National Transport Commission (NTC)

Address

241,Park Road,

Colombo 05.

Website

www.ntc.gov.lk

E-mail

info@ntc.gov.lk

Hotline

1955

NTC/PL/ Annual Report / 2016 10.11.2017

Hon. Minister of Transport and Civil Aviation,
Ministry of Transport and Civil Aviation,
D.R. WijewardaneMawatha,
Colombo 10.

Annual Report - 2016

In terms of Section 14 (2) of the Finance Act No. 38 of 1971, and chapter 05 and 06 of the Public Enterprises Guidelines for Good Governance, the National Transport Commission has the honor to forward herewith the Performance Review, the Annual Report Financial Statement and Auditor General's Report of the National Transport Commission for the year ending 31st December 2016.

Engineer M.A.P. Hemachandra,
Chairman,
National Transport Commission.

Contents

Executive Members of the Commission

2016 January to 2016 April

1.	Eng. M.A.P. Hemachandra	- Chairman
2.	Prof. Amal S. Kumarage	- Member
3.	Mr. W.W. Harrison	- Member (ex officio)
4.	Mr. Anada Wijayaratne	- Member (ex officio)
5.	Mr. A.M. Asanga Dayaratne	- Member (ex officio)
6.	Lecturer Jayasiri Karunanayake	- Member
7.	Dr. M.H.M. Uditha prabash Herath	- Member
8.	Attorney at Law Dhanushka Weligama	- Member

2016 April to 2016 July

1.	Eng. M.A.P. Hemachandra	- Chairman
2.	Prof. Amal S. Kumarage	- Member
3.	Mr. A.M.R.J.K. Jayasinghe	- Member (ex officio)
4.	Mr. Anada Wijayaratne	- Member (ex officio)
5.	Mr. A.M. Asanga Dayaratne	- Member (ex officio)
6.	Lecturer Jayasiri Karunanayake	- Member
7.	Dr. M.H.M. Uditha prabash Herath	- Member
8.	Attorney at Law Dhanushka Weligama	- Member

2015 Augustl to 2015 September

1.	Eng. M.A.P. Hemachandra	- Chairman
2.	Attorney at Law Dhanushka Weligama	- Member
3.	Mr. A.M.R.J.K. Jayasinghe	- Member (ex officio)
4.	Mr. Anada Wijayaratne	- Member (ex officio)
5.	Mr. A.M. Asanga Dayaratne	- Member (ex officio)

2015 October to 2015 December

2016 January to 2016 April

1.	Eng. M.A.P. Hemachandra	- Chairman
2.	Prof. J.M.S.J. Bandara	- Member
3.	Mr. Anada Wijayaratne	- Member (ex officio)
4.	Mr. A.M.R.J.K. Jayasinghe	- Member (ex officio)
5.	Mr. A.M. Asanga Dayaratne	- Member (ex officio)
6.	Lecturer Deemantha De Silva	- Member
7.	Chartered Eng. S.P.W. Jayasiriwardane	- Member
8.	Attorney at Law Dhanushka Weligama	- Member

Staff Meetings

The number of meetings held by the Board of Directors during the year 2016 was 12.

The number Audit and Management meetings held during the year 2016 was 04.

Message from the Chairman

The National Transport Commission established under the National Transport Commission act number 37 of 1991 is responsible in formalization of the transportation needs of the country in national level compiling statutory functions needed for the public passenger transportation bus services.

As a whole in the process of leading a country towards development, the role entrusted to transportation is remarkable. Hence, economic development and social betterment are tremendously influenced by proper management in the transportation networks.

The transport needs of the majority of Sri Lankans are fulfilled by public passenger transport buses. Therefore, the National Transport Commission has implemented many projects in 2016 with the aim of providing relevant services.

In addition to the bus services that are implemented with the aim of social welfare such as “Sisu Seriya”, “Gami Seriya” and “Nisi Seriya” projects that are specific among the others, there are many other projects implemented for the benefit of the entire bus passenger transportation sector. “Sisu Seriya” bus service project on behalf of school children with the aim of providing facilities for the school children to attend school on time devoid of any mental or physical inconvenience and return home safely, “Gami Seriya” bus service project with the aim of providing daily transportation facilities of the people living in remote areas that are without transportation facilities, and “Nisi Seriya” bus service project as a remedial measure for the shortage of bus services in the nights and early mornings are implemented.

A project for preparation of scientific and combined rotational timetables is implemented in order to improve the quality of the public passenger transport services by providing trustworthy, safe and comfortable public transport services to all of the public passengers in Sri Lanka on time and in a way that all the bus service operators get equal opportunity.

In the year 2016 under the project on road safety, programmes with the aim of minimizing road accidents were conducted among school children, bus owners, bus service operators and passengers and it made possible to check vehicle remotely and monitor the buses instantly by using GPS technology.

Further, the annual publication “Transport Statistic Report” was published in this year too, by collecting all the data relevant to the transportation sector and highlighting the ways in finding solutions to the issues that emerge in the transportation sector, policy formulation, drafting of new plans and for the benefit of the people who are engaged in studies.

In addition, A project is also being successfully carried on by constructing bus terminals with modern facilities in many different areas that are populated in the country with the aims of increasing the quality of the public passenger transportation services and attracting the people using the private transport modes towards public transport services. Accordingly, the second phase of the new bus terminal with modern facilities built in Vavuniya town which was started in 2015 has been completed by December 2016 and it is planned to be vested on the public in January 2017. In addition, construction of new bus terminals which was started in 2015 in Medagama and Kinniya has also been completed. The Cabinet has also approved the proposal of constructing bus terminals in Madirigiriya and Hingurakgoda which are main cities of North Central province, in Jaffna city which is the most populated city of the Northern Province and in Kilinochchi city where a large population lives in. Their initial planning process was completed by the end of December 2016.

The officials of the institution who are serving in different fields were provided with local and foreign training programmes in the relevant fields covering theoretical and practical aspects.

I would like to extend my heartfelt gratitude to those who supported in order to provide a qualitative, safe and comfortable public passenger transport service for the general public of Sri Lanka, Hon. Minister and Deputy Minister of Transport and Civil Aviation, the Secretary of the Ministry and all his officials, the board of the Directors and the entire staff of the National Transport Commission, the bus operators and their staff, the officers of Sri Lanka Police who are ready to support always and all the officers in the departments and institutions related to transportation.

Engineer M.A.P. Hemachandra

Chairman,

National Transport Commission.

Overview

Our Vision...

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

Our Mission ...

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

Our Goals/ Objectives

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

Composition of the Commission

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

The approved cadre of the Commission was 198 employees whereas the number of permanent staff was 167 by the end of the year 2016.

No. of Employees of the National Transport Commission by 31.12.2016

Employee Category	Approved Cadre	Staff engaged in service
PL - 1	29	22
PL - 3	13	17
MA- 1.1	75	57
MA- 2.1	03	00
MA- 4	36	36
JM - 1.1	20	18
MM - 1.1	17	13
HM - 1.1	04	03
HM- 2.1	01	01
Total	198	167

Source - Administrative Department, NTC

Performance of the year 2016

1. Provision of Bus Services prioritized on Social Welfare

The main role of the National Transport Commission is to ensure the smooth running of the passenger transport needs of the country by providing statutory functions for transportation out of the immense functions assigned to transport.

Accordingly, the National Transport Commission has started several varieties of transportation service projects, island wide to meet the ambitious contribution to transport needs of the Sri Lankan public.

The Sisu Seriya school bus service reserved for school students, Gemi Seriya service to meet the transport needs of rural society and Nisi Seriya service for regularly maintaining the night bus service are identified and implemented. These three services were launched under the basis of providing financial aid for the bus operators. These services are procured from bus operators from both the state and private sectors.

1.1 School Bus Service Project 'Sisu Seriya'

"Sisu Seriya" School Bus Service

There is a gradual increasing tendency in the number of students attending popular urban schools from rural villages and as there is no formal method to meet their needs in transport had become a huge issue in the major cities during mornings and afternoons. The roads surrounding the cities are constantly congested due to the motor vehicles and the big and small vans those are transporting these school children is a main issue. In addition, many parents are inclined to send their children to school in private transport vehicles with no standards that ensure their safety or comfort by paying an excessive fare. The 'Sisu Seriya' school bus project can be identified as an important and timely action taken by the National Transport Commission to implement a regular bus service exclusively for school students under this circumstance.

The main objective of this project is to facilitate the school children to attend school on time devoid of any mental or physical inconvenience and return home safely under this project. The other objectives of this project are to provide relief to the parents economically through concessionary fares and to minimize harassments of children through reliability and regularity. The bus services required for this project are procured from both the Sri Lanka Transport Board and the private sector. Since these services are implemented on pre-arranged charges owing to the decrease in the revenue by the National Transport Commission to the operator (bus owner) as a reimbursable for loss in revenue as a concessionary rate of 50% the normal change is levied from students.

The number of Sisu Seriya bus services in operation and providing services for each province by 31.12.2015 are shown in the table below.

Province	No. of Sisu Seriya Bus Services	Payments made for the provision of services (Rs. m)
Western	417	124.20
Northwestern	247	102.06
North Central	138	76.68
Southern	111	26.19
Sabaragamuwa	124	25.47
Uwa	71	22.82
Eastern	112	47.92
Central	46	20.85
Northern	23	7.91
Inter provincial	10	(Included to the respective province)
Total	**1299**	**454.13**

Source -Department of Planning, NTC

High traffic congestion created in the city of Colombo was seen during mornings and afternoons on each school day due to school transport services that were being handled irregularly. Moreover, this had become a huge issue in the major cities throughout the island too, and the roads surrounding the schools were constantly congested due to the absence of standard parking for these vehicles, further aggravating the problem.

While it is mandatory that the buses deployed under the 'Sisu Seriya' project should have a minimum number of 42 seats, it has greatly helped reduce the traffic congestion during mornings and afternoons in the urban areas. Steps will be taken to minimize the run time of many small private vehicles and thereby reducing the fuel consumption and the environmental pollution caused by smoke emitted by the vehicles.

The number of Sisu Seriya bus services increased up to 1299 by the end of the year 2016 and were implemented successfully due to the contributions of the Sri Lanka Transport Board and the Private Sector. This project is greatly appreciated and praised by school teachers, school students and parents and considered a great social service.

The expenditure incurred in this regard during the year 2016 was Rs.454.13 million.

1.2 Rural Bus Services Project - "Gemi Seriya"

“Gemi Seriya” Rural Bus Service

Transportation is one of the most essential aspects of human life. Today, the need for it is even more powerful than ever, as it has become impossible to fulfill daily needs without transportation. The people living in these areas are in dire straits as many day to day needs had to be fulfilled through various city-based institutions through the transportation which is a fundamental part of any development activity in this physical world.

Therefore, although providing adequate transport facilities to the people live in rural areas without proper transport facilities is the responsibility of the relevant provincial authorities, the National Transport Commission has undertaken this task and initiated a rural bus service project in 2005 under the name “Gami Seriya” in order to avoid the isolation of remote areas from cities and to provide reliable and economical transport facilities to people in rural areas.

The number of Gemi Seriya bus services in operation by 31.12.2016 is shown in the table below.

Serial No.	Province	No of Gami Seriya Buses
1	Southern	2
2	Eastern	6
3	Northwestern	2
	Total	**10**

Source – Department of Planning - NTC

Provisions will be granted for a period of only three years by National Transport Commission for Gami Seriya bus services and payments will be suspended at the end of those three years. The condition was imposed since it would be able to come to a level of maintaining the service with the earnings after 3 years. Then the commission will grant the provision utilized for the service to start another Gami Seriya service. Hence, although there are services granted provisions 10 in number by 31st December 2016, a large number of Gami Seriya services introduced by National Transport Commission from the beginning to now have become popular bus services.

The expenditure incurred during 2016 for this cause was Rs. 3.72 million.

1.3 Night Bus Service - “Nisi Seriya"

The supply of public bus services during night time is at a very low level in many other routes except the main routes in Sri Lanka. Many people who contribute their labour by daily travelling to the city from remote villages leave their homes at the crack of dawn and return at night time. However, their fortitude is weakened due to the lack of transport services when required as it has become one of their basic needs. Therefore, the National Transport Commission implemented the ‘Nisi Seriya’ project with due consideration towards the hardships faced by such public.

“Nisi Seriya” Night Bus Service

The main objective of this project is to provide the passengers with reliable and secure public transport facilities in order to fulfill their requirements by deploying public bus services for last (late night) shift and first (early morning) shift. The number of Nisi Seriya bus services in operation by 31.12.2016 is shown in the table below.

Province	No. of services
Western	52
Southern	26
Uwa	7
Central	20
North Central	11
Northwestern	12
Sabaragamuwa	3
Eastern	3
Total	134

Source – Department of Planning - NTC

Various issues have arisen in the implementation of the “Nisi Seriya” project in rural areas and especially it is really a difficult task to inspect the buses during midnight and early morning. However, the officers of the National Transport Commission have been deployed for this purpose and they carry out with dedication to keep track of it by checking the buses from time to time.

The expenditure incurred by this project during the year 2016 was Rs. 9.82 million.

2. Preparation and Revision of Timetables

The main objectives of this project are 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 their business stability and minimizing the unhealthy competition between the bus operators of the public and private sectors. In addition, other anticipated objectives of this project include maximizing (average utility of vehicle) the average number of kilometers run by each bus per day, minimizing environmental pollution and maintaining the bus supply to meet the passengers demand.

Success of this project is affected by the lack of contribution of the Sri Lanka Transport Board in preparing combined timetables for the SLTB and private buses and the lack of public bus terminals to implement the combined timetables. Therefore, the National Transport Commission has decided to prepare rotational timetable for private buses only until the SLTB agrees to operate the buses according to a combined timetable.

The rotational timetables have been prepared and implemented for 236 inter provincial bus routes and 1705 buses by 31st December 2016.

The expenditure incurred by 31.12.2016 in this regard is Rs. 2.02 million.

3. Registration and Training of Bus Crew

This project was initiated with the objective of providing a praiseworthy service by the drivers and conductors who engaged in the inter-provincial public transport private bus services, winning the trust and respect of the passengers traveling within their buses. It is expected to integrate the positive attitudes of the society out of the misconceptions of society regarding their behavior and actions in the buses. Furthermore, special training programmes are conducted to improve the service to the professional level and the level of discipline of drivers and conductors employed in interprovincial buses under this project. These training programmes are conducted by recruiting learned lectures of the island, and the bus drivers/ conductors who successfully complete these training programmes are also issued identity cards under this project.


A group of bus crews participated in a training programme

However, it has become a major challenge to get proper result, as the most of the staff recruited by the bus owners into this sector are engaged in bus service according to their will, with no assurances of qualification nor any other standards and the trained staff entered in this field are not staying in the relevant profession.

The number of bus drivers and the bus conductors participated in training programmes monthly in the year, 2016 is shown in the table below.

Month	trained first time		retrained crews	
	Bus Drivers	Bus Conductors	Bus Drivers	Bus Conductors
January	67	47	9	11
February	40	133	-	-
March	72	57	10	9
April	77	49	6	12
May	60	-	6	15
June	65	53	7	16
July	58	37	12	16
August	3	49	23	31
September	82	50	4	2
October	101	56	-	-
November		54	30	29
December	83	50	26	37
Total	708	635	133	178

Source- Department of Quality Assurances, NTC

Training programmes for 1654 crews including 841 bus drivers and 813 bus conductors have been conducted and identity cards were issued by the end of 2016. In addition, all trained bus drivers and bus conductors first time were awarded uniforms.

24 training programmes were conducted for bus drivers/ conductors by 31st December 2016 and the accumulated expenditure was Rs. 2.36 million.

4. 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 at 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 from passengers who travelled in the same route but in SLTB, private and 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 bus route in a valley as 2 km and a route in a mountainous terrain as 1.7 km. 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 Northwestern Provinces were rectified and standardized fare schedules were 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 400 inter provincial bus routes, 780 bus routes in the Western province, 783 bus routes in the Central province, 388 bus routes in the Southern province, 366 bus routes in the Northwestern province. 574 bus routes in the Sabaragamuwa province and 480 bus routes in the Uva Province by the end of the year 2015.

This project incurred an expenditure of Rs. 0.02 million by 31st December 2016.

5. Awareness Programmes on Road Safety

Students participated in the workshop on Road Safety

At the art competition

It is likely that the drivers of negligent driving and the use of pedestrians in the course of day-to-day traffic accidents have become one of the most common causes of road accidents in our country. In order to reduce road accidents, both these parties should be made aware on the value of the human lives lost and properties damaged and actions should be taken to develop attitudes. Even though the present situation is as such, the National Transport Commission, which has understood the pathetic situation to be faced in the future, has initiated this project with the prime objective to concentrate on the school children, the core of the population that will step into the general population. It is intended by this mainly to safeguard the student community from restlessness and indiscipline behaviors and train them to use the roads sensibly.

Accordingly, a special programme has been implemented for school students in all schools throughout the island who engage in traffic control. It is expected to provide the students engaging in traffic control with broader knowledge on road safety and spread awareness among rest of the school students through them.

While 06 workshops on awareness on road safety were conducted in Gampaha, Kurunegala, Minuwangoda, Homagama, Badulla and Anuradhapura zonals, an art competition was conducted among the school children in the schools of North Central province and certificates and prizes were awarded to the winners under sponsorship of Wijaya Newspapers Company. About 3750 students from 150 schools participated in these training programmes.

The expenditure incurred in this regard was Rs. 1.84 million during the year 2016.

6. Reconstructions for Private Bus Service

6.1 Construction of Bus Terminals

It is very clear when comparing the data of last few years on the sectoral contribution for each mode of transport that tendency of all the levels of present Sri Lankan community towards the usage of private transport modes is increasing gradually. According to the 'National Transport Statistics' compiled by the National Transport Commission, according to the 'vehicle growth rate' report, the growth rate of three-wheelers has shown a rapid growth in the last 15 years, while the low growth rate for buses. Thus, it indicates clearly that the sectoral contribution of public transport service is decreasing while the sectoral contribution of the private transport modes is increasing. As a result of this, the National Transport Commission has the challenge of attracting the majority of people who are susceptible by their physical and mental stress leading to loss in their productivity effect in the development due to the traffic congestion caused in suburbs roads towards the public transport service anyway.

The National Transport Commission has launched number of projects to meet this challenge. A program to develop infrastructure facilities has been implemented as a massive step to improve the quality of public transport services. Accordingly, constructing the new passenger terminals with modern facilities in the various places in the country was carried out to suit every stratum of the society. The bus terminals were built with a breathtaking environment, beautiful and modern facilities for the passengers and appropriate for the region.

6.1.1 Constructing the Vavuniya Bus Terminal

Vavuniya New Bus Terminal to be vested in public

Vavuniya new bus terminal constructed attractively in the 3 acres of land allocated by the Department of Agricultural Research, its construction was started on 31st January 2014 and has been completed by now. This building complex was constructed according to the plan prepared by the State Engineering Corporation and the construction was carried out in two phases. This bus terminal has 02 buildings with total area of 800 square meters and 1100 square meters and the inside and the outside the premises of the buildings have been created attractively and economically according to a design with striking features. The terminal would also consist of inter provincial and provincial offices, 2 canteens to have various meals and drinks, rest rooms for the passengers, sanitary facilities and the facilities for the disabled. In addition, it has the capacity of parking 34 buses at once consisting of 13 inter provincial buses and 21 intra provincial buses.

The accumulated expenditure of this project was Rs 62.2 million by 31.12.2016.

6.1.2 Construction of Kinniya Bus stand

Construction of Kinniya New Bus Terminal is being completed

The construction of new bus terminal in a land area of 225 square meters belonging to the Kinniya Urban Council in the Eastern Province has commenced in 2015 under the project of developing infrastructure for long distance services by the National Transport Commission. The first phase of the construction of this bus terminal which was designed according to the plan prepared by the State Engineering Corporation has been completed by the end of 2016.

This bus terminal with a space available to park 04 buses simultaneously has been constructed by the National Transport Commission with the provisions of the Treasury. Since this area has a high temperature climate, this bus terminal offers a great service for the students studying in neighbouring schools around the city and the passengers coming to the city daily to get safe transportation facilities.

In addition it consists of an elegant building, sanitary facilities and breathtaking surroundings that suit for a large number of local and foreign tourists who travel daily to visit the places of tourist attraction in the area around Kinniya.

The total expenditure incurred for this bus terminal construction project was Rs 6.5 million.

7. Internal Information Technology System

National Transport Commission carries out tasks for providing the reliable, safety and quality of public passenger service to the passengers in terms of National Transport Commission Act. Various projects were introduced to perform these works and the data pertaining to each of the project is being maintained separately. Since the data pertaining to each of the project is being maintained separately will make confusion in the official activities and Enterprise Resource Planning System is as a total solution initiated to design a centralized Computer Data System to improve the productivity of the institution in 2016 and ICTA (Information & Communication Technology Agency of Sri Lanka) is selected as a consultant.

EOI (Expression of Interest) has been called by 31st December 2016.

In addition, it is yet another role of this system is to enter the information to the website of the National Transport Commission on inter-provincial passenger transport services in order to make aware the permit holders and the other parties including the efficient maintenance and maintenance of the office computer network at optimum level. In addition methodologies have been introduced to update the existing information and to facilitate easier access for information through this. Arrangements have been made to develop the website to obtain data regarding bus fares and to facilitate easy access to inter-provincial bus timetables.

The accumulated expenditure of this project was Rs.1.33 million by 31.12.2016.

8. Surveys

The present situation is studied primarily for formulating policies, planning and decision making on important matters related to road passenger service using inter-provincial passenger transport. Data are provided by the Survey Unit on the occasion of carrying out such tasks by 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 public transport in an optimal manner, in order to be just for the two main parties of National Transport Commission viz. the passengers using the public transport services and the bus operators. Mainly, the passenger demands are surveyed and accurate data pertaining to existing passenger demands and supply are provided thereby supplying the necessary information to introduce new bus services, prepare timetables and reduce the problems.

The survey carried out on the roads proposed by Central and Eastern province Road Passenger Transport Authority to implement 'Gami Seriya' bus Service project and the data collected during the year 2016. While the survey of Southern highway and outer circular roads took a special place among the surveys carried out during this year, it was a benchmark for the provision of super luxury buses driving through highway to meet the passenger demand.

This Unit has conducted 31 surveys during the year 2016, and the total expenditure incurred for surveys is Rs. 2.25 million.

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

The key objective of this process of using the GPS technology is to ensure productivity and reliability of the public transport sector. Once the special equipment system has been installed in the buses, the information on these buses can be monitored from the office. For this purpose, A specially designed modern control room was constructed (renovating the old building) in the premises of main office of National Transport Commission and opened on 08.08.2016.

New GPS Control Room

For the first time, the technology by the National Transport Commission to regulate inter-provincial buses, by now this technical equipment has been installed in 2085 buses.

The National Transport Commission has taken steps successfully to regulate inter-provincial buses using GPS technology and other technical means for the first time as a use of IT to public transport services to establish a quality and safe public transport service based on the resolution of challenging issues that arose in public transport services.

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

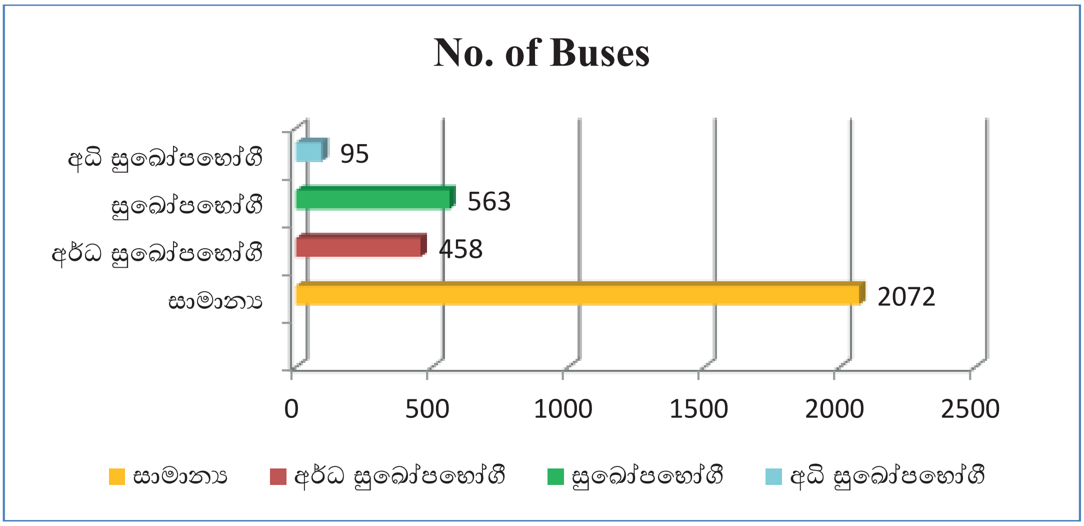
The accumulated expenditure for was Rs.3.68 millionduring the year 2016.

10. Physical Checking of Buses and Issuing Passenger Service Permits

The main mode of passenger transport services utilized by Sri Lankans is the buses that are engaged in transport services. The National Transport Commission carries out issuing the passenger transport service permits, providing necessary provisions to maintain Inter-provincial Private Bus service at optimum level and regulating the matters pertaining to the passenger transport service.

Inter province private bus services consist of 4 types of services and the number of valid interprovincial passenger service permits issued by the National Transport Commission by 31.12.2016 is indicated in the table below.

Service Category	No. of Buses
Normal	2072
Semi Luxury	458
Luxury	563
Super Luxury	95
Total	3188



Source – Department of Operations and Monitoring Services, NTC

Inter-provincial bus services are long distance bus services that are running in the roads for a long time on one trip. Therefore, the buses used for this purpose should be at a very good level. Because of that the National Transport Commission will focus on the suitability of such buses. In addition, it is expected through this project before issuing the permit, a full inspection will be carried out on the specifications that have to be in accordance with each type of service of the buses with the aim of ensuring a safe and comfortable service to the passengers. Accordingly, a report should be presented after checking the buses physically whether the noise level inside and outside the bus, the foot-boards, the doors, the emergency doors are functioning properly, length, breadth, height and the space between seats are in accordance with the specifications, the cleanliness inside the bus is at optimum level and bell system, head lights and signal lights are functioning properly. It is compulsory to obtain this report for every bus offered to be engaged in passenger transport.

Similarly, the final decision will be taken after considering the contents of the report when issuing the new inter-provincial the passenger service permits and replacing the new buses instead of the buses withdrawn from the operation.

While the issuance of passenger service permits for the buses entering into inter-provincial public passenger transport services is carried out through a tender procedure, confidence and transparency are maintained by following the same procedure in carrying out the relevant work.

Accordingly, the newspaper advertisement was published on 08.08.2010 to issue new passenger service permits through tenders for the new routes identified by surveys and for the routes on which buses are operated with temporary permits via Southern Expressway.

Although the tender was scheduled to be opened on 13.09.2016, the tender was not opened on the due date due to petitions filed in the Supreme Court by several parties. Since that petition is still being prosecuted, it has been unable to issue new passenger permits in the year 2016.

11. Public Complaints

The Public Complaints Investigation Unit carries out the functions of enquiring public complaints regarding violation of rights and problems faced by public using the inter-provincial bus service. The bus crew who were on duty at the time would be called for a fair investigation and solutions for the benefit of the passengers. The passengers can lodge their complaints to the National Transport Commission via hotline (0112595555) with a special code (1955), fax, e-mail and letters or by visiting the Commission 24 hours of the day. Out of those complaints made, complaints reported during the year are shown in the table below by 31st December 2016.

Sub No.	The nature of allegations uncovered by the complaints	No. of Complaints
01	Charging extra fare / Not returning the balance	1198
02	Being discourteous to passengers	1403
03	Collecting passengers in midway points by halting the bus in an unnecessary manner	357
04	Overcrowding the bus surpassing the approved no. of passengers	393
05	Not issuing tickets appropriately	551
06	Reckless driving	568
07	Violations of the assigned timetable	592
08	Not beginning from the assigned place and not travelling upto the destination	351
09	Unfavourable travelling conditions of the bus	141
10	Malfunctions in the air conditioners	159
11	Conflicts between the public transport buses	68
12	Playing cassettes/radio in unbearable volume	99
13	Operating without route permits	79
	Total	5959

Among the above public complaints received by the National Transport Commission, only the complaints relating to interprovincial services are investigated at the Commission and the necessary steps are taken on that regard, and the complaints pertaining to intra-provincial services are referred to the relevant provincial authorities. Complaints relating to SLTB services are directed to the Chairman of Sri Lanka Transport Board.

The total number of complaints received by the Public Complaints Unit was 5959 by the end of the year under review and more than 73% of the complaints viz.4334 was resolved by 31st December 2016.

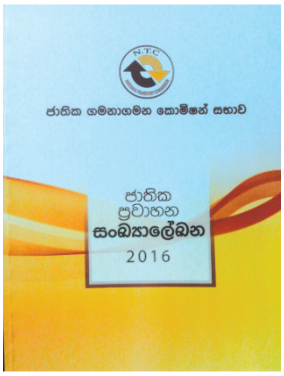
12. Mobile Inspections and Inquiries

Permits are issued for inter-provincial passenger transport in accordance with the authority vested by the National Transport Commission Act No. 37 of 1991 to the National Transport Commission. A series of conditions are imposed for the buses operating under that permit and for employees engaged in those buses by the National Transport Commission and the Mobile Inspection Unit carries out the supervision on adherence to those conditions. If the investigations revealed that the buses which operate in the inter-provincial routes violating the terms and conditions, such buses will be investigated and necessary actions will be taken. Other functions carried out by the Mobile Inspection Unit include aiding in taking judicial measures against buses that operate in the inter-provincial routes without passenger service permits, and thereby contributing towards providing a qualitative passenger transport service.

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 under state patronage.

The Mobile Inspection Unit inspected 12613 buses and 583 buses related to the 'Sisu Seriya' project during the year 2016. Through such inspections conducted, 5596 instances of misconduct have been reported, and investigation on 5529 of those has been completed and also it must be ensured that all investigations are completed at the time of updating the passenger service permit. All inquiries regarding the 'Sisu Seriya' project have been completed.

13. National Transport Statistics Report



The National Transport Commission initiated this project in the year 2010, even though the transportations through the three modes of land, water and air are included under the theme of "transportation", as there was no single place to obtain information on all those sectors. This 'National Transport Statistical Report' is published annually as a printed book in three languages collecting data from the Ministry of Transport and institutions related to transport and analyzing on different aspects by means of the collected data.

This report will be an immense beneficial for the institutions and authorities engaged in making policies and conducting researches on transport and for those who are studying pertaining to transport.

This report is published as an annual report after analyzing on data collected separately for each year from the Ministry of Transport and institutions related to transport. The National Transport Statistic Report-2016 has been prepared by including the information from 01.01.2016 to 31.12.2016.

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 Authority
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 Highways

By the end of December 2016, translations and proofreading of the National Transport Statistics Report are carried out. After the printing, the distribution is carried out to various institutions related to transportation and to public libraries, schools and universities. The expenditure incurred during the year 2016, in this regard was Rs.0.082 million.

14. Staff Training and Development

The effectiveness of the staff of an institution provides a strong platform in improving the quality of the entire process. Therefore, competency of the staff of the institution in various fields will be made by local and foreign training courses. It is expected to create a workforce with knowledge and skills required by the Commission through training and developing the staff of the National Transport Commission. The officers were directed to local training programmes in the fields of Resource Management, Salary Revision, Automobile Courses, State Procurement Procedure, Energy Management, E Government & Office Management, Personal Files, although it was not possible to direct the employees to foreign training during the year 2016. Accordingly, 14 officers were directed to local training programmes.

Even though Rs.5.0 million was allocated for foreign training under ‘staff training and development’ in 2016, that amount was not spent and a sum of Rs. 95,050.00 was spent for local training.

ANNUAL ACCOUNT

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2016	2015
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	434,364,750.80	450,205,036.53
Library Books		987,114.03	902,114.03
Total Non-Current Assets		**435,351,864.83**	**451,107,150.56**
Current Assets			
Receivables, Deposits and Advances	5	2,603,621.76	2,095,869.16
Staff Receivables	6	16,277,975.00	15,422,347.00
Investment in Term Deposits	7	29,239,785.60	22,902,607.10
Investment in Treasury Bills	8	10,516,719.00	9,877,650.00
Interest Receivable		27,940,294.23	15,288,209.94
Cash and Cash Equivalents	9	549,465,785.81	471,657,190.07
Total Current Assets		**636,044,181.40**	**537,243,873.27**
TOTAL ASSETS		**1,071,396,046.23**	**988,351,023.83**
LIABILITIES			
Non-Current Liabilities			
Government Grants	10	351,987,670.29	363,852,209.06
Retirement Benefits Obligation	11	34,530,968.33	36,963,484.12
Total Non-Current Liabilities		**386,518,638.62**	**400,815,693.18**
Current Liabilities			
Payables	12	45,478,101.64	100,423,962.39
Refundable Tender Deposits		61,559,304.00	34,227,804.00
Provision & Accrued Expenses	13	28,261,681.21	93,494,990.54
Total Current Liabilities		**135,299,086.85**	**228,146,756.93**
Accumulated Surpluses / (Deficits)		**549,578,320.76**	**359,388,573.72**
TOTAL LIABILITIES		**1,071,396,046.23**	**988,351,023.83**

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

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

Chairman **Member of the Commission**

Date : 24.04.2017

Figures in brackets indicate deductions.
Notes to the Financial Statements on Pages 5 to 15 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER

	Note	2016	2015
Revenue			
Revenue	**14**	363,198,667.41	313,389,329.38
Other Income	**15**	69,715,306.67	57,146,700.47
Total		**432,913,974.08**	**370,536,029.85**
Expenses			
Operational Expenses	**16**		
Personnel Emoluments	**16.1**	107,748,371.06	110,088,288.66
Transportation	**16.2**	11,694,934.27	10,541,793.26
Travelling & Subsistence	**16.3**	1,728,540.50	2,680,253.50
Establishment Expenses	**16.4**	29,856,310.52	28,979,910.84
Repairs & Maintenance of Fixed Assets	**16.5**	2,737,858.13	2,287,872.68
Staff Welfare	**16.6**	6,950,107.05	7,267,873.89
Staff Development	**16.7**	810,848.00	381,200.00
Legal & Other Fees	**16.8**	1,147,625.50	1,054,691.50
Information	**16.9**	1,686,041.50	2,069,638.00
Depreciation	**16.10**	43,390,110.15	48,360,800.79
Financial Charges	**16.11**	25,943.31	52,089.92
Other Expenses	**16.12**	471,688.91	295,740.80
Total Operational Expenses		**208,248,378.90**	**214,060,153.84**
Operational Surplus/(Deficit) for the Year		**224,665,595.18**	**156,475,876.01**
Non Operating Revenue	**17**	**(28,417.50)**	**2,259,177.49**
Net Surplus/(Deficit) for the Year		**224,637,177.68**	**158,735,053.50**
Government Grants			
Government Grants For Projects	**18**	**498,348,106.22**	**610,354,965.65**
Special Project Expenses on Government Grants	**19.1**	**(498,348,106.22)**	**(610,354,965.65)**
Special Project Expenses on NTC Funds	**19.2**	**(34,447,430.64)**	**(22,428,980.67)**
Net Surplus/(Deficit) for the Year		**190,189,747.04**	**136,306,072.83**

Figures in brackets indicate deductions.

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

STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated Surpluses/ (Deficits)
Balance as at 01 January 2015	223,082,500.89
Surplus / Deficits for the Year	136,306,072.83
Balance as at 31 December 2015	359,388,573.72
Surplus / Deficits for the Year	190,189,747.04
Balance as at 31 December 2016	549,578,320.76

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER	Note	2016	2015
Cash Flows from Operating Activities			
Surplus/(Deficit) for the Year		190,189,747.04	136,306,072.83
Non Cash Movements			
Depreciation		43,390,110.15	48,360,800.79
Disposal of Assets		28,417.50	(2,259,177.49)
Amortization of Government Grants		(36,562,519.49)	(38,010,220.58)
Gratuity Charge for the Year		3,429,478.21	7,123,856.56
Interest Income		(33,152,787.18)	(19,136,479.89)
Prior Year Adjustment		-	(11,739,604.00)
Operating Surplus/(Deficit) Before Changes in Working Capital		**167,322,446.23**	**120,645,248.22**
Changes in Working Capital			
Receivables, Deposits and Advances		(507,752.60)	3,141,647.98
Staff Receivables		(855,628.00)	1,730,003.00
Interest Receivable		(12,652,084.29)	(9,745,301.19)
Payables		(54,945,860.75)	50,268,809.30
Refundable Tender Deposits		27,331,500.00	1,614,500.00
Provision & Accrued Expenses		(65,233,309.33)	13,754,700.00
Cash Generated from / (used in) Operations		**60,459,311.26**	**181,409,607.31**
Gratuity Paid		(5,861,994.00)	(187,431.00)
Cash Received from Disposal of Assets		213,859.50	2,259,177.49
Net Cash Flow from / (used in) Operating Activities		**54,811,176.76**	**183,481,353.80**
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment		(27,792,101.42)	(4,113,714.51)
Acquisition of Library Books		(85,000.00)	(74,988.00)
Net Investment in Term Deposits Treasury Bills		(6,976,247.50)	(5,310,195.79)
Interest Received		33,152,787.18	19,136,479.89
Net Cash Flow from / (used in) Investing Activities		**(1,700,561.74)**	**9,637,581.59**
Cash Flows from Financing Activities			
Capital Grants Received From Treasury / (Repayment)		24,697,980.72	26,046,241.18
Net Cash Flow from / (used in) Financing Activities		**24,697,980.72**	**26,046,241.18**
Net Changes in Cash and Cash Equivalents During the Year		**77,808,595.74**	**219,165,176.57**
Cash and Cash Equivalents at Beginning of the Year		471,657,190.07	252,492,013.50
Cash and Cash Equivalents at End of the Year	**Note 9**	**549,465,785.81**	**471,657,190.07**

Figures in brackets indicate deductions.
Notes to the Financial Statements on Pages 5 to 15 form an integral part of these Financial Statements.

NATIONAL TRANSPORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 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 166 employees as permanent carder and 0 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 24/04/2017

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

Notes to the Financial Statements Continued

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.

Depreciation has not been provided on Library Books

2.5 Investments in Term Deposits and Treasury Bills

Investments in term deposits and treasury bills are stated at 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

Notes to the Financial Statements Continued

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

(b) Defined benefit plan

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

(c) Short-term employee benefit

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

2.12 Provisions and Contingent Liabilities

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on

Notes to the Financial Statements Continued

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

4 Property, Plant and Equipment

Freehold Assets - Cost

No	Asset Class	Cost				Rate of Depreciation	Depreciation				Net Carrying Values 2016	Net Carrying Values 2015
		Balance as at 01 January 2016	Disposal	Additions during the Year	Balance as at 31 December 2016		Balance as at 01 January 2016	Disposal	Charge for the Year	Balance as at 31 December 2016		
1	Land	245,000,000.00			245,000,000.00	-	-			-	245,000,000.00	245,000,000.00
2	Building	174,703,730.43			174,703,730.43	5%	34,614,347.65		8,614,771.25	43,229,118.90	131,474,611.53	140,089,382.78
3	Motor Vehicles	73,447,270.00		2,100,000.00	75,547,270.00	20%	53,219,294.63		6,759,254.47	59,978,549.10	15,568,720.90	20,227,975.37
4	Furniture & Fittings	26,448,113.26	615,513.41	6,308,758.75	32,141,358.60	10%	12,186,906.44	373,236.41	2,572,230.58	14,385,900.61	17,755,457.99	14,261,206.82
5	Office Equipment	11,913,670.44	53,550.00	115,290.00	11,975,410.44	20%	10,510,032.35	53,550.00	825,277.56	11,281,759.91	693,650.53	1,403,638.09
6	Miscellaneous Equipment	5,633,056.97		491,805.00	6,124,861.97	20%	2,995,356.97		558,721.54	3,554,078.51	2,570,783.46	2,637,700.00
7	Computers & Printers	39,022,300.55	5,833,474.83	18,776,247.67	51,965,073.39	25%	33,274,603.12	5,833,474.83	3,228,859.11	30,669,987.40	21,295,085.99	5,747,697.43
8	Machinery	1,775,637.00			1,775,637.00	20%	1,766,206.60		2,990.00	1,769,196.60	6,440.40	9,430.40
9	Digital Display Boards	62,415,360.00			62,415,360.00	33.33%	41,587,354.36		20,828,005.64	62,415,360.00	-	20,828,005.64
Total		**640,359,138.65**	**6,502,538.24**	**27,792,101.42**	**661,648,701.83**		**190,154,102.12**	**6,260,261.24**	**43,390,110.15**	**227,283,951.03**	**434,364,750.80**	**450,205,036.53**

Figures in brackets indicate deductions.

Notes to the Financial Statements Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
Receivables, Deposits and Advances			
Receivables	**Note 5.1**	577,500.00	718,200.00
Deposits and Advances	**Note 5.2**	2,026,121.76	1,377,669.16
		2,603,621.76	**2,095,869.16**

5.1 Receivables

	2016	2015
Income Receivable	577,500.00	718,200.00
	577,500.00	**718,200.00**

5.2 Deposits and Advances

	2016	2015
Deposits	146,500.00	276,500.00
Advance for Projects	8,000.00	35,000.00
Advance - NTC	825,257.50	12,000.00
Payment in Advance	1,046,364.26	1,054,169.16
	2,026,121.76	**1,377,669.16**

Staff Receivables

	2016	2015
Distress Loans	15,548,025.00	14,824,647.00
Advances for Cloths	393,200.00	391,200.00
Festival Advances	336,750.00	206,500.00
	16,277,975.00	**15,422,347.00**

Investment in Term Deposits

	2016	2015
Term Deposits	29,239,785.60	22,902,607.10
	29,239,785.60	**22,902,607.10**

The investments in term deposits amounts to Rs.23,867,443.63 (2015- 21,982,607.10) are maintained separately for the gratuity commitments.

Investment in Treasury Bills

	2016	2015
Treasury Bills	10,516,719.00	9,877,650.00
	10,516,719.00	**9,877,650.00**

The investments in term deposits amounts to Rs10,516,719.00 (2015-9,877,650.00) are maintained separately for the gratuity commitments.

		2016	2015
Cash and Cash Equivalents			
Cash in Hand	**Note 9.1**	610,950.00	826,975.00
Cash at Bank	**Note 9.2**	208,030.11	2,781,766.10
Short Tem Deposits	**Note 9.3**	548,646,805.70	468,048,448.97
Cash and Cash Equivalents for the Purpose of Cash Flow Statement		**549,465,785.81**	**471,657,190.07**

9.1 Cash in Hand

	2016	2015
Cash in Hand	535,950.00	751,975.00
Petty Cash Imprested	75,000.00	75,000.00
	610,950.00	**826,975.00**

	2016	2015
9.2 Cash at Bank		
People's Bank - Narahenpita	208,030.11	2,781,766.10
	208,030.11	**2,781,766.10**

	2016	2015
9.3 Short Term Deposits		
Investment in Short Term & Call Deposits	273,500,000.00	468,000,000.00
Investment in REPO	275,000,000.00	-
Savings Account - National Saving Bank	146,805.70	48,448.97
	548,646,805.70	**468,048,448.97**

The saving deposits amounts to Rs.146,805.70(2015-48,448.97) are maintained separately for the gratuity commitments.

	2016	2015
Government Grants		
Balance at 01 January	363,852,209.06	375,816,188.46
Grants Received During the Year	24,697,980.72	26,046,241.18
Amortization of Government Grants	(36,562,519.49)	(38,010,220.58)
Balance at 31 December	**351,987,670.29**	**363,852,209.06**

Land at No.241 Park Road Narahenpita received from the Government of Sri Lanka has been recognized as non-monetary government fund and assets at fair value of the land at the time of granting and amortized the grant in profit or loss over the life time of the building.

	2016	2015
Retirement Benefits Obligation		
Balance at 01 January	36,963,484.12	30,027,058.56
Expenses Recognized for the year	3,429,478.21	7,123,856.56
Payments Made During the year	(5,861,994.00)	(187,431.00)
Balance at 31 December	**34,530,968.33**	**36,963,484.12**

	2016	2015
Payables		
Payable for Bus Owners for Ticket Booking		44,116.00
Hire Purchases	44,293.79	1,083.00
Stamp Fees	12,425.00	11,600.00
Insurance	2,537.00	2,537.00
Payee Tax	9,243.00	30,600.00
Sundry Creditors	351,412.70	41,625.00
Receipts in Advance	44,506,729.96	43,402,126.03
Government Grants For Projects	-	48,598,793.17
Other Payables	551,460.19	8,291,482.19
	45,478,101.64	**100,423,962.39**

		2016	2015
Provision & Accrued Expenses			
Accrued Expenses - Projects	**Note 13.1**	15,232,973.88	79,287,149.85
Accrued Expenses - Recurrent	**Note 13.2**	11,824,881.33	13,054,014.69
Provision For Audit Fees		1,203,826.00	1,153,826.00
		28,261,681.21	**93,494,990.54**

(Expressed in Sri Lankan Rupees)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016	2016	2015
13.1 Accrued Expenses - Projects		
Recurrent		
Contribution of Socially Obligatory Bus Service	14,756,325.00	48,542,636.00
Reform of the Private Bus Industry	151,640.00	19,000.00
Improving Technology Levels of the sector, Developing Infrastructure & Quality of the Bus Service	244,985.00	262,379.00
National Transport Data Collection	-	1,400,881.00
	15,152,950.00	**50,224,896.00**
Capital		
Reform of the Private Bus Industry	-	5,719,941.53
Improving Technology Levels of the sector, Developing Infrastructure & Quality of the Bus Service	-	18,527,354.32
Institutional Capacity Building to Ensure Regulatory Capacity for New Reforms & Infrastructure Development	80,023.88	4,814,958.00
	80,023.88	**29,062,253.85**
	15,232,973.88	**79,287,149.85**

13.2 Accrued Expenses - Recurrent		
Adjustment Allowance	58,712.00	-
Bonus	42,500.00	-
Cleaning Service	2,061,315.38	567,033.13
Communication	196,350.02	381,296.99
Cost of Living Allowance	46,800.00	-
Electricity & Power	1,097,241.02	612,542.60
Employee Welfare	731,500.00	2,368,784.70
Employee Medical Scheme	90,750.04	30,310.90
Encashment of unutilized Medical Leave	4,868,934.45	5,139,897.42
Fuel & Lubricants	300,345.92	191,532.87
Holiday Pay - Executive	-	60,682.00
Legal Fee	32,303.00	77,684.00
Local Travelling	80,572.50	122,412.50
License & Insurance	20,460.00	15,201.33
Maintenance of Building	12,675.00	68,495.00
Maintenance of Computers	21,250.00	-
Maintenance of office equipment	64,477.90	37,011.29
Membership Fee for Professional Bodies	4,000.00	3,500.00
Meals & Refreshment for Meetings		6,000.00

	2,880.00	
Newspapers & Periodicals	11,900.00	9,040.00
Office requisites	495,413.50	549,982.00
Over Time & Holiday - Non Executive	21,196.00	498,048.00
R & M of Motor Vehicle	879,365.45	132,757.14
Salaries & Wages	118,578.00	6,000.00
Interim Allowance	6,000.00	-
Security Service	284,282.30	2,107,766.66
Staff Training	190,098.00	-
Transport & Hiring Charges	-	2,800.00
Water	55,315.00	45,061.16
Water (Bastian Mw)	7,565.85	-
Stamp for Receipts	22,100.00	20,175.00
	11,824,881.33	**13,054,014.69**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

		2016	2015
14	**Revenue**		
	14.1 Permit Revenue		
	Route Permit Income	522,000.00	4,412,160.00
	Permit Renewal Income	56,732,450.00	20,480,640.00
	Route Tendering Income	252,364,556.64	211,194,494.38
		309,619,006.64	**236,087,294.38**
	14.2 Other Revenue		
	Administrative Revenue	32,880,491.00	43,803,955.00
	Bastian Mw. Lavatory Income	7,507,500.00	6,352,500.00
	Miscellaneous	13,191,669.77	27,145,580.00
		53,579,660.77	**77,302,035.00**
	Total Revenue	**363,198,667.41**	**313,389,329.38**
15	**Other Income**		
	15.1 Interest Income		
	Interest on Deposits	32,538,978.18	18,473,715.89
	Interest on Distress Loan	613,809.00	662,764.00
		33,152,787.18	**19,136,479.89**
	15.2 Others		
	Amortization of Government Grants	36,562,519.49	38,010,220.58
		36,562,519.49	**38,010,220.58**
		69,715,306.67	**57,146,700.47**
16	**Operational Expenses**		
	16.1 Personnel Emoluments		
	Salaries & Wages	62,548,674.45	60,201,285.30
	Cost of Living Allowance	14,775,588.00	14,606,008.44
	Language Allowance	199,189.00	187,215.00
	Employees Provident Fund	11,524,444.03	11,344,443.20
	Employees Trust Fund	2,304,888.20	2,481,075.73
	Holiday Pay - Executive	215,647.50	412,765.00
	Over Time & Holiday Pay - Non Executive	5,418,054.88	6,140,925.00
	Encashment of Un-Utilized Medical Leave	5,191,156.79	5,415,714.43
	Gratuity	3,429,478.21	7,123,856.56
	Bonus	2,141,250.00	2,175,000.00
		107,748,371.06	**110,088,288.66**
	16.2 Transportation		
	Repair & Maintenance of Motor Vehicles	6,114,324.19	4,771,207.57
	Fuel & Lubricants	3,564,211.38	3,779,867.98
	Transport & Hiring Charges	650,863.00	802,330.00
	License & Insurance	1,365,535.70	1,188,387.71
		11,694,934.27	**10,541,793.26**
	16.3 Travelling & Subsistence		
	Foreign Travelling	-	58,760.00
	Local Travelling	1,728,540.50	2,621,493.50
		1,728,540.50	**2,680,253.50**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

	2016	2015
16.4 Establishment Expenses		
Office Requisites (Stationary & Printing)	5,193,355.47	5,246,919.07
Cleaning Service	6,851,148.04	6,299,240.50
Rates	288,288.00	288,288.00
Security Services	5,350,660.28	5,065,029.45
Electricity & Power	7,970,986.71	7,604,958.22
Water	597,052.58	507,077.49
Board Members' Fees	847,500.00	747,100.00
Meals & Refreshment for Meetings	273,279.81	187,961.00
Insurance-Cash in Transit	53,978.63	37,465.34
Communication	2,430,061.00	2,995,871.77
	29,856,310.52	**28,979,910.84**
16.5 Repairs & Maintenance of Fixed Assets		
Maintenance of Buildings	694,204.01	328,596.89
Maintenance of Office Equipment	1,776,946.55	1,517,202.84
Maintenance of Computer Equipment	266,707.57	442,072.95
	2,737,858.13	**2,287,872.68**
16.6 Staff Welfare		
Employee Medical Scheme	1,924,351.61	1,952,221.84
Employee Welfare	4,694,460.44	4,828,884.14
Uniform	331,295.00	486,767.91
	6,950,107.05	**7,267,873.89**
16.7 Staff Development		
Staff Training	591,348.00	216,200.00
Membership Fee for Professional Bodies	219,500.00	165,000.00
	810,848.00	**381,200.00**
16.8 Legal & Other Fees		
Audit Fees	216,500.00	306,360.00
Legal Fees	931,125.50	748,331.50
	1,147,625.50	**1,054,691.50**
16.9 Information		
Press Notification	1,526,704.00	1,952,978.00
Newspapers and Periodicals	159,337.50	116,660.00
	1,686,041.50	**2,069,638.00**
16.10 Depreciation		
Building	8,614,771.25	8,245,852.84
Motor Vehicles	6,759,254.47	8,417,912.00
Furniture & Fittings	2,572,230.58	2,264,292.95
Office Equipment	825,277.56	1,392,272.53
Miscellaneous Equipment	558,721.54	768,919.71

Computers & Printers	3,228,859.11	6,472,265.88
Machinery	2,990.00	14,970.00
Digital Display Boards	20,828,005.64	20,784,314.88
	43,390,110.15	**48,360,800.79**

16.11 Financial Charges

Bank Charges	25,943.31	52,089.92
	25,943.31	**52,089.92**

Figures in brackets indicates deductions.

Notes to the Financial Statements Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

		2016	2015
	16.12 Other Expenses		
	Miscellaneous expenses	395,113.91	234,565.80
	Stamps for Receipts	76,575.00	61,175.00
		471,688.91	**295,740.80**
17	**Non Operating Revenue**		
	Disposal of Assets	(28,417.50)	2,259,177.49
		(28,417.50)	2,259,177.49
18	**Government Grants For Projects**		
	Government Grants For Projects - Recurrent	428,700,172.30	508,776,507.62
	Government Grants For Projects - Capital	69,647,933.92	101,578,458.03
		498,348,106.22	610,354,965.65
19	**19.1 Special Project Expenses on Government Grants**		
	Recurrent Project Expenses	428,700,172.30	508,776,507.62
	Capital Project Expenses	69,647,933.92	101,578,458.03
		498,348,106.22	**610,354,965.65**
	19.2 Special Project Expenses on NTC Funds		
	Recurrent Project Expenses	26,207,803.56	-
	Capital Project Expenses	8,239,627.08	22,428,980.67
		34,447,430.64	**22,428,980.67**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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

01) Rs.22,428,980.67 was recognized as Government Grant by Crediting Government Grant Account and removing it by debiting Government Grant (Project-Capital) account in 2015.

02) Rs.1,040,068.50 amortized out of the government grant of Rs.21,806,808. as per the LKAS 20 to comply with Report of the Auditor General on the Financial Statements of the National Transport Commission for the year ended 31 December 2015 (2.2.3 (b)) as Rs.21,806,808.94.

03) Rs.18,189,547.43 was recognized as Government Grant by Crediting Government Grant Account and removing it by debiting Government Grant (Project-Capital) account in 2015 as per the LKAS 20 to comply with Report of the Auditor General on the Financial Statements of the National transport Commission for the year ended 31 December 2015 (2.2.3 (c)) as Rs.18,189,547.43

Due to the above adjustments made for Financial Statements year 2015, the Accumulated Surplus/ Deficit has been changed as Rs.359,388,573.72.

The adjustments resulted to reduce the Accumulated Surplus/ Deficit from Rs.398,967,033.32 to Rs.359,388,573.72.

Figures in brackets indicates deductions.
Notes to the Financial Statements

REPORT OF THE AUDITOR GENERAL

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය
எனது இல.
My No. CTP/A/NTC/FA/1/2016/28

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date 13 November 2017

The Chairmen,

National Transport Commission

Report of the Auditor General on the Financial Statements of the National Transport Commission for the year ended 31 December 2016 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971.

The audit of the financial statements of the National Transport Commission for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my 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.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in Paragraph 2.2 of this report.

2. Financial statements

2.1 Opinion

In my opinion, except of the matters described in Paragraph 2.2 of this report the financial statements give a true and fair view of the financial position of the National Transport Commission as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Section Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

(a) As the recurrent projects expenditure of Rs.38,299,494 relating to the year under review incurred on Sisu Seriya, Gamisariya and Nisiseriya had been under accounted, the project expenditure and current liabilities of the year under review had been understated by that amount.

(b) Lavatory system income of Rs.577,500 received in the year under review relating to the previous year had been adjusted to the profit of the year under review and as such the profit had been overstated by that amount.

(c) Out of the revenue of Rs.6,051,650 received from the issue of 5 new road permits in the year under review, a sum of Rs.453,812 had related to the ensuing year but accounted as an income of the year under review and as such the profit had been overstated by that amount.

(d) The bus terminal at Vauniya had been constructed in the land acquired by the Commission for 33 years on long term lease basis. The capital expenditure of Rs.139,458,951 and Rs.46,020,612 incurred during the period 2011 to 2015 and 2016 respectively had been brought to accounts as recurrent expenditure and as such the total assets as at 31 December 2016 had been understated by Rs.185,479,563.

2.2.2 Lack of evidence for audit

A sum of Rs.3,564,211 had been spent as fuel expenses in the year under review for 17 vehicles of the Commission. Particulars of fuel expenses of each motor vehicle relating to a sum of Rs.1,833,295 thereof and the log books and monthly performance summaries for the motor vehicle transferred from the Ministry were not made available for audit.

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

The following non-compliance were observed.

Reference to Laws, Rules, Regulations	Non-compliance
(a) Finance Act No.38 of 1971	
(i) Section 10 (5)	All sums remaining out of the net surplus revenue of a Public Corporation in any year should be paid to the Consolidated Fund. However, even though there were surpluses from Rs.109 million to Rs.190 million from the year 2014 to 2016 in the Commission, any money whatsoever had not been credited to the Consolidated Fund.
(ii) Section 11 of the Act and Section 8.2.2 of Public Enterprises Circular No.PED/12 of 02 June 2003.	Without obtaining the sanction of the Minister of Finance and the approval of the Minister in charge of the subject, a sum of Rs.588,256,504 had been invested in Treasury Bills and Fixed Deposits on the approval of the Director General.

(b)	**Section 47 of the Employees Provident Fund Act No.15 of 1958 and Section 9(2) of the Employees Trust Fund (amendment) Act No.01 of 1985.**	In computing Employees Provident Fund contributions and Employees Trust Fund contributions, interim allowance and adjustment allowance should not be taken into account. Nevertheless, those allowances had been taken into account in computing contributions and as such sums of Rs.3,379,315 and Rs.675,863 had been over paid to the Employees Provident Fund and the Employees Trust Fund respectively.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Commission for the year ended 31 December 2016 had been a surplus of Rs.190,189,747 as compared with the surplus of Rs.136,306,073 for the preceding year, thus an improvement of Rs.53,883,674 in the financial result for the year under review as compared with the preceding year. The increase of road permit tender revenue in the year under review by Rs.41,170,062 had mainly attributed to this improvement.

In analyzing the financial result of the year under review and the preceding 4 years, a deficit was indicated in the year 2013, but a surplus was indicated in each year 2012, 2014, 2015 and 2016. However, in re-adjusting the employees remuneration and depreciation on current assets to the financial results, the favourable contribution of Rs.109,057,130 of the Commission in the year 2012 had become a minus contribution of Rs.80,262,665 in the year 2013. The commission had a favourable contribution of Rs.248,102,525 again in the year 2014 and it had continuously increased up to Rs.341,328,228 in the year 2016.

3.2 Legal events initiated against the Commission or by the Commission

The following observations are made.

(a) Nine court cases had been filed against the Commission by external parties in respect of the cancellation of passenger services permits and the reservation of seats and 5 cases had been filed against the conditions published in the procurement notices in respect of issuing its service permits. Four court cases had also been filed against the Commission by employees.

(b) The Commission had filed 4 court cases against 4 external parties in respect of running buses without a valid passenger services permits in the year under review.

4. Operating Review

4.1 Performance

To instruct the government on the national policy relating to passenger transport and the preparation of a monitoring frame work required to ensure the efficient bus transport system for fulfilling Public Transport requirements is the mission of the Commission. The following observations are made in the achievement of it.

(a) Certain matters relating to passenger transport included in the Transport Policy promulgated by the Commission in the year 2009, should be revised to suite for current situation and action should be taken to advise the government accordingly. However, action had not been taken to give such advice to the Government.

(b) The following targets planned according to the annual action plan could not be completed.

(i) Even though 50 surveys on passenger demand and supply of services had been planned to be conducted during the year under review, only 31 surveys had been conducted by the end of the year under review.

(ii) Even though it was planned to prepare and implement combined bus time tables of 514 Inter Provincial Roads during the year under review, time tables of only 234 roads had been prepared. However, buses had not been run under those time tables in those roots.

(iii) It was planned to set up 250 limited stop sign boards island wide, so that the passenger would be able to identify distant bus stops easily and a provision of Rs.0.5 million had been made thereon. However, no any sign boards had been set up during the year under review.

(iv) According to the action plan, it was planned to build Jaffna Bus terminal in the year 2016 and made a provision of Rs.100 million in order to complete 60 per cent of works but only 3 per cent of the works had been completed. Furthermore, it was planned to build Kilinochchi bus terminal and made a provision of Rs.25 million to complete 80 per cent of works in the year under review, but only the procurement activities had been carried out during the year under review.

(v) Action had been taken to establish a G.P.S Computer Software facility system for the observation of information on buses and passengers from the office of the commission and computers valued at Rs.17,570,635 had been purchased therefor during the year under review. Even though it was planned to fix relevant equipment to 3216 buses under this system to get information, relevant equipment had been installed only in 375 buses. Accordingly, 88 per cent of the anticipated targets could not be achieved.

(c) Tenders had been called for the issue of permits to passenger buses in 13 roads on 09 June 2015 and 93 applicants had applied for all those roads. However, only 5 permits relevant to 5 roads had been issued and the balance permits had not been issued even by 19 May 2017, the date of audit.

4.2 Management Activities

The following observations are made.

(a) Out of the provision of Rs.75,000,000 received by the Commission from the Treasury in the year under review for the upliftment of private bus industry and upliftment of service quality of buses and the development of infrastructure facilities, it was planned to construct Hingurggoda bus terminal and renovation of Batsian Mawatha bus terminal. Nevertheless, without carrying out those works a sum of Rs.43,000,000 had been invested in Treasury Bills and fixed deposits and a sum of Rs.26,106,954 had been returned back to the Treasury at the end of the year.

(b) The manner for charging passenger services permits had not been stated in the National Transport Commission Act and those permits had been issued by charging an annual fee of Rs.3,000 on a decision of the Board of Directors. Those permits are allowed to transfer to another person only on kinship and those permits had been issued under an annual fee of Rs.15,000, but the permits were issued since the year 2010 only under the tender procedure. Accordingly, the permits had been issued under 3 types of fees for the same road and as such the recovery of fees for road permits had a severe imbalance and the attention of the Management had not been paid in this connection. However, out of the total permits of 3277 issued up to 28 May 2017, 70 per cent or 3000 permits had been issued under an annual license fee of Rs.3,000 while 22 per cent of the total permits had been issued on an annual renewal fee of Rs.15,000.

(c) In terms of Section 25(b) of the National Transport Commission Act, passenger services permits should be issued for an enforceable period of not less than 01 year and not more than 3 years. However, during the period from 25 July 2015 to 28 December 2016, temporary passenger services permits had been issued to 65 luxury buses and 2 normal buses in the express way by charging Rs.2,500 per day. Accordingly, the National Transport Commission had deprived of a massive revenue as a result of not issuing passenger services permits based on the minimum bid value selected by calling for tenders.

(d) According to the information made available to audit, the number of root permits to be issued to 30 roads identified by the Commission on which buses required to be used amounted to 141. However, the Commission had failed to issue those permits during the period from the year 2016 up to 28 May 2017, the date of audit and as such an efficient and sufficient passenger transport service, enabling to meet the passenger demand at inter provincial and national road services levels, resulting that the Commission had deprived of the receipt of root permit revenue.

(e) The Commission had installed 7 electronic boards in key points at Bastian Mawatha Colombo, Anuradhapura, Kurunegala, Nuwaraeliya, Kataragama, Ratnapura and Puttalam by incurring an expenditure of Rs.62,415,360 in the year 2013 with the objective of displaying time tables of running buses within the province and inter provinces. However, all those boards had become inoperative since a period of 3 years but the Management had not paid the attention thereon.

(f) Out of the 16 CCTV Cameras installed in June 2014 by incurring an expenditure of Rs.470,250, enabling to observe the activities of the Bastian Mawatha Bus Terminal by the Manager thereof and the Chairmen of the Commission within their offices itself, 14 cameras had been inoperative even by the end of the year under review. Action had not been taken to re-activate that Camera System up to the date of audit on 06 June 2017.

(g) A lavatory system had been set up at Bastian Mawatha, Colombo by the Commission to facilitate sanitary needs of passengers who engage in inter Provincial transportation and an entity had been selected and entered in to an agreement by the Commission in order to recover its charges and maintain, having being cleaned. According to that agreement, a fee of Rs.7 can be charged from a passenger at a time. Contrary to that a fee of Rs.20 had been charged from a passenger without the approval of the Commission but the Management had drawn its attention thereon.

(h) A bus terminal had been constructed in the year 2015 at the Vauniya Town by incurring an expenditure of Rs.166,393,051 as a main bus transit centre in the Northern Province. Even though the construction works thereof had been completed and handed over by the contractor on 15 January 2017, the terminal had not been used even up to 28 September 2017, since that date and allowed to be idle. Nevertheless, a cost of Rs.2,807,541 had been incurred during that period on employees salaries, cleaning charges, electricity and water bills, but the responsible parties had not taken action to utilize the bus terminal.

4.3 Identified Losses

In the publication of tender notices in newspapers in respect of passenger permits on 08 August 2016 under tender No.23 it had to be published 4 times in the newspapers as it had not been correctly prepared and as such the Commission had to incur an additional cost of Rs.417,746.

4.4 Delayed Projects

According to the action plan for the year under review, 4 projects which should have been completed on 31 March 2016, 30 September 2016 and 31 December 2016, the estimated cost of which amounted to Rs.76,524,812 had not been completed even by 18 May 2017.

4.5 Personnel Administration

As compared the approved cadre with the actual cadre as at 31 December 2016 there were 35 vacancies in posts and an excess in 3 posts. Of the vacant posts, 5 posts had been at executive level and recruitment for those posts had not been done even by 29 August 2017. However, duties of such posts had been covered on acting basis. As the post of Director (Finance and Procurement) had fallen vacant it had been a hindrance to the proper delegation of financial authorities and procurement process.

5. Accountability and Good Governance

In terms of Paragraph 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, financial statements for the year under review and the Draft Annual Report should be submitted to audit within 60 days after the closure of the year of accounts. However, the financial statements for the year 2016 had been presented to audit after a delay of 65 days that is 05 May 2017.

5.2 Procurement Plan

Even though, a procurement plan had been prepared by the Commission, a detailed procurement plan and a procurement time table had not been prepared in terms of Paragraph 4.2.1 and 4.2.2 of the Procurement Guidelines.

5.3 Budgetary Control

As variations ranging from 10 per cent to 189.2 per cent were observed in comparing the budgeted income and expenditure with actuals, the Budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

Weaknesses in systems and controls observed in audit had been brought to the attention of the Chairmen of the Commission from time to time. Special attention is needed in respect of the following areas of control.

	Area of System and Control	Observations
(a)	Issue of passenger services permits	Passenger services permits not issued by calling for bids. Issue of permits with delays, non-maintenance of updated registers indicating permit details.
(b)	Procurements	Non- preparation of a detailed Procurement Plan and procuring without following procurement methodology.

(c)	Personal Administration	Non-taking action to recruit employees for vacant positions.
(d)	Financial Control	Non-utilisation of funds received from the Treasury for the relevant purposes.

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

H.M.Gamini Wijesinghe

Auditor General

National Transport Commission

Replies to the Auditor General's report on the Financial Statements for the year ending on 31st December 2016 in terms of Section 14(2)(C) of the Finance Act No 38 of 1971.

2.2.1. Accounting Deficiencies

(a) As it was unable to forward the bills to the accounts branch on Sisu Seriya, Gemi Seriya and Nisi Seriya for the year 2016 due to many practical problems, it was not possible to allocate provisions for these expenses when the financial statements were prepared for the year 2016. It is noted to adjust this when the financial statements for the year 2017 are prepared.

(b) Even though it was unable to forward the bills to the accounts branch when the financial statement for the year 2016 was prepared, allocations could not be made for the payment made for the bill amounting to Rs. 30,080 that was submitted afterwards. It is noted to adjust this when the financial statements for the year 2017 are prepared.

(c) When the income from the Toilet system at the Bastian Mawatha for the year 2015 was accounted, the income of Rs. 577,500.00 for the month of December 2015 was failed to reconcile as an income in the account. It is noted to adjust this when the financial statements for the year 2017 are prepared.

(d) I kindly report that the expenditure on published advertisement on the revision of the bus fares was not recorded as an expenditure on preparation of timetables as stated in the query.

(e) Funds for publishing the advertisement on the revision of the bus fares were allocated from the project on rectifying bus fare anomalies and accordingly the money paid for publication of the advertisement on revision of the bus fares in 2016 was shown under the project on rectifying bus fare anomalies.

(f) As pointed out in the query, the part of the income from the five route permits for the year 2017 is omitted from the income of route permits tender and avoided transferring it to the advance receivable account, and It is noted to adjust this when the financial statements for the year 2017 are prepared.

(g) As stated in the query, furniture worth of Rs. 308,870.00 was acquired in the year of review. Depreciation related to these acquired furniture was deducted and accounted under furniture and equipment depreciation for the year under review, and less depreciation is not accounted for as stated in the query.

(h) As reported in the query, the depreciation value of Rs. 6,059.00 for the computers and accessories were accounted less due to an omission. It is noted to adjust this when the financial statements for the year 2017 are prepared.

(i) As the bills stated in the query were not forwarded to the accounts branch, allocations could not be made for those payments.

2.2.2 Lack of evidence for audit

(a) Vehicles of the Commission

The fuel consumption tests for the vehicles of the National Transport Commission was conducted under the advice and supervision of the Mechanical Engineer of the Sri Lanka Transport Board and by this time the reports are also received. Based on this, action is already taken to maintain details on the fuel usage of each and every vehicle.

In addition, individual files are being maintained for each and every vehicle.

(b) Vehicles acquired from the Ministry

As the odometer of the Jeep GC 0304, which was taken over for value worth of Rs, 2,100,000.00 by the Ministry of Transport and Civil Aviation, was out of order, maintenance of log books was difficult hence maintaining monthly running summaries were also difficult.

Action is taken to call for bids to fix an odometer; therefore, action is taken to maintain log books and monthly running summaries in the future. Until then, this Jeep is utilized only for short distances for the duties of the institution and details of these daily running are recorded in the daily running chart.

(c) Laptop computers

As pointed out in the audit query, 5 laptop computers based on the requirements of the management and based on the purpose of replacement of 3 desktop computers which were expired and unserviceable, 5 desktop computers were purchased during the year under review and request letters together with specifications were submitted to the procurement division.

(d) Route permit charges

It is kindly informed that photocopies of the approvals on determining the route permit charges are submitted herewith. (Annexure from 01 – I to 01 – VII)

2.2.3 Non-compliance with laws, rules, regulations and management decisions

(a) Ministry of Private Transport Services had requested the approval of the Treasury to invest the temporary surplus (A copy of the relevant letter has been produced to the Audit along with the replies for the Query No. RT/B/NTC/SF/2012/22 made by the Auditor General).

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

(b) National Transport Commission does not get allocations from the treasury for wages and recurrent expenditures while for the requirement of working capital, a portion from the surplus income is retained. As the projects implemented by the National Transport Commission are continuing projects, it is necessary to bear the expenses in order to continue the projects until treasury allocations are received and the retained surplus income is utilized for this purpose and it is informed that based on a decision of the Board of Directors made in 2017, Rs. 200 million from the surplus income retained was transferred to the treasury.

(c) It is kindly informed that the correct method of calculating the contributions of Employee's Provident Fund and Employee's Trust Fund of the National Transport Commission is practiced at present as pointed out by the Audit.

4.1 Performance

01. National Transport Commission was taken under the Ministry of Private Transportation after this Ministry was established even though the activities were performed according to the National Transport Policy which was approved in 2009 by the National Transport Commission that was functioning under the Ministry of Transportation. A new National Transport Policy was formulated by the Ministry of Private Transportation and tabled at the Cabinet of Ministers but the decision of the Cabinet of Ministers was to request to do necessary amendments to the National Transport Policy that is in existence from 2009 rather than formulation of a new policy. But, in 2015 the Ministry of Private

Transportation was dissolved and the National Transport Commission was again brought under the Ministry of Transportation and Civil Aviation. Accordingly, action is being taken at present by the National Transport Commission together with the Ministry of Transportation and Civil Aviation to draft a National Transportation Policy and for this purpose several rounds of meetings were held with the organizations related to transportation. Accordingly, it will be possible to formulate the draft of the National Transportation Policy within this year.

The National Transport Commission has continuously published the National Transportation Statistical Report from 2011 to 2016 in addition to the publication of the National Transportation Policy in the year 2009. The changes taken place in the fields related to transportation are statistically shown in this report from the year 2011.

(a) Rs. 23.5 million is allocated to pay for all the services including the 40 services that will newly be expected to implement in this year and the 16 GemiSeriya services that are already in operation from the year 2016.

Reasons for the drop of services to 03 and the remaining of funds:-

- As the payment of subsidies for a service is limited only to three years, once this three year contract period is over, pulling out from the GemiSeriya services or operation as a normal service.
- Pulling out from the GemiSeriya service as the Sri Lanka Transport Board deploys bus services to some difficult routes on which GemiSeriya services are in operation.
- As the buses are facing frequent technical faults due to dilapidation of roads and therefore pulling out of the buses from provision of services due to inability in continuing the services.
- Inauguration of new Gemi Seriya programmes is a result of a lengthy process that needs more time and the inability to complete the process within the year 2016.
- Even though tenders were called, no bids were received for some routes.
- Reduction of number of proposals from the provincial transportation authorities to the Gemi Seriya project.

In addition, all the Provincial Passenger Transport Authorities in the country were requested by letters to submit new proposals performing preliminary actions with the aim of starting new services within the relevant year. Out of the responses received on this, tender was called to issue GemiSeriya service permits to 11 routes in the Central and Eastern Provinces at the beginning selecting these routes from the proposed routes after a survey done.

(b) It was expected to conduct surveys all over the island representing all the provinces in order to expand GemiSeriya services in the year 2016 mainly to implement combined timetables. But, during the year reviewed, it was not possible to implement combined timetables and surveys on new GemiSeriya services were completed only in two provinces.

In addition, a reason for less number of surveys done in the expressways and other long distance bus services was due to shortage of qualified officers from whom human resource inputs could be obtained in the surveys.

(c) Inter provincial timetables were formulated and completed in the year 2012. But due to the strong objection by the Sri Lanka Transport Board, it was not possible to implement these timetables. The timetables so formulated needs to be adjusted to the current requirements of the passengers. Therefore, all the inter-provincial routes are shown as the number of timetables to be formulated in each year.

In the year 2016, only 234 timetables were formulated due to the delays in provision of data to formulate the combined timetables and inactions in implementing the formulated timetables by the Sri Lanka Transport Board.

(d) In the year 2016, it was not possible to complete the fixing of limited stop sign boards but identification of places where these sign boards to be fixed and many other tasks were completed in some routes such as Colombo-Kandy, Colombo-Avissawella, Panadura-Kandy. As there is no final conclusion on the signs to be displayed in the sign board, it was not possible to fix the boards. Secretary to the Ministry of Transportation and Civil Aviation has instructed the Commissioner of Motor Traffic to design these signs and gazette it.

(e) The land proposed for the proposed Jaffna Bus Terminal was changed and the new land proposed for the purpose is not yet settled.

(f) As the survey plans of the proposed lands for Kilinochchi and Medirigiriya bus stands were delayed, relevant procurement activities were also got delayed. Construction works of the Medirigiriya Bus stand is already completed while the construction works of Kilinochchi bus stand is being done.

(g) GPS project was reorganized based on the advises from the General Committee on Public Enterprises and accordingly the fixing of GPS devises and proper maintenance of these are sole responsibilities of the route permit holding bus owners. Accordingly, the National Transport Commission decided to implement this in several steps and as a first step it was informed to relevant permit holders of all the buses running in the expressways, all the super luxury buses and luxury buses running in other roads that it is compulsory to fix GPS equipment and they were also made aware on the need to implement it.

Accordingly, data transmission SIM cards were distributed and as pointed out in the audit query, 438 SIM cards were distributed and these are the number of buses on which the GPS technology is in operation while 2100 stated is the total number of buses on which the technology was fixed. Hence, it can be pointed out that the number of buses on which the GPS technology was malfunctioning was 79%.

As pointed out above, relevant advises are given to the permit holders to educate them to fix equipment and it is implemented with proper monitoring with step by step action taken by now to reactivate the malfunctioning GPS equipment and to fix equipment to buses which have not fixed with these equipment. Actions to reactivate the GPS systems and relevant fixing and installations in all the buses running in the expressways, all the super luxury buses and luxury buses running in other roads are being taken by now. Once the approval is received for the officers required to regulate the buses through GPS system, action will be taken to regulate buses by fixing these equipment in all the buses.

4.2 Management Activities

(a) As stated in the query, only Rs. 5.6 million (5,605,632.94) paid for the bills as the expected bills for the year were not received because the contract was offered in the latter part of the year 2016 (26.10.2016) for the construction of the Medirigiriya bus stand which was included in the capital estimate for the year 2016.

In addition, another reason for the funds remaining was that the expected bills for the final quarter of 2016 in respect to the phase II of Vavuniya bus stand was not received.

The construction of Hingurakgoda bus stand and modernization of Bastian Mawatha were not included in the 2016 estimates of capital expenditures.

But the reasons for not to complete these two activities in the year 2016 are as follow.

It was not possible to complete the procurements in 2016 as the plan prepared by the Urban Development Authority to construct the Hingurakgoda bus stand did not receive necessary approvals hence a new plan had to be developed by the State Engineering Corporation and had to redo all the relevant activities. At present, the construction activities are offered to the contractor and the construction site is handed over to the contractor on 31 August.

Modernization activities were not done as it was expected that the new terminal at Bastian Mawathawill be constructed soon.

As stated in the query, treasury allocation of Rs. 43 million as capital grant for projects was credited to the National Transport Commission account on the 10th September 2016. As these funds are not spent at once and as keeping this money in the current account is non-economical, money was deposited in a short term investment method REPO of the Treasury based on the normal practice of the institution.

The total expenditure on the capital projects by 31.12.2016 was Rs. 72,268,346.67 nd this was from Rs. 75,000,000.00 received as the total capital allocations from the treasury by 31.12.2016. The balance money was returned back to the treasury.

Accordingly, it is kindly informed that by the end of 31 December 2016, Rs. 43 million of funds obtained with the aim of implementing projects are not maintained as sort term investments without spending, as stated in the query.

(b) For the year 2016, the National Transport Commission had estimated a budget of Rs. 600 million for rehabilitation expenditures and the treasury had provided a fund of Rs. 480 million.

When the subsidies are paid to the bus operators for a particular month for the service providers under the Sisu Seriya subsidized schemes they have to submit log sheets to the National Transport Commission office within 60 days from the following month. Accordingly log sheets are received for a period of 02 months. There are more instances where the subsidies are paid even after two months after receiving the log sheets. Accordingly, it is clear that there are instances where the subsidies are paid even 4 months later.

Monthly percentage of days within which services are provided are calculated according to the service agreement conditions and when monthly service provision of 90% is not fulfilled subsidies are not paid and when the monthly service provision is between 90% to 99%, a surcharge is imposed and that amount is deducted from the subsidy paid and payments are done to the bus operators. In addition, it was not possible to pay the total estimated subsidy amounts to the transporters at the end of the financial year due to the reasons such as non submission of the relevant documents appropriately by the transport authorities, non confirmation of the ownership of the buses by the relevant bus operators, submission of documents that are not confirmed as true.

In addition, it has taken more time to start new services in the year 2016 (more than 25 services) as it had taken more than 03 months time to obtain the relevant documents even though the transport commissioners were informed appropriately. Accordingly, the payments for the services that were started from August 2016 to December 2016 were started only after the beginning of the year 2017. It took more time to start the payments, because there are many shortcomings when new services are started, and it is necessary to advise to rectify those and after that it is necessary to monitor whether those services are operated properly and to check regularly employing the mobile inspection officers of the National Transport Commission. When it happens as such, it is difficult to balance the subsidy payment flow at the end of the year.

(c) The annual renewal fee for the passenger transport permits of non tender permits issued prior to 2011 were Rs. 3000/- and the annual renewal fee for the passenger transport permits with the regularization of non tender rights after 2011 were Rs. 15,000/-. Annual renewal fee of for the passenger transport permits of tender permits are Rs. 3000/- and annual tender fee is also charged.

The extension fee charged prior to 2011 for any route was Rs. 3000/-. But, the annual renewal fee is Rs.15,000/- for any route permit service for which the route or service is revised or for the routes for which fees are not charged based on technical value of the route.

Accordingly, a fee of Rs. 3000/- is charged as the annual tender fee and renewal fee for the permits if the passenger transport service permit is adjusted based on the technical value of the permit or if the permit is issued after calling for tenders for the same route due to high demand of passengers.

(d) Fee is calculated based on annual technical value and the amount to be paid per day is calculated and charged from 16.05.2017 for the temporary permits for the expressway according to the director board approval obtained based on the director board paper 26/2017. Therefore, I would like to note that, under this condition there are no losses incurred further.

(e) The commission had taken steps to issue these permits under the tender procedure and tender was called (Under Tender No. 23) to issue 141 permits for 30 routes under the tender method. But, this tender was cancelled due to the court had issued an order as some bus owners filed a case in the court in this regard.

(f) Under the respective matter pointed out in the audit query at the end of the year under review, the electronic information boards were being updated and were being brought to normalization and all the maintenance and the responsibility of operation of these boards were vested on a media institution through proper procurement procedures. By now, 5 electronic information boards are brought to order and information such as relevant time tables and other information are being displayed.

(g) Under the respective matter pointed out in the audit query only three cameras of the respective camera system was functioning while all the other cameras are not in a position to be brought under operation. Therefore, action is being taken by the management to fix a camera system with modern technology and more warranty period covering the whole bus terminal based on the advice received.

(h) On this matter, the owner of the relevant organization (Medha Enterprises) that has entered into an agreement to maintain the Bastian Mawatha public toilet system with the National Transport Commission, based on a cautionary letter sent to the owner of the company in November 2016 he met me, the Chairman of the National Transport Commission, and agreed verbally to act according to the agreement in the future.

But, on 31 March 2017, the National Transport Commission issued a cautionary letter to this organization for violation of the conditions stipulated in the agreement and the relevant organization had sent a response to this letter which was not satisfactory. In addition, the National Transport Commission had sent several cautionary letters to this organization on 2017/05/05 , 2017/06/29 and in the last year. But the Medha Enterprises did not act according to the these letters sent and as the organization did not act according to the agreement, I would like to inform that action is being taken to send a notice to cancel the agreement on 2017.08.10.

(i) On 06 September 2010, an agreement was signed with an organization known Medha Enterprises after tender was called to provide common facilities to the Bastian Mawatha toilet system at the Bus Terminal and maintain it for 6 years.

But, as this toilet system was inconvenient to use by passengers, the commission decided to repair this toilet system temporarily spending about Rs. 1.5 million.

But, as a much better repair is needed compared to a temporary repair, as there is a proposed urban development plan, and as spending a huge sum of money by the commission on the repairs is not appropriate, the bidder has agreed to pay the total amount of Rs. 5.8 million which was estimated for the modernization if the period is extended for a further period of 6 years more than the period specified by the bidder. Further, the bidder has agreed to increase the rental by 10% after completion of the six years. For this, advice and approval were sought from the Secretary to the Ministry of Private Transportation Services and according to the advice and approval, the agreement was extended for a further period of 4 years than the six years (Annexure 02-I and 02-II).

4.4 Identified losses

It is kindly informed that action will be taken to prevent such incidents of paying money for the newspaper advertisements published in two occasions to correct some information published in newspaper advertisements published.

4.5 Delayed Projects

The contractor companies of Medirigiriya, Medagama and Kinniya bus terminals requested an extension of time. Once the recommendation is received from the consulting organization, (state engineering corporation) a decision will be taken in this regard.

The initially proposed land for Kilinochhci was changed and the newly proposed land was received on 10 March 2017 to start the constructions hence according to the contract documents, the work completion date was 10 October 2017.

4.6 Starting a project in property which was not acquired properly

Proposed lands to construct bus stands are provided by the relevant district secretary / divisional secretariat or local government institutes and proposed lands provided are state lands that are related to the town planning. The administration of these bus terminals (except Vavuniya) is carried out by the relevant local government institute and after construction, those are handed over to the relevant local government institute. We have received instructions to record all the assets of such constructions as assets of those institutions when such constructions are handed over and we are implementing these instructions. A copy of the letter of informing this is also forwarded to the Auditor General's department.

As Vavuniya bus terminal is administered by the National Transport Commission that land is provided to the National Transport Commission by the Vavuniya District Secretary on long term lease.

4.7 Personnel Administration

Out of the 32 vacant positions available by 31.12.2016 in the National Transport Commission, 05 are executive level positions. One of the vacant positions is Director Finance and Procurements and the other 04 are transport engineer positions. In order to fill these vacancies, applications were called by publishing a newspaper advertisement and publishing in approved websites. Accordingly, the shortlisted applicants based on the scheme of recruitment were called for interviews. The applicants who were selected to these posts rejected the acceptance of these positions as they were not satisfied with the wages, allowances and other privileges given for these posts.

Therefore, a request was forwarded to the Department of Management Services to revise the qualifications stated in the scheme of recruitment of the Director Finance and Procurement which was vacant for a long period of time. Action will be taken in the future to advertise this post based on the instructions that will be given by the Department of Management Services.

Out of the other 30 vacant posts, 28 are already filled and applications are called to fill the remaining posts. Actions will be taken in the future to fill all the remaining vacant posts.

Out of the 04 excess posts of driver, one driver got a promotion. By now, the excess posts of driver dropped to 03.

5 Accountability and Good Governance

5.1 Submission of financial statements

It has been duly noted to submit the financial statements on time for auditing in the coming year.

5.2 Procurement Plan

(a) According to 4.2.1 of the procurement guideline a master procurement plan was developed for the year 2016 and it was forwarded to the Ministry of Transport and Civil Aviation for necessary approvals.

But, we agree that there were some shortcomings in the actions related to the master procurement plan due to shortage of staff and I kindly inform that actions will be taken to develop the procurement plan for the year 2017 according to the 4.2.1 of the procurement guidelines and to get the approval of the Board.

(b) For this tender, only five applicants had sent their consent. The other applicants had requested to pay the tender fee as installments. As there was no approval received to pay as installments, the other eight applicants rejected this tender.

(c) Based on a written order of the election commissioner more time has taken to offer the tender, as the time period in which the permits are issued for this tender was within an election period.

5.3 Budgetary Control

It is noted to pay attention as stated in the query to minimize the variability between the budgeted and real income expenditure from the next year.

6 Systems and Controls

(a) Issuing of new passenger service permits are carried out by calling tender and if there is no special reasons action is taken to offer these tenders within the stipulated time. In the mean time, to obtain necessary information for the permits, relevant documents are maintained and it is planned to implement a software development (Process Automation System) through which all the necessary information could be obtained through an automated system combining all the activities of the institution. I would like to kindly inform that the information needed could be provided immediately.

(b) Procurement activities

It is kindly informed that special attention will be paid to follow procurement guidelines during procurement activities and to prepare the procurement plan according to the procurement guidelines.

(c) Personnel Administration

Out of the available cadre vacancies, by 30.08.2017 more than 95% were filled, and applications are called to fill the remaining vacancies. Necessary actions will be taken in the future to fill all the remaining vacancies.

(d) Financial Control

It has been noted to pay attention to avoid under utilization of treasury funds in the future.