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ஆண்டு அறிக்கை
ANNUAL REPORT

2011 (English)



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தேசிய போக்குவரத்து ஆணைக்குழு
National Transport Commission

National Transport Commission

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Hon: Minister of Private Transport Services

Ministry of Private Transport Services,

No. 34, Narahenpita Road,

Nawala.

Annual Report - 2011

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 Annual report, performance appraisal report, financial statement and Auditors General Report of the National Transport Commission for the year ending 31st December 2011.

Roshan Gunawardena

Chairman

National Transport Commission

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**Members of the Commission
January 2011 to August 2011**

- | | | |
|----|---|----------|
| 1. | Mr. Shashi Welgama | Chairman |
| 2. | Mr. K Buddhadasa
(Working Director) | Member |
| 3. | Mrs. D.A.Ranawana
(Ministry of Private Transport Services) | Member |
| 4. | Mrs. Sepala Rupasinghe
(Ministry of Finance & Planning) | Member |
| 5. | Mrs. W.G. Chandrika
(Ministry of Finance & Planning) | Member |
| 6. | Mrs. U.L.Jayanthi de Silva | Member |
| 7. | Mrs. K.D.K. Thilakaratne | Member |

September 2011 – December 2011

- | | | |
|----|---|----------|
| 1. | .Mr. Shashi Welgama | Chairman |
| 2. | Mr. K Buddhadasa
(Working Director) | Member |
| 3. | Mr. A. Podiralahamy
(Ministry of Private Transport Services) | Member |
| 4. | Mrs. Sepala Rupasinghe
(Ministry of Finance & Planning) | Member |
| 5. | Mrs. W.G. Chandrika
(Ministry of Finance & Planning) | Member |
| 6. | Mrs. U.L.Jayanthi de Silva | Member |
| 7. | Mr. K.D.K. Tilakaratne | Member |

Message from the Chairman



On behalf of the Board of Directors I have great pleasure in presenting the annual report of the National Transport Commission for the year 2011. In any country transport performs an important function towards the development process, because the development in the field of transport directly affects the economic and social development in the country.

National Transport Commission as the incorporated institution regarding the transport activities in Sri Lanka is engaged in performing its pioneer functions. National Transport Commission was established by parliament Act No. 37th of 1991, while the most important functions of the Commission are to advise the government of Sri Lanka on the National policy for transport of passengers by bus services, to establish a regulatory frame necessary to ensure an efficient and productive passenger transport network for inter-provincial transport and to formulate necessary activities to streamline the transport requirements in the country.

National transport Commission has by now taken action to launch the National Transport Statistical Report having collected information pertaining to transport activities from various state institutions so as to cover a wide scope of functions. In addition the commission deals with processing the policy on relevant bus fares for public transport activities, implementation of combined circular time table system prepared scientifically, vehicle processing system based on global situation (GPS Network) ISO 9001-2008 Quality Management system, automated seat reservation system, distribution of bicycles for school children in rural areas. Furthermore, the commission implements projects on road safety to create awareness among school children, officials engaged in the field of transport, Drivers, Conductors, Bus owners and the General Public.

By now plans are about to commence work on the restaurant project with the objectives of providing facilities for long distance bus passengers and the project for the construction of Bus Terminals with the objective of promoting regional development activities (including Northern and Eastern Provinces)

I would take to intend any sincere and grateful thanks to Hon.C.B. Rathnayake, Minister of Private Transport Services and Mr. Victor Samaraweera , Secretary to the Ministry of Private Transport Services including its staff who intend the continues cooperation to achieve these anticipated targets of the Commission and other state holders, institutions, all private bus owners and the General public providing necessary information and ideas to provide a better transport networks to the nation. In the same way, I would like to intend my sincere and grateful thank to the Board of Directors of the National Transport Commission, Director General ,directors in charge of projects , staff including Heads of units proceeding to achieve the targets of the commission avoided various challenges.

Roshan Gunawardana

Chairman

National Transport Commission.

Overview

Our Vision...

Ensure a quality, cost effective and safe integrated transport system and services that will provide for the socio-economic development across the country and the different mobility requirements of every individual and co-operate citizen of Sri Lanka.

Our Mission...

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

Our Goals/ Objectives

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

Composition of the Commission

The commission consists of three ex-officio members and further five members appointed by the Minister of Private Transport Services on the approval of the cabinet of Ministers. The organizational structure of the commission consists of the chairman , Director General and four other Directors in charge of the Departments of Planning operations and service Monitoring , Quality Assurance and External relations , finance and procurement.

By the end of year 2011, the approved carder of the commission comprised of 190 employees, but the actual number of permanent employees was 147.

Carder of the National Transport Commission as at 31.12.2011.

Employee Segment	Approved Carder	Staff engaged in Service
PL - 1	14	11
PL - 3	13	11
MA- 1.1	65	56
MA- 2.1	01	--
MA- 4	57	47
MA- 5.3	20	08
JM - 1.1	05	03
MM - 1.1	10	07
HM - 1.1	04	03
HM- 2.1	01	01
Total	190	147

Performance of the year 2011

01 Programmes on creating awareness on Road Safety

Increased of road accidents has a great impact on the economy of the country and when analyzing data and statistics it appears that a large number of road accidents are due to the negligence of motorists and pedestrians traveling on roads.



This is also due to several social problems. As a country the time has come for us to take stern action to avoid road accidents. The government has declared 2011-2021 as the decade of road safety on 11th May 2011 while his Excellency the president has emphasized the necessity of minimizing the road accidents.



National Transport Commission as state regulating institutions has taken several steps to reduce road accidents. National Transport Commission has identified creating awareness among road – users as one of

the most important aspects. In this context while in July 2011 programmes on creating awareness on Road Safety was launched for the benefits of officials of government Institutions, drivers and conductors. Under this programme of work during the year 2011 04 workshops were held to create awareness among officials of Ministry of Private Transport Services, National Transport Commission , Sri Lanka Transport Board (SLTB) and Provincial Passenger Transport Authorities

and 07 workshops were conducted to create awareness among employees of SLTB and private buses operating in express highway, passenger service permit holders, and to create awareness among drivers and conductors against whom there are complaints from public.

During the year an expenditure of Rs. 5.5 million had been increased in this regard. Further, in order to minimize road accidents and with regard to road safety, 03 advertisements have been planned to be designed for publicity through electronic media to create awareness among the general public.

02 Contribution for Bus Services on social requirements.

With the objectives of fulfilling the social and economic needs of the people, bus services based on social requirements have been expanded school bus service (Sisu Sariya) Rural Bus Service (Gami Sariya) and Night Bus Services (Nisi Sariya) were initiated and financial assistance provided in order to achieve the objectives referred to above. These services are procured from both state and private sector while these services are being implemented primarily as social services, considering the commercial aspects as secondary.

2.1 School Bus Service Project "Sisu Sariya"

The objective of this project is to provide facilities for school children to attend school in time without any mental or physical inconvenience and return home safely. The other objectives of this project are to minimize traffic congestion,



minimizing the environmental pollution, proving relief to parents economically, minimizing harassments of children through reliability and regularity. In school buses under this project, a concessionary rate of 50% the normal charge is levied from students, while the services are implemented on pre arranged charges owing to the decrease in the revenue.

By the end of the year 2011, 900 school bus services of Sisu Sariya was expected to be implemented at the end of the year 790 school bus services could be implemented successfully. This project is greatly appreciated and praised by school authorities, students, and parents. During the year under review the expenditure incurred in this regard was Rs.178 million.

2.2 Project to Provide Bus Services for Rural and Uneconomical Routes "Gami Sariya"



The objectives of this project is to provide economical and reliable transport facilities to people in developing areas lack of transport facilities to fulfill there daily needs. By the end of year under review 18 Gami Sariya services were implemented viz: 05 services in north central Province 03 services in Wayamba Province and 10 services

in Eastern Province. Expenditure increased during the year in this regard is Rs. 15.1 million.

2.3 Night Bus Service Project - "Nisi Sariya"



The main Objective of this project is to avoid the difficulties faced by passengers due to lack of bus services during night time and early morning and provide them with public transport facilities. In order to monitor these services are

implemented during night time and early morning, services are obtained from state sector and private sector. The number of services operated during the end of the year was Rs.3.3 million

2.4 Distributing Bicycles for School Children



As another step of providing transport facilities for school children in un congenial areas lacking transport facilities, this project is one of the development projects launched by the National Transport Commission which as safe, reliable, economically

profitable and environmental friendly.

This project was introduced as a mode of transport for school children in areas when other transport facilities could not be provided. During this year 500 bicycles were distributed among



500 school girls and boys in the Batticallo district in the Eastern Province.

Expenditure incurred during this year in this regard was Rs.5 million.

3.1 Formation of Bus Companies

Considering the present deteriorating state of the passenger transport services the government has decided to re structure the bus services by converting individual operators as shareholders of limited liability companies and thereby it is expected to operate bus services on a systematic, scientific and productive basis. To suit this re structuring of these bus services, National Transport Commission act No.37 of 1991 and National Transport Commission (Amendment) act No.30 of 1996 are being amended.

The following aspects have been identified as objectives for the establishment of these bus companies.

- Grouping the bus owners and give them necessary instructions to improve the industry and there by provide a safe, reliable and quality service to the general public.
- Reducing road accidents by minimizing the competition.
- Protecting the existing investors in the private bus industry and encouraging further investments.
- Eradicating the irregularities in bus stands.
- Promoting the service conditions of bus crew and their welfare activities.
- Facilitating the general decision taking and administration by holding discussions with representatives of companies regarding matters pertaining to permits.
- Ability to arrive at general solutions pertaining to problems of un authorized operations, excessive passenger loading high speed driving and increasing road accidents and ability to find common solutions for problems arising in operating time tables.

At the end of year 2011 registration 07 companies had been finalized and the following companies were operated successfully. The expenditure increased in this regard was Rs.1.1 million.

1. Wayamba KGN passenger Transport Company limited.
2. Badulla Passenger Transport Company Limited.
3. Matara Passenger Transport Company Limited.
4. Hambanthota Passenger Transport Company Limited.
5. Rathnapura Passenger Transport Company Limited.
6. Rathnapura Passenger Transport Company Limited
7. Kurunegala – Colombo Passenger Transport Limited.

04 Technical level improvements development of infrastructure facilities and improving the quality of the Bus Services

4.1 GPS(Global Positioning System)Based Vehicle Tracking System

National Transport Commission commenced this service with the objective of providing a quality, safe and reliable service to the General Public. Furthermore, through this project it is expected to reduce the operating cost and the time involved while confirming the efficiency and the accuracy of the services. Regulating Inter provincial private buses utilizing the GPS Technology.



During the year 2011, Global Positioning system regulating project was finalized and suitable reliable suppliers were selected. Further, policies and procedures relating to this project has been completed while GPS system has been installed in 150 buses. It is possible to establish a control room for the GPS system during the

ensuring year and introduce and implement this system in respect of all inter provincial buses.

Through this control room it is expected to regulate the buses promptly to provide information regarding complaints from passengers. Expenditure incurred during the year in this regard was Rs. 6.8 million.

4.2 Physical Checking of Buses and Issuing Passenger Service Permits

The objective of this programme of work is to improve the condition of buses engaged in passenger transport services and providing a safe and comfortable service to the passengers, up to the terminal, monitoring the Noise level and other conditions and



introducing necessary criteria for relevant enforcements. Under this project by the end of year 2011 terminal name boards have been fixed in 1080 inter provincial passenger bus services, while quality inspection carried out in 1600 buses. Quality inspection of all luxury buses and super luxury buses has been successful completed. The cost incurred during the year for these activities is Rs. 2.1million.

National Transport Commission has taken action to issue inter provincial passenger service permits following a transparent tender procedure. By the end of year 2011 tenders were called for 33 routes and 47 permits issued accordingly

4.3 Reservation of Seats over the Phone

Reservation of seats for inter provincial passengers over mobile phones commenced in July 2011. Pilot project in this connection was implemented in 18 inter provincial routes and future plans will be designed on the success of the pilot project.

4.4 Bastian Mawatha Bus Terminal Development

During the year 2011 with a view to improve the Bastian Mawatha Bus Terminal 04 rounds of discussions held with the following institutions.

- Ministry of Private Transport Services
- National Transport Commission
- Ministry of Transport
- Sri Lanka Transport Board
- Railway Department
- Colombo Municipal Council
- Road Development Authority
- State Engineering Corporation
- Urban Development Authority
- Western Province Road Passenger Transport Authority
- Moratuwa University

The main objective of the discussions was to construct a Bus Terminal in 12 acres of land, combining 06 acres of present bus terminal including shops along with 06 acres of land allocated for Manning market, and to combine & shift Gunasinghapura present bus stand, Sri Lanka Transport board Bus Stand and Bastian Mawatha present bus terminal to the proposed bus terminal .Urban development authority is taking steps to obtain and alternatives location for manning Market.

4.5 Vavuniya Terminal



Action has been taken to establish an inter Provincial Bus Terminal in Vavuniya with the objective of providing better infrastructure facilities for the public transport network for this purpose a block of land from department of agriculture (Research) has been obtained under

short term leasing system, through the Government agent, Vavuniya. This land had to be developed and therefore an expenditure of Rs. 14.3 million had to be spent for development activities involving earth filling.

4.6 Staff Improving & Development

During the year under review commission made arrangements to provide training to the staff in transport planning, language proficiency , public management and human resource management, procurement development of communication abilities writing business letters, consumer hosting , training on information communication system based on global situation (GPS) strategies to manage traffic congestion , training of trainers , road safety , petrol emission fuel system and common rail diesel fuel system etc. For this purpose contribution of resource personnel obtain from government universities and other recognized training institutes. Further the staff of the National Transport Commission was sent abroad for training on transport activities under various scholarships. During the year under review, 44 officers were given local training while 10 officers participated in foreign training. The total member of officers trained is 54. During the year, a sum of Rs. 0.72 million for local training programmes and Rs.1.1 million for foreign training programmes have been incurred

4.7 Registration and Training of Bus Crew

Special training programme have been launched to improve the service conditions and level of disciplines of drivers and conductors engaged in inter provincial passenger transport services and issuing identity cards for them.

During the year 2011, training programmes were implemented in Northern Province for Tamil medium drivers and conductors, under this programme training programmes were conducted in Jaffna and Vavunia while 171 devices and 164 conductors have been trained. Further, for these programmes , at is proposed to recruit Tamil Medium Instructors. During the year under review the progress achieved in training of bus crew is given in the following table.

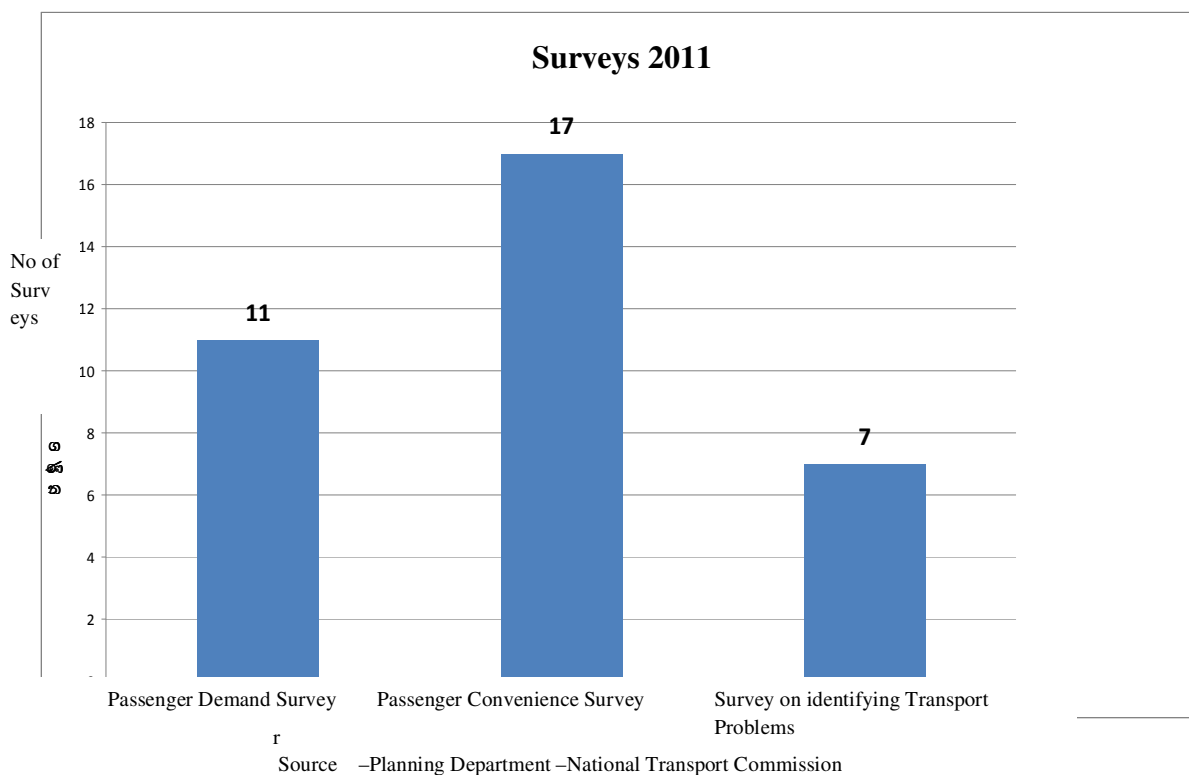
The expenditure inured in this regard during the year is Rs.5.5 million.

Progress of the Bus Crew Training Programme - 2011				
Training Center	Nature of Bus Crew Trained in the Year 2011		Training Programmes Conducted During the year 2011	
	Drivers	Conductors	Drivers	Conductors
Kurunegala	344	370	09	10
Anuradhapura	174	156	04	04
Moratuwa	258	307	07	08
Galle	126	108	03	03
Hambontota	134	113	03	03
Vavuniya	14	32	01	01
Kandy	122	160	03	04
Jaffan	157	132	03	03
Total for the year 2011	1329	1378	33	36
2008-2011 Total Value	5548	6437	149	163

Source- Quality Assurance & External Relations Department

4.8 Surveys

The Main function of the survey unit is to provide necessary data to formulate the policies of the National Transport Commission and provide necessary information for decision making. Role of functions of the National Transport Commission includes passengers using the public transport services and the bus operators are main parties and in order to treat both parties justifiably, it has been a main function of the survey unit to supply the required data to the demand for the public transport and the supply for such demand. for this purpose mainly the passenger demands are monitored and accurate data pertaining to existing passenger demand and supply are provided and thereby provide necessary information to prepare time table pertaining to the inter provincial bus operations , formulations of plans and solving problems to suit the occasion. During the year 2011 this unit has conducted 35 surveys. Information's summary is given below. Total expenditure for surveys incurred during the year 2011 is Rs. 0.6 million.



4.9 Removed of anomalies in Bus fares

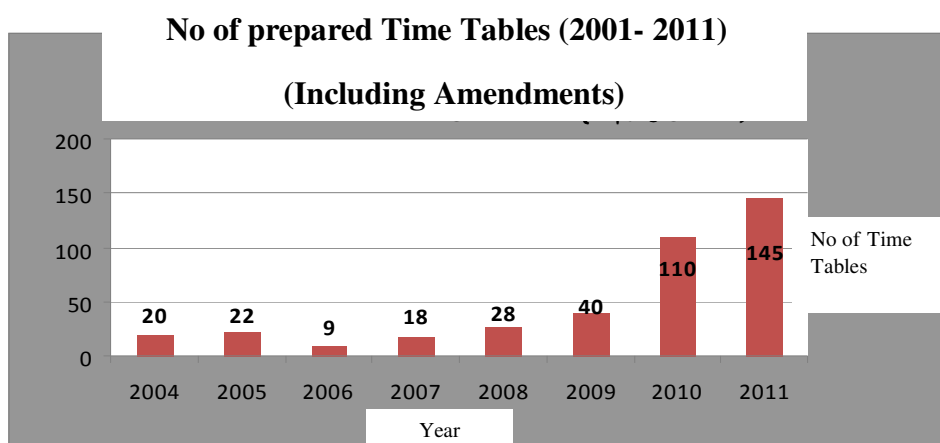
This project was implemented as a result of recommendations relating to bus fare policy approved by the cabinet in the year 2002. According to the policy, it has been recommended to remove the anomalies in the existing bus fare schedule. The main function of this project is to measure up all bus routes and fix the charges according to the recommendations in the Bus fares policy. In the year 2011, Bus fares anomalies in the Wayamba Province have been removed and preparing standardized fare schedules have been finalized progress of the project at the end of year 2011 is shown below. The expenditure incurred during the year is Rs.3 million. It is proposed to commence work remove the anomalies in Eastern and Sabaragamuwa Provinces.

Removed of Bus Fare Anomalies

Province/Inter Provincial	Number of Routes
Central	580
Wayamba	365
Southern	390
Western	780
NTC (Inter Provincial)	400

Source –Planning Department – National Transport commission

4.9 Preparation and Revision of Time Tables



Source – Operation Department – National Transport Commission

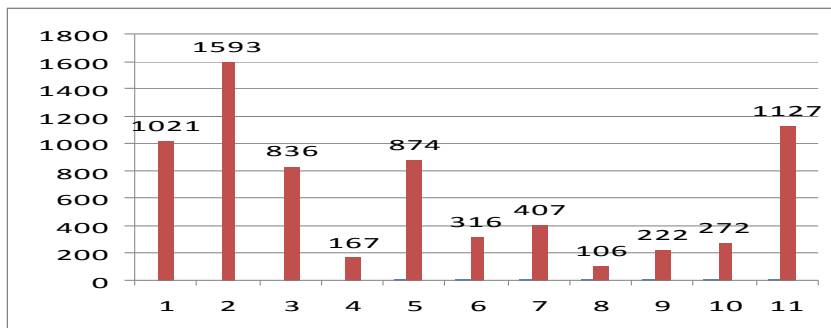
The main Objective of this project is to enhance the quality of public passenger transport service by providing a reliable safe and comfortable public transport service for passengers and to provide equal opportunities to all bus operators by formulating time tables and thereby safeguard the business stability of the bus operators. In addition among other anticipated objectives of this project. It is expected to minimize the unhealthy competition among the public and private bus operators while maximizing the average number of kilometers operated per bus in a day. Accordingly during the year 2011, the number of rotated time tables introduced was 145.

From the commencement of this project up to the end of this year circular Time Tables were formulated for 240 inter provincial Bus services and during this period while according to the changes in passenger demand 152 time tables have been revised and re implemented. During the next year, formulation of inter provincial route map formation of a methodology to exhibit Time Tables in Bastian Mawatha Bus Terminal, formulation and revision of bus operating time tables and preparation of time tables of Provincial Transport Authorities and proposed to participator in consultations in regard to these matters. The expenditure measured during this year in this regard is Rs. 2.5 million.

4.11 Mobile Inspections

Functions of the Mobile Inspection unit has been widened in order to improve the operating conditions of the Inter-Provincial Passenger Transport services. Accordingly, raids have been conducted by mobile inspection unit to detect inter provincial buses operating without passenger service permits and legal action taken in such instances. By the end of the year 2011, Mobile Inspection unit subjected 15662 buses to inspections while 5978 group service hours have been spent. 381 inter provincial buses operated without permits had been referred for judicial action with the assistance of the Traffic Police Headquarters.

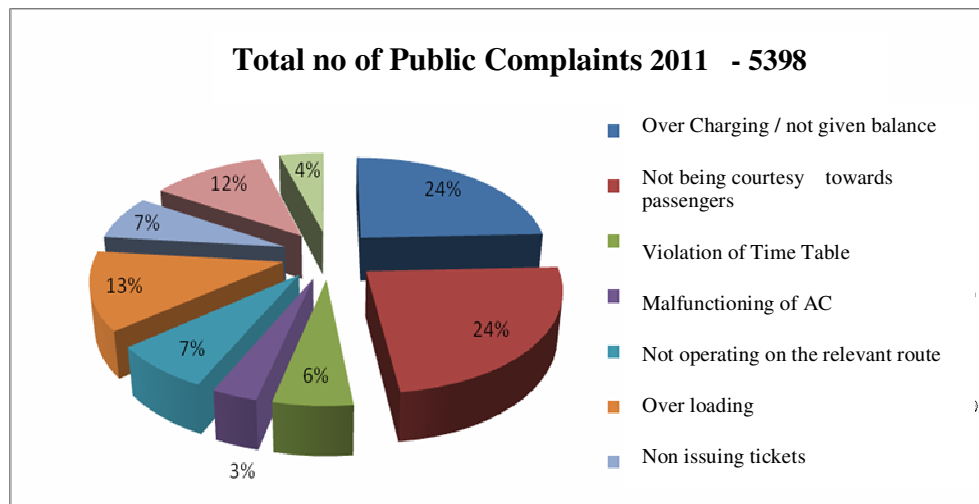
Breach of Permits Conditions reported during the year 2011



- 1 Minor Offences
- 2 Employing unregistered drivers/Conductors
- 3 Issuing Improper or non mechanical Tickets
- 4 Not cooperating with officials to check the relevant registers
- 5 Operating without a valid permit relevant to the route
- 6 Transporting excessive number of passengers in luxury buses
- 7 Failure to Carry the relevant documents in the bus.
- 8 Failure to exhibit the relevant terminal boards.
- 9 Failure to issue tickets to the Passengers.
- 10 Charging over and above the prescribed charge.
- 11 Other offences

Source –Quality Assurance & External Department, NTC

4.12 Public Complaints



Source –Quality Assurance & External Department, NTC

Passengers can lodge complains to the National Transport Commission utilizing 02 telephone numbers, 02 fax Numbers, and through e-mail. Passengers can also visit the commission office and make complains. Public complains unit has to obtain public complains maintain records of complains, conduct investigations into such complaints and take necessary action and attend to other operating functions directed by the chairman and the Directors General. Commission has made arrangements to conduct investigations into complaints relating to inter provincial services at the commission office and complains pertaining to provincial services to be referred to relevant provincial authorities. Complaints relating to SLTB services to the SLTB chairman. At the end of the year under service the total number of complaints received by the public complains was 5398 and out of them 88% viz.4725 complaints were resolved.

ISO 9001:2008 Quality Management System

With the anticipation of obtaining ISO 9001:2008 for the National Transport Commission, a suitable advisor has been selected and appointed to prepare the quality management delegation documents. This has been designed under four stages.

Stage I	System study and training
Stage II	Processing Implementation
Stage III	Implementation
Stage IV	Auditing & Reviving

80% of stage 1 of 150 9001-2008 project has been completed during the year 2010. During the year 2011 under stage 11 are ISO sub committee was appointed so as to represent all departments and the project consultants has conducted a round of discussions to create awareness about ISO procedure among the top management and NTC staff. Under stage 111 relevant targets have been identified discussions held and a review conducted regarding those targets and indicators. Internal audit committee has been appointed for ISO and a workshop held in Sri

Lanka foundation Institute for them while audit Inspection list has been prepared for the first internal audit Inspection.

4.14 “City Liner Coach Service” and “Park and Ride Facility”



Through the City Liner Luxury Bus Service introduced by the National Transport Commission for Colombo and sub urban areas with the objective to reduce the

number of private vehicles entering the city of Colombo and eradicate the traffic congestions, reducing the additional fuel consumption and environmental pollution by air emission from vehicles.

Generally, about 750,000 passengers daily visit the Colombo City, 65% of them utilize Public Transport services while the balance 35% use private transport modes such as motor cars, vans, three wheelers and motor cycles. This Super Luxury Coach Service was introduced as a strategy to reduce the traffic congestion in main roads approaching the Colombo City. Commuters are expected to park their vehicles in a safe place and travel to the City Liner Coaches. 06 locations have already been designed to park the vehicles and travel by other vehicles. "City Liner Coach Service" with "park and ride" facilities presently operate in Katubedda. At present 05 City Liner Buses are operated from Moratuwa to Colombo fort. The cost of this service was covered with subsidies. Benefits received from continuously spending heavy subsidies for a small number of passengers could not be physically seen and as it was difficult to calculate financially and due to the disadvantages position of 50% of the total cost had to

be covered by subsidies, it was decided not to further extend this service after the end of the year 2011.

05 National Transport Data Collection

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

Scope of this project is to collect National Transport data from institutions connected to the Private Transport Services. Ministry and compiling the necessary statistical information. Utilizing the data collected thus and submitting formal analysis is a function of this project. For this transport data collection information has been obtained from the following institutions.

1. Ministry of Transport
2. National Transport Commission
3. Sri Lanka Transport Board
4. Road Passenger Transport Authorities
5. Sri Lanka Railway Department
6. Department of Motor Traffic
7. National Transport Medical Institute
8. Sri Lanka Central Bank
9. Ministry of financial & Planning
10. Department of Census and Statistics
11. Sri Lanka Police Department

Collection of data for this report was completed in the year 2010. The final draft of this report has been prepared in all three languages Sinhala, Tamil and English

and the above institutions have given the concurrence to print the report. For this purpose quotations have been called for from several printing institutions.

National Transport Data Collection by the end of year 2012. 1500 copies of 2010 report has been planned to be printed and distributed to institutions pertaining to transport and to public libraries Inland wide. Further, steps have been taken to get this report on to CDs and to include in the National Transport Commission web site. This expenditure incurred during the year, in this regard is Rs.0.3 million.

06 Installing and maintaining Bus stop signals for long distance Services

This project was established in order to provide a safe and reliable transport service for passengers using the long distance transport services and for the passengers to easily identify the long distance Bus stops. By the end of year 2011 125 long distance Bus Stops Signals erected as shown below in 04 main approach roads in Western Province.

Long Distance Bus Stops Signals erected as at 30.12.2011

Route	Number of Sign Posts
Maharagama- Kaluaggala	16
Peliyagoda-Wewaldeniya	24
Kaluaggala- Awissawella	05
Orugodawatta- Hanwella	08
Awissawella- Monaragala	50
Peliyagoda- Monaragala	22
Total	125

Source – Planning Department, NTC

08 Developing the Web -Site

In order to provide passengers with information pertaining to Inter Provincial Passenger Transport Services and to create awareness among permit holders on information supplied by relevant divisions has been included in the relevant Web - Site in keeping with the government standers. During the year 2011 methodologies have been introduced to update the existing information and to facilitate information searching.

09 Re –Construction of Private Bus Service

Amendments to National Transport Commission Act

Necessary amendments to the National Transport Commission Act are being done; thereby the following provision is included to reconstruct the Bus services.

- i. Formulating policies pertaining to all modes of highway transport activities and widening the functions of the commission so as to include all plans pertaining to transport activities.
- ii. Appointment of the Director General and delegation of the powers of the Commission.
- iii. Converting single Bus owners to professionally managed companies and awarding sole rights and permits to such companies for an efficient and productive bus service.
- iv. Specifying standers and specifications for passenger and good transport in Sri Lanka.
- v. Minimize adverse competitive bus operations and providing equal and reasonable operating opportunities for all bus operators. Formulating Time Tables to ensure a reliable and regular service thought out the day.
- vi. Include new provision pertaining to appeal procedure on suspensions surcharges, cancellation of ownership and permits.
- vii. Provision to deal with unauthorized persons influencing bus operation activities.
- viii. Processing annual fares revision through a fares indicator.
- ix. Revising the section pertaining to interpretations.

Following the establishment of Ministry of Private Transport Services, draft bill on National Transport Commission including new policy amendments has been drafted and submitted to Attorney General for legal advice.

Staff Meetings

Number of Board of Directors Meetings held during the year is 15

Audited and Management meetings held during the year is 12.

Annual Accounts

National Transport Commission
Consolidated Financial Statement for the year ending 31.12.2011

	2011	2010
Cash flow through operational activities		
Surplus(deficiency) according to general activities	186,879	68,003
Non Cash Variations		
Depreciations	8,181	15,695
Deferred Income	-374	-811
Increase in payments	-16,359	6,695
Interest Receipts	-16,075	-4,566
Increase in other current assets	2,876	-1,044
Increase in receivable income	-8,468	45,052
Adjustments of previous year	-	157
Government Provision for recurrent expenditure	-6,400	-34,200
Project expenses	-312,213	-391,045
Work Progress	-3,602	-13,053
Net Cash flow through Investment activities	-165,555	-309,117
Cash flow according to financial activities		
Purchase of Plant and Equipment	30,028	-3,179
Interest Received	16,074	4,566
Cash flow according to Investment activities	46,102	1,387
Cash flow according to financial activities		
Provision for Capital expenditure	329,080	405,900
Provision for current expenditure	6,400	34,200
Withdrawal of cash	-	-
Net Cash flow through financial activities	335,480	440,100
Net increase /decrease in cash	216,027	132,370
cash equivalents	165,185	32,815
Cash and equivalents at the end of the year	381,212	165,185

National Transport Commission

Financial Performance for the period ended 31st December 2011

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	2011	2010
Operational Revenue		
Provision received from the government for current expenditure	6,400,000.00	34,200,000.00
Government funds for projects	312,212,903.46	381,144,599.39
Government Contribution for capital projects	-	9,900,000.00
Other Income	<u>293,031,729.36</u>	<u>137,780,377.43</u>
Total Income	<u><u>611,644,632.82</u></u>	<u><u>563,024,976.82</u></u>
Operational Expenses		
Employees gratuity	68,510,925.17	63,711,067.48
Transport Expenses	8,324,281.31	5,286,708.40
Special Project Expenses	312,212,903.46	391,044,599.39
Transport Development Activities	100,000.00	171,965.00
Traveling & Subsistence	3,019,450.40	2,837,240.81
Institutional Expenses	10,969,221.04	8,530,320.23
Repairs and maintenance expenses of fixed assets	1,289,706.03	1,265,896.57
Employees Welfare Expenses	4,033,061.57	2,956,607.07
Staff Development Expenses	1,129,265.09	680,318.72
Legal and other charges	807,325.00	949,002.00
Communication Expenses	4,266,255.88	705,238.15
Depreciation	8,180,844.55	15,695,235.94
Other Expenses	1,757,373.80	943,473.23
Total Operational Expenses	424,600,613.30	494,777,672.99
Operational Expenses Surplus(Deficit)	<u><u>187,044,019.52</u></u>	<u><u>68,247,303.83</u></u>

Financial Charges	188,874.23	244,490.60
Total non-Operational Income		
Disposal of Assets	24,639.38	-
Net Surplus (Deficit)	<u>186,879,784.67</u>	<u>68,002,813.23</u>
Previous year adjustments	5,921,526.38	-723,763.85
Net Surplus(Deficit) for the year	192,801,311.05	67,279,049.38

National Transport Commission
Statement of Financial Position as at 31st December 2011

	2011	2011	2010	2010
Assets				
Non Current Assets				
Property Plant & Equipment	306,644,959.69		267,790,978.63	
Work in Progress (Office Complex)	<u>130,572,254.12</u>		<u>126,970,044.92</u>	
		437,217,213.81		394,761,023.55
Library Books		652,545.03		617,545.03
Investments				
Gratuity Fund Deposit	17,906,986.67	17,906,986.67	15,754,805.73	15,754,805.73
		<u>455,776,745.51</u>		<u>411,133,374.31</u>
Current Assets				
Inventories / Stock Debtors	1,788,108.95		4,715,274.15	
Income & Other Receivables	27,799,954.44		19,334,604.62	
Payment in Advance	540,358.83		489,518.56	
Bank Deposits	361,797,087.00		147,696,087.00	
Cash & Cash Equivalents	597,165.80		159,247.27	
Bank Accounts	911,851.58	393,434,526.60	1,576,946.16	173,971,677.76
Total Assets		<u>849,211,272.11</u>		<u>585,105,052.07</u>
Liabilities				
Current Liabilities				
Payables	25,212,108.62		27,154,942.30	
Accrued Expenditure	69,356,343.91		35,712,316.01	
Provision for Different Income	180,473,253.35		153,559,460.85	
Concessionary Credit Scheme	17,632,912.00	292,674,617.88	17,632,912.00	234,059,631.16

Non Current Liabilities

Provisions	19,345,510.34	19,345,510.34	17,317,284.00	17,317,284.00
Total Net Assets		537,191,143.89		333,728,136.91
Net Assets /Equity				
Accumulated Fund	318,872,736.30		251,593,686.92	
Government Contribution for Projects- Capital	16,867,096.54		14,855,400.61	
Government Grant	8,650,000.00	344,389,832.84	-	266,449,087.53
Surplus/(Deficit) for the Period		192,801,311.05		67,279,049.38
Total Assets		537,191,143.89		333,728,136.91

Signed-
Accountant
National Transport Commission

Signed -
Acting Director (Finance & Procurement)
National Transport Commission

Signed -
Chairman
National Transport Commission

National Transport Commission
Annual Accounts for the year ending 31.12.2011

Accounting Procedures

1. Important Accounting Procedures

1.1 General Procedures

1.1.1 Basis of preparations

Statement of financial position of National Transport Commission, Statement of financial activities, cash flow statement, accounting procedures and accounting schedules (financial statements) have been prepared according to the accounting standards issued by the Institute of Sri Lanka Chartered Accountants. These financial reports have been submitted in Sri Lanka Rupees.

1.1.2 Comparative Information

Accounting procedures followed by the institute last year have been continuously followed while submissions for the current year had been re-adjusted with previous years figures and inputs.

1.1.3 Events occurring after the date of the Balance sheet

All material events occurring after the Balance sheet date have been taken into consideration and where necessary adjustments or disclosure have been made in the respective notes to the financial statements.

1.2 Valuation of Assets

1.2.1 Assets

Stocks have been valued at cost.

1.2.2 Trade and other Receivables

Value of Trade and other receivables have been stated according to the estimated value of realization.

1.2.3 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand demand deposits in banks, instant/ fixed deposits in banks and gratuity funds.

1.2.4 Property, Plant and Equipment

(a) Cost and Valuation

The value of property, Plants and equipments has been stated at cost less accumulated depreciation.

The cost of property, Plant & Equipment means the cost of purchase or construction together with any expenses incurred in bringing the assets to its working condition.

Expenditure incurred in accruing improving and developing assets of permanent nature or activities to increase the ensuring capacity has been treated as capital expenditure.

(b) Depreciation

The provision for depreciation is calculated by using straight line basis on the cost or valuation of all property, Plants and Equipment other than free holds land in order to write off such amounts over the estimated useful lives by equal annual in statements as follows:-

Motor Vehicles	during 05 years
Furniture & Fittings	during 10 years
Office Equipment	during 05 years
Miscellaneous Equipments	during 0 years
Computers & Printers	during 04 years
Machinery	during 05 years
Buildings	during 20 years

Depreciation allocations not made for library books.

Depreciation not made in respect of the purchase year of the assets, while during the year of disposal depreciation will be made in respect of the full year.

1.2.5 investments

Cost of investments means the cost of acquisition.

1.3 Liabilities and Provisions

1.3.1 Trade and Other Payments

Route Permits and administrative charges recorded according to values.

1.3.2 Retirement Benefit Costs

(a) Benefits plan Definition - Gratuity

According to the Sri Lanka accounting standard/No. 16 "Retirement Benefit Costs" an employee is paid ½ month salary for every year of service as gratuity from the commencement of service. However according to the payment of gratuities act No. 12 of 1983 the liability for gratuity to an employee arises only on completion of five years continued services.

Actual gratuity monies have not been deposited in a separate fund and this item has been classified under non – current liabilities in the balance sheet.

(b) Definition of contributory plan – Employees provident fund and the Employees Trust fun.

All employees eligible for contribution towards the Employees provident fund and the Employees Trust fund are covered by the prescribed rules and regulations.

1.3.3 Allocation for Deferred Revenue

Adjustments have been made for deferred revenue based on the value of fixed assets purchased from Treasury allocations for the previous year.

1.4 Income Statement

1.4.1 Income

Turnover represents the supply of services of the National Transport Commission and quantities arising out of general activities.

1.4.2 Income and Expenditure

1.4.2.1 Identification of Income

When economic benefits reach the institution such benefits are identified as revenue.

1.4.2.2 Identification of Expenditure

All expenses incurred in maintaining the institution expenses incurred for the efficient maintenance of property, equipment and plants have been adjusted to the revenue. When calculating profits of the year.

2. Institutional Information

2.1 Legal status

National Transport Commission has been established under parliament act No. 37 of 1991

2.2 Basic activities and Nature of operations

The functions of the National Transport Commission is to advise the government on buses providing passenger transport services in keeping with the National policy and issuing permits for buses fulfilling passenger requirements in specialized areas.

2.3 Carder

Total carder at the end of the year

1. Permanent	147
2. On contract	11
3. On assignment	<u>4</u>
Total	<u>162</u>

Auditors General's Report



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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මගේ අංකය }
எனது இல } RT/B/NTC/FA/2011
My No }

ඔබේ අංකය }
உமது இல }
Your No. }

දිනය }
திகதி } 15 November 2012
Date }

Chairman
National Transport Commission

Report of the Auditor General on the Financial Statements of the National Transport Commission for the year ended 31 December 2011 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the National Transport Commission for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, 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

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

අංක 306/72 පොල්දූව පාර,
විත්තරමුල්ල, ශ්‍රී ලංකාව

දුරකථනය }
தொலைபேசி } 2887028-34
Telephone. }

இல. 306/72, பொல்துவ வீதி,
பத்தரமுல்லை, இலங்கை

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மின்-அஞ்சல் } oaggov@slt.net.lk
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1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement 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 the Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Basis for Qualified Audit Opinion

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

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2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the National Transport Commission as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2.2 Comments on Financial Statements

2.2.1 Best Accounting Practices

The following several instances of non-compliance with the Best Accounting Practices were observed.

(a) Cash flow statement had been submitted with the following deficiencies.

(i) Sums aggregating Rs.2,999,312 spent for purchasing equipment had been entered as cash inflow instead of entering as cash outflow.

(ii) Cash amounting to Rs.35,814 and profits of Rs.24,639 received from disposal of assets during the year under review had not been clearly indicated in the cash flow statement.

(iii) Increase in the value of payables during the year under review was less value by Rs.50,088,421 than the value shown in the cash flow statement. Reason for this difference had not been submitted for audit.

(b) The deferred revenue income aggregating Rs.6,697,050 from the year 2006 to year 2009 had not been considered and as such surplus had been understated by that amount and the balance of the provision for differed income had been over stated by that amount.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) Fixed assets totalling Rs.2,374,123 purchased under 2 Projects had been overstated by 130,478 while capitalizing its cost.
- (b) Expenditure totalling Rs.721,140 incurred for the year under review for improvement of buildings had been brought to account as recurrent expenditure instead of capitalizing it to the cost of the building. The surplus for the year had been understated by that amount due to this reason.
- (c) Although the interest income to be received for fixed deposits for the year under review totalled to Rs. 9,832,040, this income receivable had been accounted as Rs.9,633,007 and as such the surplus had been understated by a value of Rs.199,032.
- (d) Expenditure under 3 projects had been brought to account overstating by Rs.22,475,871 and expenditure under one project had been brought to account understating by Rs.305,616 and as such the project expenditure had been brought to account overstating by a sum of Rs.22,170,255 as its net results.
- (e) Expenditure incurred in the months of January and February 2012 relating to the year 2011 had not been accounted as accrued expenditure and as such the accrued expenditure for the year under review had been overstated by Rs.23,583,430 and understated by Rs.34,761. Therefore, surplus for the year had been understated by Rs.23,548,669.
- (f) A sum of Rs.1,516,571 paid as salaries to 02 Consultants and 02 Coordinators recruited for Bastian Mawatha Terminals had been brought to account under other 02 Projects.

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2.2.3 Unreconciled Control Accounts

According to the financial statements, the total of 3 control accounts amounted to Rs.17,583,296 whereas according to the relevant subsidiary records submitted for audit the total of those accounts amounted to Rs.17,717,980. Therefore, a difference of Rs.268,381 was observed. Reasons for this had not been submitted for audit.

2.2.4 Lack of Evidence for Audit

The following observations are made.

- (a) The value omitted from the provision for depreciation and the profit obtained from the disposal of assets could not be satisfactorily vouched due to non submission of registers relating to the assets at the cost of Rs.921,038 disposed off during the year under review.
- (b) A sum of Rs.350,551 had been spent during the year under review relating to the vehicles obtained on rental basis for monitoring the office of the Provincial Road Authority and Bus Stands by the Commission and a proper programme or a report thereon had not been submitted at the end of the period.
- (c) Reports on mobile inspection of the officer of the Flying Squad of the Commission deployed in the service at the Bastian Mawatha had not been submitted at the audit inspection and as such, it was unable to submit the observations on performance of the above officers and to evaluate the functions.

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

The following non-compliances were observed.

Reference to Laws, Rules , Regulations
and Management Decisions

Non-compliance

- (a) Eliminating Section 18 of the National Transport Commission Act, No.37 of 1991 by Section 37 of the Sri Lanka Transport Board Act, No.27 of 2005 and substituting Section 18(1) instead of that.

Although court cases had been filed on buses operating without the valid passenger service permit and penalties had been imposed, it was revealed that buses were operated continuously without the permits.

- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

F.R. 371 (2) (b)

- (i) Although advances should be settled immediately after completion of activities for which it was obtained, settlement in such 31 instances had delayed ranging from 02 days to 59 days.

- (ii) Comparison of advances obtained with the expenditure revealed that the percentage of expenditure had been from 25 per cent to 49.7 per cent in 07 instances whereas advances amounting to Rs.30,000 had been obtained and the same amount had been settled after 10 days without carrying out any expenditure from the above amount.

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- (c) Public Administration Circular
No.29/98 dated 30 December 1998.

Paragraph 3.2.1 (viii)

An allowance of Rs.16,240 comprising an allowance that is paid once amounting to Rs.2,500 and a salary increment of Rs.150 and a salary increment of Rs.325 not relevant to the pension had been paid from 15 May 2009 up to December 2011 to an officer for a certificate obtained from an institution which is not acceptable to obtain language proficiency allowance in terms of the Circular.

- (d) Paragraph 2 of the Public Finance Circular No.353(5) dated 24 August 2004.

Although the maximum amount to be paid for a vehicle obtained on hire basis was Rs.40,000, sums Rs.86,229 and Rs.339,536 had been overpaid during the year under review for two vehicles obtained during the year 2010 and 2011 respectively.

- (e) Public Enterprises Circular
No.PED/28 dated 31 January 2005.

Three vehicles had been obtained on hire basis during the year under review with the relevant approval. Although agreement should be entered into in terms of the circular instructions, action had not been taken for entering into an agreement relating to 02 vehicles.

- (f) Procurement Guidelines dated 25
January 2006

- (I). Paragraphs 3.2.2(a) and 3.4.3
(b) (ii)

Although a list including names of suppliers for obtaining vehicles on hire basis during the year under review should be prepared, it had not been done so whereas the vehicle suppliers had been selected without calling for open tenders or newspaper quotations.

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(II). Paragraph 5.4.10 (c)

Although a sum of Rs.78,000 should be deposited as performance bond for the contract for printing terminus board stickers, an instance of investing less amount of Rs.33,000 was observed.

(III). Paragraph 8.11.06 (a)

Although the conditions of printing terminus board had been violated by the contractors, a data source relating to the contractors/ suppliers who had violated the conditions had not been maintained by the Commission in terms of the circular instructions.

(g) Paragraph 08 of the Public Enterprises Circular No.PED/57 dated 11 February 2011.

Publishing Advertisement at the total value of Rs.1,830,382 had been given to 02 private institutions in 14 instances without taking action to obtain the maximum discounts from the Government media institutions while publishing newspaper advertisements by the Commission.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operation of the Commission for the year under review had resulted in a surplus of Rs.192,801,311 as compared with the corresponding surplus of Rs.68,002,813 for the preceding year thus indicating an improvement of Rs.124,798,498 in the year under review as compared with the preceding year. In this connection income had increased as road permit license income, interest income and other income by Rs.131,947,807, Rs.16,074,674 and Rs.145,033,887 respectively.

4. Operating Review

4.1 Transactions Contradictory to the Objectives

The following observations are made.

- (a) A sum of Rs.7,335,546 had been spent for other additional expenditure except the activities to achieve the basic objectives of the Gemi Seriya Projects and it represented 48.49 per cent of the total expenditure.
- (b) The provision of Rs.9,548,441 allocated for Sisu Seriya Project had been spent for other expenditure. It represented 4.67 per cent of the total expenditure.
- (c) A sum of Rs.248,889 had been spent by the Commission for the Programme of obtaining one million signatures against the Dharusman report of the General Secretary of the United Nations and it was observed in audit that it was a transaction that not assisting to achieve the objectives of the Commission.

4.2 Management Inefficiencies

The following observations are made in this regard.

- (a) Although a sum of Rs.36,594,963 had been spent from March 2009 to December 2011 for the City Liner Coach Service commenced for the purpose of reducing the traffic congestion in the Colombo City and reducing fuel consumption and environmental pollution, the expected purpose had not been adequately achieved. It was observed that this service was abandoned due to this reason.
- (b) Although it was shown that issuing permits for new passenger services by the Commission should be done after verifying about the request of the passengers for

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issuing permits, it was observed that 12 permits had been issued during the years 2010 and 2011 without carrying out such verification.

4.3 Operating Inefficiencies

Although two groups of flying squads consisting of 15 officers had deployed in the service from 11 days to 22 days and 15 days to 21 days respectively, number of days deployed in the service was not adequate.

4.4 Identified Losses

The following observations are made.

- (a) A sum of Rs.5,640,977 had been paid during the year 2010 relating to 12 buses for Gemi Seriya without carrying out examination whether the conditions to be fulfilled had been actually completed whereas it was confirmed in carrying out examination by the institute in this regard that there was a fraud regarding the payment of this cash.
- (b) Quotation had been called for relating to 04 passenger service permits for 03 routes and the Commission had informed that accepting permits had been refused due to influence over the bidder who had submitted the highest quotation. Subsequently, the tender had been cancelled instead of offering tender to the bidder who had submitted the second highest quotation and the entire sums totalling Rs.60,000 obtained as deposit and application fees had been paid to the applicants. However, a sum of Rs.72,912 had been spent for the news paper advertisements in relating to the above tender.

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4.5 Delays in Implementation of Projects

The following deficiencies were observed.

- (a) Although the Commission had prepared a combined timetable according to the national policy for preparing combined timetable for buses of the Sri Lanka Transport Board and private buses, it was unable to find a solution to the obstacles and limitations appeared for implementing it and as such it was unable to achieve the objectives such as providing transport facilities on the necessity basis, improvement of quality and improvement of legal and managerial powers.
- (b) There was a delay in the installment of GPS equipment for buses in the region of North and South and the progress was 14 per cent and 62 per cent respectively. Delays had been occurred for achieving the objective of installment of this equipment due to non commencement of supervision activities of the Control Unit investigation activities. Similarly, those equipment had been issued free of charge under the pilot project. However, the Commission had paid a sum of Rs.600,000 for purchasing 20 equipment and a sum of Rs.94,168 for 20 SIM Cards utilized.

4.6 Resources given to other Government Institutions

Although resources belonging to the Government enterprises should not be taken for utilization of other Government institutions in terms of paragraph 8.3.9 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, instances of taking action contrary to this are given below.

- (a) Sums aggregating Rs.2,059,866 had been spent during the year 2010 and the year under review for the Ministry of Private Transport Services and this amount had been written off from the accounts in the year 2011 due to non reimbursement of this amount.

- (b) Expenditure amounting to Rs.517,925 which should be spent by the line Ministry but spent during the year under review by the Commission had been accounted for under the expenditure of the Commission.
- (c) It was observed at the audit test check that 05 newspaper advertisements had been published by the Commission relating to the Ministry of Private Transport Services and sums totalling Rs.836,150 had been spent in this regard.
- (d) Although it was informed to the relevant Ministry relating to a sum of Rs.1,260,497 shown in the financial statements for the year 2010 as receivables which was spent for the Ministry of Transport, it had been written off from the accounts in the year 2011 due to inability to reimburse it.
- (e) An officer appointed to the post of Coordinator on 28 November 2011 had been released to the Ministry of Private Transport Services from that date and a sum of Rs.13,500 had been paid as salaries for the month of December.

4.7 Personnel Administration

Approved cadre and actual cadre of the National Transport Commission as at 31 December 2011 are given below.

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	Approved Cadre	Actual Cadre	Vacancies	Excesses
	-----	-----	-----	-----
Executive	20	14	(6)	-
Non executive	143	113	(32)	2
Others	27	22	(5)	-
	----	----	----	----
	190	149	(43)	2
	==	==	==	=

The following observations are made in this regard.

Eight officers had been recruited during the year under review for 02 posts which were not included in the approved cadre. Comparison of approved cadre with the actual cadre revealed that there were vacancies for 43 officers and excesses of two officers.

5. Accountability and Good Governance

5.1 Corporate Plan

The following observations are made.

- Although the Corporate Plan and Action Plan approved by the Board of Directors should be submitted to the Line Ministry, Department of Public Enterprises of the General Treasury and the Auditor General before 15 days of the commencement of the year of accounts, those Plans for the year 2011 had been submitted to the Auditor General only on 28 July 2011.
- Resources of the institution at present, review of financial results for the previous three years, expected targets of the performances and performance indicators had not been included in the Corporate Plan.

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5.2 Action Plan

The following deficiencies were observed.

- (a) Although an Action Plan had been prepared for the year 2011, this is not an Action Plan which was prepared by identifying the expected objectives and targets to be achieved during the period mentioned in it and as such it was unable to carry out the evaluation in respect of performance for the year 2011 by carrying out a comparison with progress report prepared by each Unit.
- (b) Particulars of number of new passenger service permits expected to issue during the year 2011 and details of new routes had not been planned or included in the Action Plan for the year 2011.

5.3 Internal Audit

Although an Internal Audit Unit was in operation, approval had not been obtained for necessary staff and as such it was unable to carry out the functions of the Internal Audit Unit properly.

5.4 Audit Committee

Although the Audit Committee had conducted 12 meetings monthly during the year 2011 a representative of the Auditor General's Department had been called for as observer only for one meeting.

5.5 Budgetary Control

Variances at the range of 11 per cent to 1118 per cent were observed between the budgeted figure and the actual figure, thus the budget had not been made use of as an effective instrument of management control.

6. **Systems and Controls**

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

- (a) Investigation Unit and Flying Squad
- (b) Obtaining and Settlement of Advances
- (c) Obtaining Vehicles on Hire Basis
- (d) Printing of Terminus Board Stickers
- (e) Issuing New Passenger Service Permits
- (f) Accounting
- (g) Internal Audit
- (h) Budgetary Control
- (i) Strategic Planning
- (j) Preparing Combined Timetable

H.A.S.Samaraweera
Auditor General

National Transport Commission

**Replies to the Auditor General's report on financial statements for the year ended 31st December
2011 in terms of section 14(2)(C) of the finance act No 38 of 1971.**

2.2.1 Higher Standards of accounting

(a)

(i)(ii)(iii)

Accounting to the audit observations on the cash flow statement included in financial statements 2011, it has been noted to rectify the defects in submitting the said cash flow statement.

(b) When preparing accounts for the year 2012, When adjusting the deferred income pertaining to previous years, it has been noted to, rectify the errors in differed income and differed income allocations.

2.2.2 Accounting Deficiencies

(a) As stated in the query, When capitalizing the assets purchased under two projects, over accounting the total has been identified and it has been rectified when preparing accounts for the year 2012.

(b) Rectified When preparing accounts for the year 2012.

(C) Rectified when preparing accounts for the year 2012.

- (d) As shown in the query, Rs. 5,000,000 had been provided under government estimate for the year 2010 for the project for year 2010 for the project for distribution of bicycles for school children, and implementation of this project commenced in that year it self.

A portion of the project expenditure was incurred during that year, and the balance amount was allocated as accrued expenses, and expended in the year 2011 majority of projects maintained by National Transport Commission are not completed in one year but implemented continuously. The work of the project or the services of projects continuously implemented in this manner cannot be stopped immediately after the end of the year and has to be implemented until such time approval is obtained for the budgetary provision for the next year. Expenditure on city liner project and Sisu Sariya project exceeding the budget limits has been debited to the next years project expenditure due to this reason.

As stated in the query, the payment of electricity bill in respect of Bastian Mawatha, Passenger Terminal for the month of January 2011 has been recorded as a project expenditure due an oversight and this expenditure should have been settled by the private institution which has undertaken the maintenance of the toilet system. Subsequently this error was identified and monies recovered from the said institution in this respect and project accounts rectified.

Accordingly, there had been no understating of the project expenditure, as stated in the query.

Understating the expenditure under the Bus Industry reconstruction project has been noted for rectification when preparing 2012 accounts.

- (e) Accrued expenditure allocated for the year 2011 is due to the incurred in the year 2012.
- (f) Salaries and allowances paid for the officers recruited for Bastian Mawatha Bus Terminal has been accounted for under the projects for which the said consultants and coordinators have been deployed.
- (g) Rectified when preparing accounts for the year 2012.

2.2.3 Administrative accounts not reconcile

Fixed deposit interest account receivable has been rectified when preparing accounts for the year 2012.

Account balance stated in the query in respect of accrued depreciation allocations are correct, relevant sub report have been rectified.

2.2.4 Lack of evidence for auditing

- (a) Relevant documents pertaining to disposed assets during the year has been submitted to audit by now.
- (b) Observation of provincial transport authority and other Bus standers carried out with the participation of the Hon. Minister of Private Transport Services incurred and expenditure of Rs.350,551.00 for vehicles utilized for this purpose. Transport Ministry officials participated with the Hon. Minister in the inspection of Bus stands.(May 2011).
- (c) Mobile inspection reports of, Investigation officers deployed in Bastian Mawatha bus stand have been referred to the investigation unit and action will be taken to submit those documents for auditing.

2.2.5 Non compliance with Rules and Regulations and Management decisions.

- (a) In terms of section 18, of Sri Lanka Transport act No. 37 of 1991 amended by National Transport Commission act No. 27 of 2005, a passenger bus operating in an inter provincial route should possess a passenger service permit obtained from the National Transport Commission.

Accordingly, in terms of section 40 of the said act a person who contravenes the provisions of this act will be quality of an offence under this act when found quality by a magistrate after summary proceedings will be liable to a fine not exceeding Rs1000/= over a terms of imprisonment not exceeding ten years.

Even though there is provision for these punishments magistrate very often impose only the fine less than Rs.10,000/= in cases of contravening the provisions of this act.

Mobile inspections units established in the National Transport Commission, in terms of powers vested in the National Transport Commission in terms of section 39 of the National Transport Commission act No. 37 of 1991, conduct investigations into contravening the conditions imposed in passenger transport permits by deploying mobile inspectors.

Owing to these reasons, action is being taken to amend the National Transport Commission act and according to the said amended act provision will be included to avoid operating buses without permits.

(b) (I) FR 371(2)(b)

(i) These advances have been obtained for mobile inspection work, project work and Deyata Kirula Exhibition work. As the mobile Inspectors engaged in inspection work through out and officers who obtain advances for projects attend to duties away from Colombo, there had been a delay in settling the advances. Advances obtained for Deyata Kirula exhibition had been settled only after the end of the exhibition, there had been a delay settling advances it had been noted to get the advances settled within the prescribed number of days in future.

(ii) These advances are obtained based on an estimate of expenditure and at times there are differences in the actual expenditure and the estimated expenditure.

(iii) After informing the accounts division that these advances are not required the shroff has deposited them in the bank.

(II) FR 757(2) (a)

A copy of the Board of surveys report has been submitted to the audit by now

(c) Directors of Establishments, Ministry of Public administration and Home affairs has informed me by his letter dated 19.09.2012 that English Diploma certificate issued by Sri Jinartana Vocational Training Institute cannot be recognized for the payment of language proficiency allowance in terms of Public administration circular No. 29/9 provisions.

Action has been taken to follow up action accordingly in this regard in future.

- (d) According to the action plan place performance appraisal report are referred to the line ministry monthly while the monthly progress of projects are given in these reports. According to the action plan in the year 2011, performance appraisal reports were submitted to the secondary to the Ministry of private Transport services quarterly. (Can be submitted if necessary). But submitting quarterly reports to the Department of Public Enterprises has not been done. However it has been noted to submit quarterly performance appraisal reports to the line ministry and the Department of Public enterprises in future.
- (e) Vehicle No. 111- 3945 hired by the institute for a monthly rent of Rs. 40,000/= , but a higher amount had been paid for this vehicle. Project activities such as combined Time Tables, Deyata Kirula, Rest Rooms and other project activities had to be carried out expeditiously and due to the shortage of vehicles in the institution, the relevant vehicle was utilized for such work on payment of excess charges.
- (f) Even though it was expected to enter into agreements with vehicle owners when hiring vehicles, vehicle owners are not willing to hire, vehicles during in particular year for a specific charge. Therefore, due to urgent requirements vehicles had to be hired without any agreement.
- (g) (I) It was expected to prepare a list of vehicles suppliers but they are not practically agreeable to it.
- (II) According to the tender for printing terminal boards in the year 2011, Photo House In Design Institute was entrusted to print 2400 stickers at the rate of Rs.325/= per stickers on 07/09/2011. Out of these 2400 stickers, 1600 stickers were painted and supplied to the National Transport Commission. This institution had not supplied 800 stickers and therefore an amount of Rs. 26,000/= had been retained from the performance security of the supplier. Even though a performance security of Rs. 78,000/= should have been obtained from Photo house in design institute on this tender, only Rs. 45,000/= had been obtained as performance security. Therefore in future contracts, action will be taken to obtain a 10% performance security for the relevant articles.
- (III) According to the lowest quotation on the tender for printing terminal boards, supplied by Photo house In design Institute , an order was placed with them to supply 2400 stickers but

printed and supplied only 1600 stickers, In respect of 800 stickers not supplied Rs. 26,000/= retained out of performance security. I wish to hiring to your hired notice that action will be taken to maintain a data base of contractors/Suppliers defaulting contracts, including the supplier referred to above.

- (h) All activities relating to the National Transport Commission are involving the general public and therefore all public activities performed by the Institution has to be published in newspapers. When sudden decisions are taken to published advertisements, when taking action to publish these news paper advertisements directly by the institute various difficulties crop up as they have to be published in all three languages.

This problem can be solved by channeling newspaper advertisements through an agency for publication and the charges involved will be less than the charges when advertisements are directly published by the institute.

In the circumstances it is advantageous for the institute to act in this manner enabling the publication of advertisements without delay.

4.Operational Review

4.1 Expenditure contrary to objectives

- (a) Even though it has been stated that expenses incurred on account of other expenses over and above the expenses in achieving the main objective of the project, under other expenses in ledger account for the year 2011 under the heads Deyata Kirula Exhibition, bicycle project and special services are special projects for which subsidies are paid under social assistance projects.
- (b) As stated in the query, when accounting for the recurrent expenditure identified for projects are divided proportionately for main projects in the government estimate.

- (C) An expenditure of Rs. 248,889.00 has been incurred (May 2011) considering as a requirement of the country which existed then, following a decision taken at a discussion held by the Hon. Minister of Private Transport Services, Secretary to the Ministry of Private Transport Services and the chairman, National Transport Commission.

4.2 Management Inefficiencies.

- (a) When compared with the amount incurred for the City Liner Coach Service from 2009 to 2011 December, i.e Rs. 36,594,963.00 it was clear that expected objectives of this service had not been sufficiently fulfilled and therefore the City Liner Bus Service project was terminated effective from 30th April 2012.
- (b) when providing passenger service permits for 12 permits action was not taken to scrutinize through Road Survey groups, allegations were made that passengers had to travel by several buses due to buses not available on these routes. In addition, there had been passenger requests for buses. To provide buses recommendations called for from Provincial Transport authorities and on their recommendations tenders called to grant passenger service permits.

4.3 Management Inefficiencies

- (a) 18 (1) No person shall utilize a bus for a charge or ratification or a separate charge to transport passengers except under the authority of a passenger service permit, valid for the current period, issued by the commission or a person to whom the powers are delegated for such purpose.

(2) For the purposes of this section, the commission is delegated with powers to issue a permit to operate buses for transporting passengers between two or more provinces.

Accordingly, operating buses in inter- provincial routes without a valid passenger permit, will be an offence under section 40 of the act. Any person who contravenes the provisions of the act will be quality of an offence under this act, and when convicted by a magistrate after summary proceedings will be liable to punishments under section 40(e) of the act.

Accordingly, there is provision to take legal action pertaining to buses without valid passenger permits under the sections of the act referred to above.

- (b) When investigations are conducted by Investigation officers, documents/ Permits taken over by them should be called to be referred to the office for further investigations. Further when vehicles utilized for investigation work are sent for repairs and when such vehicles are detailed for other essential work it will not be possible to engage Investigation officers in Investigation work. Similarly, during bus strikes it will not be possible to detail Investigation officers for investigation activities. Further, the Ministry of Private Transport Services has been informed to take steps to recruit mobile inspectors in order to increase the number of mobile inspectors.

4.4 Identified Losses

- (a) For the supervision of " Gami Sariya" rural services a rural committee is established in the relevant village and these committees consist of people living in the area and in close proximity to routes for easy supervision of the buses. After the rural committee certifies that the operation of the bus had been carried out in the proper manner, payments have been made for the log sheets duly recommended and submitted by the Provincial Transport authority.

Mobile Inspectors are unable to supervise daily from turn to turn and therefore this responsibility has been delegated to the rural committee and the Provincial Transport Authority.

Due to the shortage of a sufficient number of supervising officers and lack of vehicles a problem cropped up in inspecting these services throughout. By now many "Gami Sariya" buses are fined with GPA machines action has been taken to supervise Gami Sariya bus services on information obtained through these machines accordingly payments have been made for log sheets duly filled and when complaints are received about bus services and complaints are received according to mobile inspection reports that bus services are not operated, action has been taken to suspend payment for relevant service. Therefore it cannot be stated that a loss has been caused to the institute.

- (b) On 07.06.2011 quotations called for issuing 04 passenger transport permits for 03 routes under tender No. 14 when action was being taken to receiving taken to award the tender to the bidder who submitted the highest quotation according to the quotations received, a conflict situation cropped up due to a complaint made by the first bidder that the bidder who submitted the second highest quotation had threatened him. Therefore the first bidder who was scared of the threat refused to accept the tender. The second highest bidder could not be awarded the tender because

he had threatened the first bidder. When matters were represented to the Director Board of the National Transport Commission in this regard it was decided to cancel this tender.

4.4 Delays in implementing projects

- (a) Even under the obstacles and restrictions in preparing and implementing the combined time tables, by the year 2011 time tables were implemented in respect of 240 bus services. This is 59% as percentage of the 406 total inter provincial services in respect of which National Transport Commission had issued route permits in the year 2011.
- (b) Due to the price increase in diesel in November 2011, bus owners demanded a revision of bus fares, while the Hon. Minister rejected it and instructed the National Transport Commission to stop temporally the additional expenses incurred by bus owners. Under this fixing of G.P.S. instruments was stopped temporally. Due to this reason and on internal decisions there had been a delay of about 3 months in fixing GPS instruments and therefore the relevant company could not achieve there expected targets. Therefore the progress in fixing GPS instruments in the northern area had been very low by that time, but by now the expected targets for northern area has been achieved.
- (b) Through investigation of buses utilizing GPS technology the objective was to effect a qualitative regulatory measures while in order to conduct these regulatory measures systematically the necessity of establishing a control room cropped up and work on establishing a control room had commenced at the time of auditing but had not been completed. By that time without a control room, supervisory work had been conducted up to a certain extent, but could not be conducted properly due to the fact that control room had not been established and a sufficient staff was not available there had been a delay in commencing supervisory work in the proper manner at the time of auditing but by now the Control Room and the server have been established and supervisory work has commenced with the available staff.

The following specific examples can be cited in this context.

- A warning signal sounds in the bus when the bus is driven at high speed in a reckless manner and the speed is automatically.
- Maintaining running charts in respect of bus operations in express highways.

- Buses driven at high speed recklessly can be identified and warned through telephone messages and maintaining such records.
- Solutions to operational problems.
eg. Operations in Derangala –Colombo route.
- Utilizing to solve passenger complaints and complaints of the bus operators
e.g: Tangalle – Mulative and Nandicadal – Colombo bus service.
- When passengers seek information pertaining to buses fitted with this technology, taking steps to provide information..
e.g.: Providing information about bus operation in express highways.

On a request made by the, National Transport Commission, it was agreed to provide these instruments free of charge only during the few months the pilot projects is in operation. Among the companies the relevant

- Company was in the commencement stage and
- The said company in order to create awareness among the public, about the GPS technology fitted the GPS technology to few buses free of charge and exhibited at the 2010 Deyata Kirula exhibition. Stall explaining the working and the importance of the GPS system on behalf of the National Transport Commission during the days the exhibition was held free of charge.
- As an incentive to local productions, as their objective was to import the necessary parts and assemble them as a local invention.
- ICTA Institution recommended that the said institution as a good institution.
- As the said instruments were produced specially for our purpose.

National Transport Commission Directors board, fixed these instruments free of charge during the pilot project permission was granted to purchase the relevant materials only from that institute.

There had been certain minor defects in the said instruments; action was taken to get them rectified through the relevant institution.

But by this time the main problem is that the said institution had left the relevant field. Therefore action is being taken to operate the said instruments through an institution supplying GPS instruments.

4.6 Resources provided to other state Institutions.

- (a) According to the audit query Ministry of Private Transport Services has been asked to reimburse the expenses incurred by the National Transport Commission to the Ministry of Private Transport Services but up to the end of year 2011 no action was taken to reimburse the said expenditure. Therefore, according to the decision of the audit and Management committee meeting held on 28.02.2012 this balance was written off from the accounts for the year 2011.
- (b) As stated in the audit query the expenditure Rs. 517,925 has been incurred under the projects implemented by the commission, these expenses are directly connected to each project.
- (c) Until such time the Ministry of Private Transport services established as a new ministry was provided with proper office accommodation, functions of this ministry was carried out in the National Transport Commission premises.

During this period of time financial provision allocated to Ministries by the finance Ministry had not been received certain advertisements which should have been published at the expenses of the line Ministry had to be published by the National Transport Commission. This expenditure had to be borne by the National Transport Commission.

- (d) According to the audit query Ministry of Transport was advised to reimburse the expenses incurred by the National Transport Commission but these expenses had not been reimbursed by the Ministry of Transport until the end of year 2011. Therefore, according to the decisions taken at the audit and Management Committee meeting held on 28.02.2012 this balance was written off from the accounts for the year 2011.
- (e) Mr. Y.K.M.. Nishantha Abenayake was employed as the Bus operators coordinator, Bastian Mawatha Terminal with effect from 28.11.2011 on the instructions of Hon. Minister, Ministry of Private Transport Services Mr. Y.K.M. Nishantha Abeynayaka has been released for service at the Ministry. He has been attending to duties at Bastian Mawatha office whilst serving at the Ministry. His appointment was given only for six months from 28.11.2011. He was paid an allowance of Rs. 13,500/= per month at the rate of Rs. 750/= per day for a maximum of 20 days after deducting 10% for provident fund. Six months period of Mr. Y.K.M. Nishantha Abenayake terminated on 28th May 2012.

Staff Administration

At present there is no approved staff to perform duties at National Transport Commission office at the Bastian Mawatha Terminal. Approval has been requested from the Management services

Department for the appointment of a staff for the Bastian Mawatha Terminal office of the National Transport Commission. Until such time the approval is granted, these offices were detailed on an assignment of duties to perform the duties of this office efficiently.

Three officers served as consultants attached to Bastian Mawatha office earlier while there are no cons

Accounting activities and good governance

5.1 Combined Plan

(a) At the Board of Directors meeting held on combined Plan 2011 – 2015 (including Action Plan) was approved while approval was granted to refer it to the relevant institutions accordingly action was taken to refer the said reports to relevant institutions, viz, line ministry , auditor Generals Department, Department of public Enterprises. Since it was reported that , there was no written evidence to say that these reports were referred to the Auditor General , action has been taken to submit the relevant reports to the Auditor General vide letter dated 28.07.2011(Copy of the letter attached)

Similarly the combined plan prepared for 2012-2016 was approved at the Board of Directors meeting held on 01.12.2011 while it has been referred to the line ministry, Auditor Generals Department and the Dept of Public Enterprises by letter dated 09.12.2011.

(b) It has been noted to include performance approval criteria and a review of operational results for three previous years, when preparing the combined plan 2013-2017.

(c) It has been stated so because certain project activities of social importance implemented under the National Transport Commission are implemented continuously for a long period of time. But at the progress review held monthly, reaching the targets of expected performance is discussed under the guidance of the secretary to the Ministry of Private Transport Services. However, it has been noted to include expected performance targets in the action plan for the ensuring year.

(d) Replied under (a) (b) and (c) above.

5.2 Action Plan

(a) It has been noted to include expected performance targets in action plan for the ensuring year.

- (b) The number of passenger service permits due to be issued and the new routes are decided based on passenger requests, survey data and construction of new roads. Sufficient route permits have been issued for the presently available road net work. The number of new permits issued for a year is very limited while these decisions are very often taken to suit the occasion and therefore it will be practically difficult to state correctly in the action plan.
- (C) Data collected under a general form has been referred to the secretary to the line Ministry , so as to enable review the progress according to the action plan for the year 2011.

5.3 Internal Audit

Up to this time, a staff for the internal audit branch had not been approved. But for the present action has been taken to get the internal audit activities done by the officers of the National Transport Commission staff.

According to provision in Management services circular No. 30, the required staff of the National Transport Commission has been approved.

At present, new schemes of promotion and recruitment are being prepared accordingly while it has been noted to take steps to study the necessity of a prescribed staff for the internal audit branch and get the approval for same.

5.4 Audit Committees

At the audit and Management Committee meetings held by the National Transport Commission, action is being taken to get a representative of the auditor General's Department to participate in such meetings as an observer when advice and observations are required. However in the year 2011 a representative participated as an observer for one meeting only, and in the year 2012, up to now, a representative of the auditor general had been summoned and participated in 03 meetings.

5.5 Budget

It has been noted to take necessary steps to minimize the variations when preparing the next budget.

6. System and Controls

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

Director General (Acting)

National Transport Commission