit.

Accordingly, I kindly inform that the bonus payments for the staff of the National Transport Commission were paid based on the profit generated from the operations as mentioned above.

4.4 Uneconomical Transactions

Even though advertisements were placed in newspapers on 6th August 2013 in order to issue permits for the Kottawa-Mathara Highway route, issuing applications were suspended as it was informed that a Cabinet meeting was to take place in order to formulate a new policy pertaining to the permits for bus transport in the highway.

However, according to the decision taken by the relevant cabinet meeting, the aforementioned permits were issued by October 2014.

4.5 Shortcomings in the Administration of Contracts

- (a) **Construction of the Thalawakale Bus Terminal**

- i) Even though the initial approvals of this project were based on the estimate prepared by the based on the budget all tenders and payments were ,Thalawakale Municipal Council the estimate prepared ,However .estimate prepared by the State Engineering Corporation .of the document No 105 by the Thalawakale Municipal Council is filed under the page .16/35/CM/DG/NTC
- ii) the initial approvals of Commission for The State Engineering Corporation has obtained .the extra work
- iii) The Consultant institution has informed to delay the installation of electrical and sanitary appliances and the application of the final coat of paint in the Thalawakale Bus Terminal .ion of laying tiles as it was a result of a later proposaluntil the complet

(b)

- i) Though the decision to install timetable displays was taken in September 2011, it took a long time to design the technological specifications for them as a form of technology had to be chosen (Software, LED) to design the timetable displays and as the LED technology was new to the market at that time.

While it was observed that a procurement schedule was not prepared for this purpose, I kindly inform that the relevant officers have been instructed to work according to a procurement schedule in order to efficiently fulfill the procurement activities in forthcoming projects.

- ii) The institution that submitted the lowest prices had completed all specifications except for its experience. Moreover, the difference between the lowest prices and the prices submitted with the experience was Rs. 5,268,130.00. (Rs. 9,039,556.00 – Rs. 3,771,426.00 = Rs. 5,268,130.00)

Furthermore, this amount exceeds the estimated amount. Therefore, I would like to inform that the institution which submitted the lowest price was called to the Commission under the recommendation of the Technology Appraisal Committee, and following a presentation done to the Technology Appraisal Committee and the Chairman of the Procurement Committee and resolving the problems regarding the (Annex 1a), the tender was granted to them with the approval of the Technology Appraisal Committee and the Procurement Committee (Annex iii a, iv a) after obtaining the relevant details in writing (Annex ii a).

- iii) Even though the contract was granted to the relevant supplier to purchase a digital advertising panel on 31/12/2012, the order was cancelled as the relevant institution had not undertaken any initial steps to install the digital advertising panel.

I kindly inform that in accordance with the decision and counsel arrived at the performance review meeting that was held at the Ministry of Private Transport Service on 10/05/2013 with regard to this digital advertising panel, a tender was called for from the Sri Lanka State Trading (General) Corporation Limited which is a trustworthy state institution and as this institution is a state institution with experience in installing digital advertising panels, this tender was granted to the Sri Lanka State Trading (General) Corporation Limited.

- iv) This performance bond expires on 06/04/2013. The relevant bank was informed not to release the performance bond the day before the performance bond expires. I kindly inform that as the bank had refused to change this performance bond into money even though it has been duly informed so, this matter has been directed to the Attorney General's Department in order to obtain legal counsel.

4.6 Staff Administration

Steps are being taken to fill the vacancies in the cadre mentioned in the query as approval has been granted to the new promotions and recruitment procedure of the National Transport Commission by now.

4.7 Resources of the Commission provided to other State Institutions.

- (a) The Sri Lanka Transport Board has reimbursed this Rs. 118,771/- by 16/12/2014.
- (b) A van belonging to the Commission was released to the Ministry of Private Transport Services from 13th June 2013 to 15th July 2013 as per written request of its Honorable Minister in order to inspect the complaints received by the Ministry regarding the buses deployed in the Nuwara Eliya District.

The Honorable Minister's Coordinating Office in Nuwara Eliya had spent Rs. 40,410/- for fuel and lubricant and Rs. 15,960/- as a service charge for this vehicle within that month. The above amount was reimbursed to the Coordinating Office in Nuwara Eliya as the relevant duty was a function of the Commission.

5.2 Budgetary Control

It was observed that the interest revenue had undergone a variance of 1080 percent on seven day call deposits when the budgeted numbers and real numbers were compared as mentioned in the query.

It has been duly noted to focus on making the necessary arrangements to reduce variations in the budgetary provisions and the real balances mentioned in the query in preparing the forthcoming budget.

5.3 Presenting the Annual Reports

The Annual Report 2012 of the National Transport Commission is directed to the Ministry of Private Transport Services on 05.09.2014 in order to obtain the approval of the Cabinet of Ministers.

6. Systems and Controls

It has been noted to direct special attention to the fields referred to in the audit query.