ANNUAL REPORT

2008

SRI LANKA TRANSPORT BOARD

Contents

VISION

The excellent Transport provider in the region.

MISSION

To provide the public a safe, dependable and comfortable road passenger transport at a reasonable fare system through a staff dedicated to service and obtain the maximum utilization of all resources functioning as a financially viable organization.

AIMS & OBJECTIVES

1. To Promote a qualitative and quantitative and efficient and effective bus service through 12 Regions by monitoring and coordinating and counseling.

2. To provide a satisfactory bus service to school going children.

3. To provide bus services on uneconomic routes which are neglected by private operators due to pecuniary considerations.

4. To provide long distance services to remote areas from Central Bus Station, Pettah.

5. To coordinate the public and private sector transport agencies.

6. To coordinate bus services during festivals, special events, Parliament/ Provincial Councils elections etc.

7. To transport mails and newspapers.

8. To coordinate between General Treasury, National Transport Commission, Provincial Councils, relevant Ministries and other related agencies with regional offices for operation of buses.

9. To provide well trained and disciplined drivers from SLTB Driver Training Schools .

10. To conduct Seminars/ Workshops for drivers, conductors, mechanics and supervisory staff.

11. To provide units/ sub units produced by Provincial Workshops to Depots.

12. To provide season tickets to adults and students at attractive discounted rates.

13. To maintain a Transit Stores at S.L.T.B Head Office, Narahenpita for issue of critical spare parts to Provincial Workshops.

14. To conduct security investigations, Flying Squad checks etc. in Depots.

INTRODUCTION

All aspects of transport, no doubt are vital for the economic development of the country. This is specially so, in the case of road passenger transport. In a developing country like Sri Lanka bus plays an important role in connecting towns and villages and thereby linking the whole country.

Bus services in the Island provided by about 80 operators who totally operated about 1200 routes and 3532 registered buses were nationalized by Motor Transport Act No 48 of 1957 on 1957.10.31 and consequently the Ceylon Transport Board (C.T.B) came into being on 1958.01.01

Since then up to 1977 C.T.B enjoyed a monopoly status with regard to road passenger transportation In 1978 C.T.B was decentralized into 10 Regional Transport Boards coordinated by the Sri Lanka Central Transport Board by Transport Board Law No 19 of 1978. The Government was of the view that decentralization of C.T.B. would serve the needs of the travelling public more efficiently and effectively as smaller units were expected to be more sensitive to local and regional needs and be capable of providing quicker solutions to local transportation problems.

However, in response to continued escalatory deficits being incurred by CTB and its inability to meet the ever increasing passenger demand generated by the new concept of liberalization of the economy the private sector was permitted to enter road passenger transportation.

The Government with a firm belief in privatization earmarked C.T.B for peoplisation as part of a public sector restructuring. The above conversion was carried out under the Conversion of Public Corporations or Government Owned Business Under takings into Public Companies Act No 23 of 1987. Each of the 93 Transport Board depots existing at the time of peoplisation became separate limited companies with governance by a Board of Directors chose mostly from the employees with half the peoplisation Program was invoked in 1990 and concluded in 1993. As peoplisation was implemented in a haphazard method the desired results were not achieved.

Therefore in 1997 Bus Companies were clustered by an amendment to the NTC Act No : 37 of 1991 and the Cluster Bus Companies, too, failed to achieve the desired results. Excess staff, serious breakdown in discipline, unfair competition, social obligations, lack of professionalism, inefficiency, escalation of operating costs, political and trade union undue interference, rampant corruption are some of the maladies that affected the Cluster Bus Companies.

In order to find a solution to the above problems the Sri Lanka Transport Board was established effective from 2005.10.19 by SLTB Act No : 27 0f 2005.

MESSAGE FROM THE CHAIRMAN

At the outset I wish to state that the Sri Lanka Transport Board (SLTB) which completed 50 years of serving the public on 01.01.2008 has accomplished numerous achievements during the year. when commenting on the performance of 2008, I am glad to mention that the services offered to the general public were of a very high standard. Therefore SLTB cannot be treated as a business entity only. As it is something going beyond the income and expenditure levels has SLTB offers invaluable service as it provides transport facilities to the public at any time of the day from any destination. A detailed survey carried out has revealed that the board suffers a loss of Rs.213 million per month due to the bus services operated before 6.00 a.m and after 6.00 p.m of the day, operation of buses on uneconomic routes and from bus services operated amidst of continued losses.

Further to this, 425 buses are daily released for the forces , police and for other requirements. For which only Rs. 3,000/= per bus is received. Generally a bus earn of some of Rs.8,000/= ï 10,000/= per day. It has been found that due to this release of buses a loss of Rs.63.75 million revenue per month has been incurred.

In spite of providing the above stated services , generally the operated kilometers per day has been increased by (21,720) when compared with 2007 . This increase amount to 2.6 percent and concurrently the way bill revenue too has increased by 20.8 percent per day. It was evident from the fact that the daily income which was Rs. 29.3 million in 2007 has increased to 35.4 million per day in 2008. It has to be appreciated that in spite of increase in bus fares revenue has increased at a higher rate.

Performance of Engineering Division has contributed immensely for achieving these successes. This is mainly due to the strengthening of the bus fleet by the addition of more buses , fitted with 132 TATA engines and 125 Leyland engines , supplied by the Treasury.

The new methodology of crediting revenue of all depots to a single account was introduced in August 2008, for the purpose of upgrading finances of weak depots and for the sole Purpose of maintaining financial discipline . This could be considered as a significant event of the year. To start with the financial management 0f four region , namely Sabaragamuwa, Nuwara Eliya. Colombo and Kalutara were centralized and operated at the SLTB Head Office.

Setting up of the Information Technology Division with the introduction of new technology which was a long felt need of the SLTB, was an outstanding achievement of the year 2008. Looking back at the several special events that took place in 2008, It is very clear that they have attributed to the progress and prosperity of the institution.

Finally I wish to staffs that the devotion and commitment of everybody was commendable in achieving these goals. It is hoped that similar corporation would be extended in 2009.as well for the forward march of the SLTB.

Shashi welgama
Chairman
Sri Lanka Transport Board

PLANNING & DEVELOPMENT DIVISION

Obtain profit & loss statements of all Depots and Regional Offices of the SLTB to Head Office and prepare a summarized profit & loss statement and other analysis reports and submit to the Senior Management.

Computerize monthly reports of Tyres and prepare analysis reports. Prepare the relevant reports for obtaining subsidies for uneconomic routes and present them to National Transport Commission. Preparation of profit & loss statements in respect of Driving Schools, Circuit Bungalows and Provincial Workshops.

Preparation of quarterly credit reports and other progress reports required by the Chairman and General Manager. These reports which were very important to the Management have been extremely useful in decision making at Senior Management Level.

Preparation and submission of progress reports and other information requested by the Transport Ministry and other state institutions.

INTERNAL AUDIT DIVISION

The number of internal audit queries issued during 2008 was 1,899. The amount recoverable in this respect is Rs.35,820,658.47.

SECRETARIAT DIVISION

The Board of Directors has met regularly during the year 2008. 12 meetings of the Board have been held.

TENDER BOARD

- Action has been taken to invite tenders and arrange for the purchase of printing requirements of the SLTB Head Office and Depots.
- Tenders were invited to procure office equipment required for SLTB Head Office and Depots and the approved prices were made available.
- Tenders were invited for motor spare parts required by the Depots and Provincial Workshops and the prices were made available.
- Tenders were invited for civil engineering works.
- Steps were taken for the disposal of unserviceable scrap buses and other unserviceable scrap items.

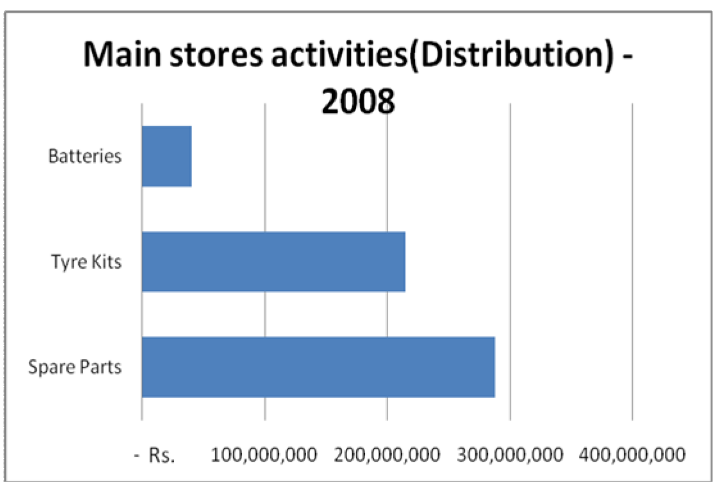
SECURITY DIVISION

- Several officers who left the three armed forces were recruited with the intention of expanding activities.
- Inquiries and investigations were carried out on complaints, petitions and appeals.
- Assisted in directing for disciplinary action against those who were found to be guilty of offences at the inquiries and investigations.
- Supervision of fire extinguishing work in all agencies under the SLTB.
- Security provided for transportation of cash.
- Direct issue of free travel passes to all employees attached to SLTB Head Office and other stations.

COMMERCIAL & SUPPLIES DIVISION

The cost of spare parts issued to regions, Depots and Provincial Workshops during the period under review is furnished below.

Year	Central Stores Katubedda	Main Stores, Narahenpita	Total
2008	Rs.182,902,334.00	RS.104,920,215.69 Spare parts Rs.214,585,214.00 Tyre kits Rs.41,176,467.00 Batteries	Rs360,681,896.69

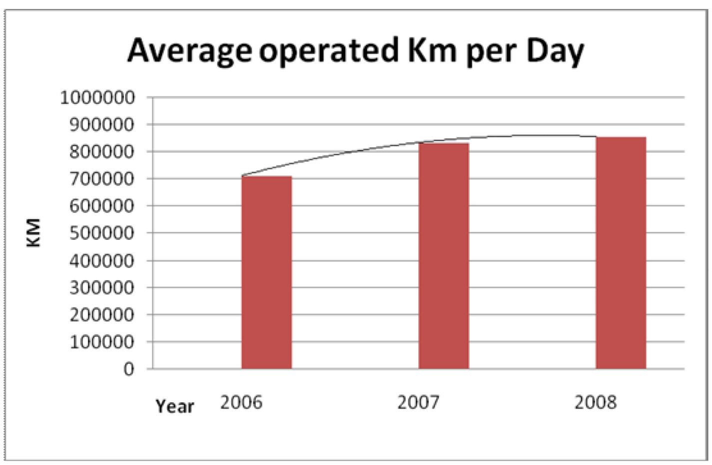


OPERATION DIVISION

Bus Fleet	9408
Buses in operational condition	4663
Buses operated	4234
Buses operated as a percentage of the bus fleet that can be operated	49.5%
Buses operated as a percentage of the bus fleet	45%
Buses operated as a percentage of the bus fleet in operational condition	90.7%
Total no of kilometers operated	26506766
Gross revenue	Rs.1,495,948,866
Way Bill Revenue	Rs.1,136,832,117
Way Bill Revenue as a percentage of the Gross Revenue	76%
Revenue per kilometer	56.44
Gross expenditure	1,534,000,296
Expenditure per kilometer	57.87
Profit /loss per Km(after depreciation)	(5.51)

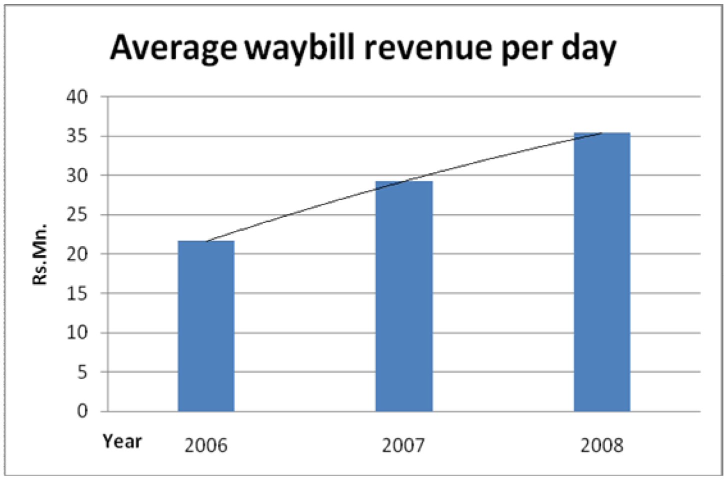
Improvement of Operated kilometers per day as follows.

2006	713,753
2007	835,313
2008	857,033



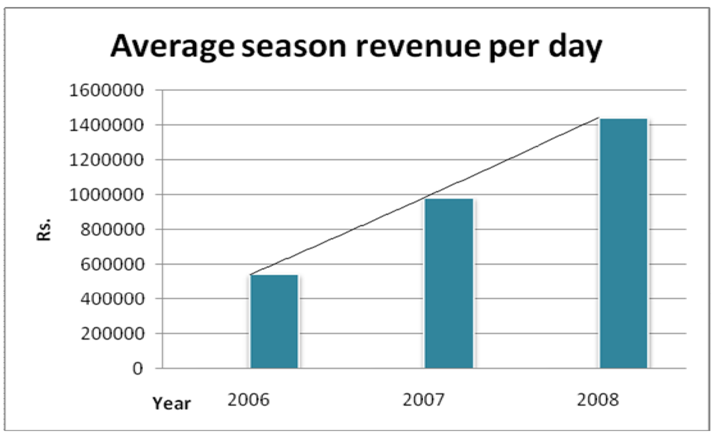
When operated kilometers increased in 2008 by 2.6%, waybill revenue has increased by 20.8%. Therefore we have earned Rs. 6.1 Mn. per day additionaly.

2006	Rs.Mn. 21.7
2007	Rs.Mn. 29.3
2008	Rs.Mn. 35.4



Increase of season ticket revenue per day were satisfactory level.

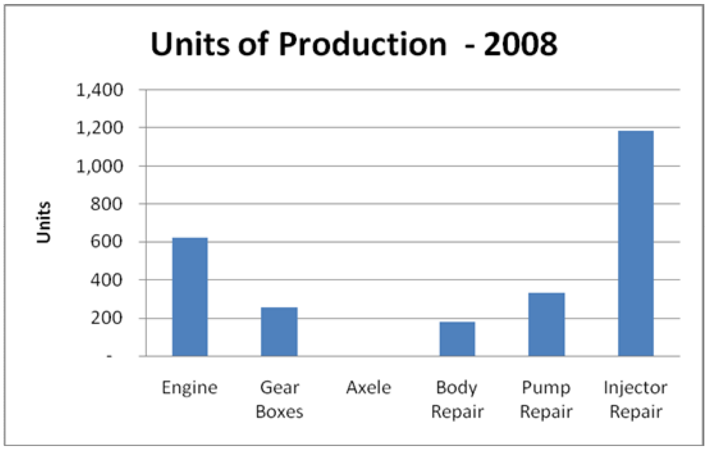
2006	Rs.	544,749
2007		984,430
2008		1,443,219

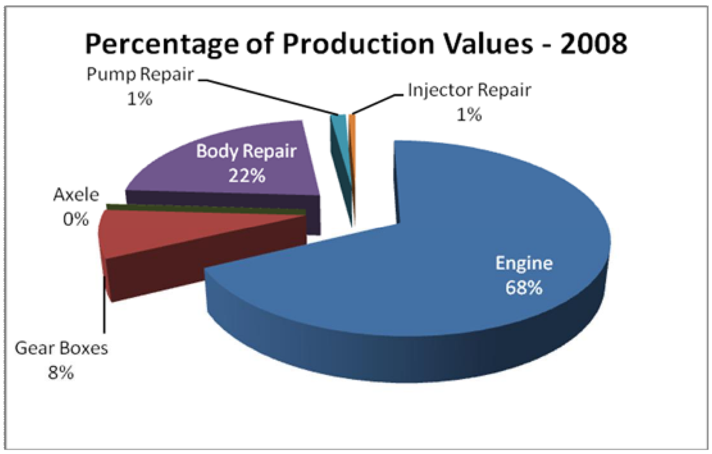


TECHNICAL DIVISION

Production value of work done through Provincial Workshops.

Category	**Units**	**Value Rs.**
Engine	625	96,146,080.00
Gear Box	256	11,667,964.00
Axle	3	66,505.00
Repairs to body of Buses	180	31,120,637.00
Repair of Pumps	332	2,089,829.00
Injector	1186	908,814.00





Supply of New Buses
220 new buses were supplied in 2008.

Supply of New Engine Kits
132 TATA Engine Kits and 125 Leyland Engine Kits were supplied during 2008.

FLYING SQUAD DIVISION

It has been estimated that a minimum of 25% of the way bill revenue is misappropriated. To arrest this situation special flying squad teams have been mobilized. The following statistics will show the loss of revenue.

Year	Severe frauds	Minor frauds	Fines collected from passengers who travelled without tickets
2008	1426	6883	Rs.2,277,674.50

TRAINING DIVISION

The Training Division which was established in 2008 conducted Training Workshops for the Graduates who were recruited in December 2008, covering the following subject area

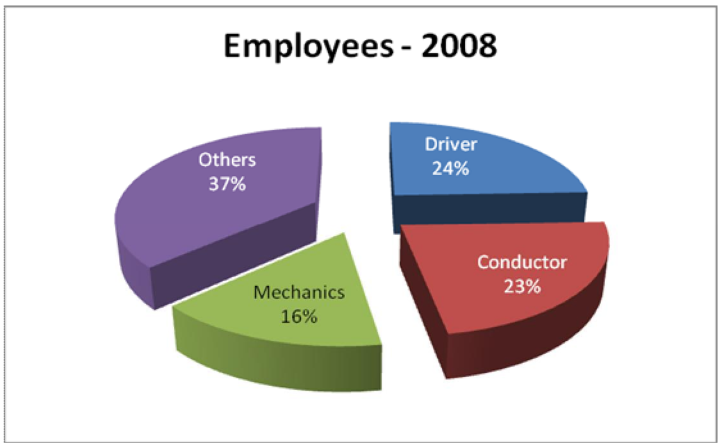
- History of Sri Lanka Transport Board and its expansion
- Operations Division performance and practicability
- Responsibility of the Medical Centre for the employees
- SLTB Leave procedure
- Responsibility of Engineering Division in its activities
- Industrial Disputes Act and Trade Union Ordinance
- Activities conducted by the General Treasury
- SLTB Organizational Structure and its operation
- Project of SLTB (Sisu Seriya / Gemi Seriya)
- Internal Audit Activities
- Responsibility of Assistant Managers

In addition to the above Workshops were held on several other subject areas.

HUMAN RESOURCES DIVISION

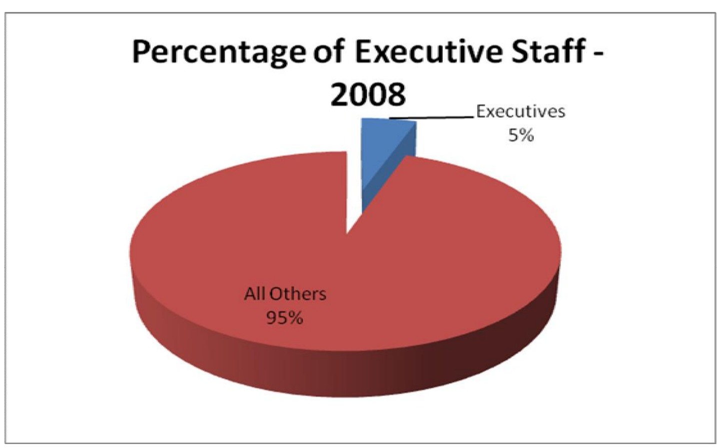
Cadre details for 2008, in category wise as follows

Drivers	8,836
Conductors	8,302
Mechanics	5,659
All other	13,405
Total	36,202



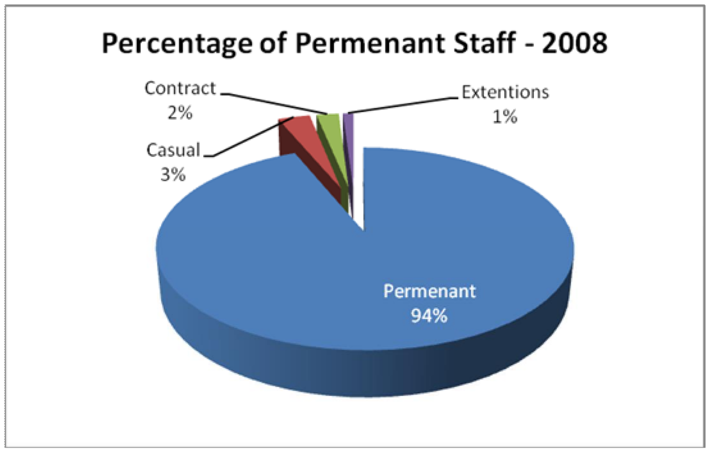
The structure of Executive and Non executive Employee as follows.

Executive	1,921
Non executive	34,281
Total	36,202



Nature of employment of Employees in 2008 as follows.

Permenant	33,944
Casual	1,116
Contract	778
Extentions	364
Total	36,202



INFORMATION TECHNOLOGY DIVISION

The Bus Plan Project conducted by the Moratuwa University was modified with the establishment of the Information Technology Division and a new Information Technology System was introduced to the Operations Division.

Computer operators of the Depots were trained to computerize the way bill report.

Accounting Policies

1. The financial Statements have been prepared in accordance with Sri Lanka Accounting Standards and generally accepted Accounting Principles applied on historical cost basis and present the consolidated position after combining financial results of peripheral units of S.L.T.B.

2. Generally accepted accounting principles have been followed in the preparation of the Balance sheet, Accounts of the Board and accounting policies have been applied consistently. Revenue and expenditure been accrued and recorded in the Financial Statements of the period to which they relate.

3. Fixed Assets have been shown in the Balance sheet at cost less depreciation. Capital work-in progress is not treated as fixed assets. The Board occupies lands to the value of Rs' 23,190,343/=.The title of which has not yet been passed to the board, the full value of these lands is not shown under fixed assets, the payments on these land is shown as "advanced on Fixed assets" to the value of Rs. 8,299,517/=.The Board of Directors has given their approval to write-off this amount after a six month period of time. This will be reflected in the financial year 2009

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4. No depreciation is provided in the year of purchases and full depreciation is provided in the year of disposal. The provision for depreciation is calculated by using a straight line method at the following rates.

Buildings	2.5%
Busses & Other vehicles	12.5%
Plant & Equipments	10%
Furniture & Fittings	10%
Computers	25%

5. One month salary for every year of service to employees on retirement has been provided. This Position is prudent, fair and reasonable.

6. Provision for bad debts is calculated based on Receivables of income, Army hires, Police warrants and others at the rate of 5%.

7. Stock valuation is made on basis of First in First out (FIFO) method.

8. According to the SLAS 24, Government grant for Busses is recognized as Income and write-off over the 8 years period of its useful life time.

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல / My No. RT/B/SLTB/FA/2008 | ඔබේ අංකය / உமது இல / Your No. | දිනය / திகதி / Date 31 October 2013

The Chairman

Sri Lanka Transport Board

Report of the Auditor General on the Financial Statements of Sri Lanka Transport Board the for the year ended 31 December 2008 in terms of Section 14 (2) (c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Sri Lanka Transport Board for the year ended 31 December 2008 comprising the balance sheet as at 31 December 2008 and the profit and loss account, 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 24 of the Sri Lanka Transport Board Act, No. 27 of 2005. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14 (2) (c) of the Finance Act appear in this report. The financial statements for the year ended 31 December 2008 had not been presented for audit within the specified period and as such a report relating to the operation of the Board was forwarded to the Chairman on 15 October 2009.

1.2 Management's Responsibility for the Financial Statements

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

අංක 306/72 පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை
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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 Board'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 Board'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 adverse audit opinion.

1.4 Basis for Adverse Opinion

Had the matters described in paragraph 2.2 of this report been adjusted, many elements in the accompanying financial statements would have been materially affected.

2. Financial Statements

2:1 Adverse Opinion

In my opinion, because of the significance of the matters described in paragraph 2.2 of this report, the financial statements do not give a true and fair view of the financial position of the Sri Lanka Transport Board as at 31 December 2008 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Consistency of the Institution

The net assets had diminished in a great extent and those had a negative value of Rs.7,362 million by the end of the year under review as the Board had incurred losses continuously. As a result, an uncertainty had appeared in the function of the Institute without other financial assistance of the Treasury or the Government.

2.2.2 Accounting Policies

Even though it was the accepted accounting policy of not maintaining the book value of property, plant and equipment at zero when making provision for depreciation on them, the book value of 05 buses sold during the year under review and 66 condemned buses had been kept at zero. The book value of another 33 buses had been shown at minus value.

2.2.3 Accounting Deficiencies

The following observations are made.

(a) According to the financial statements presented, the cost of lands and buildings of the Board was Rs.321.88 million. However, the cost of those assets had not been separately disclosed. But, it was assumed that a sum of Rs.160.95 million representing 50 per cent of the above total cost as the cost of the buildings and of this, a sum of Rs.4.02 million computed on the basis of straight line method at the rate of 2.5 per cent had been provided for depreciation.

(b) Depreciation amounting to Rs.11.22 million to be computed and accounted on the basis of net adjustments amounting to Rs.125.16 million which was added to the cost of the property, plant and equipment as at 01 January 2008, had not been brought to account and as a result, the deficit for the year under review and the book value of property, plant and equipment had been understated and overstated respectively by the same value.

(c) Instead of taking the salary for the month of December for the computation of the provision for gratuity in terms of provision of the Payment of Gratuity Act, No.12 of 1983 the average salary had been taken as a basis. As a result, the balance of the provision for gratuity account amounting to Rs.2,997.52 million was incorrect.

(d) The book value of assets and liabilities amounting to Rs.217.68 million and Rs.369.03 million respectively relating to 06 Bus Companies had been vested with the Board during the year 2007 without making revaluation and the amount of revaluation of them had not been identified in the financial statements even during the year under review.

(e) Travelling permits had been issued to 13 external institutions on the basis of post recovery of cash and the income had been accounted on cash basis instead of accrual basis. The debtors' ledgers had not been maintained so as to separately identify the income receivable from each institution and as such income receivable from those institutions as at end of the year under review could not be correctly identified. Therefore, a sum of Rs.202.26 million received during the year 2009 had only been adjusted in the accounts as income receivable as at the end of the year under review.

2.2.4 Unexplained Differences

The following observations are made.

(a) According to the financial statements presented, the value of balance stock of the Head Office of the Board as at 31 December 2008 was Rs.1,135.61 million. However, according to the confirmation of the Chairman and the Chief Supplies Manager, its value was only Rs.61.40 million. Reasons for the difference had not been explained. Further, the value of balance stock as at end of the year had been brought to account overstating by Rs.1,074.21 million and as a result , the deficit for the year under review and the value of assets as at 31 December 2008 had been understated and overstated by the same value.

(b) According to the reports certified and forwarded by the Department of Registrar General, share capital of the employees and the share capital of the Treasury amounted to Rs.411.14 million and Rs.3,944.89 million respectively whereas according to the financial statements presented, the capital of the employees as at 31 December 2008 was Rs.411.14 million. Reasons for not disclosing the share capital of the Treasury in the financial statements had not been submitted.

(c) There were 04 advance accounts with the credit balance of Rs.589,119 within the advances issued amounting to Rs.215 million shown under current assets as at 31 December 2008. Reasons for appearing credit balances in the advances issued had not been submitted.

2.2.5 Suspense Accounts

The credit balances of 06 suspense accounts as at 31 December 2008 which was brought forward continuously for a period of more than 10 years by changing the balances totalled Rs.401.90 million and action had not been taken to settle these balances even during the year under review.

2.2.6 Accounts Receivables and Payables

(a) An age analysis had been submitted only for 15 balances valued at a Rs.1,569.18 million relating to Head Office out of the balances of other receivable accounts as at 31 December 2008 amounting to Rs.1,851.93 million and of this, the value of 11 individual balances remaining over 05 years amounted to Rs.210.91 million.

(b) Action had not been taken even up to 31 December 2008 to settle 18 balances amounting to Rs.1,293.02 million remaining over a period ranging from 05 years and 10 years included within the creditors amounting to Rs.2,278.44 million relating to the Head Office.

(c) The balances of 05 long term loan accounts totaling Rs.1,976.66 million received from the General Treasury existing over 25 years had not been settled even up to 31 December 2008.

(d) The balances of the Indo Sri Lanka Loan Account as at 31 December 2008 amounted to Rs.38 million and the loan interest payable thereon as at that date was Rs.1,176.07 million. Action had not been taken to settle these account balances.

(e) Action had not been taken up to 31 December 2008 to settle 16 long term balances totaling Rs.1,174.22 million vested with the Sri Lanka Transport Board at the time of its establishment on 18 October 2005.

2.2.7 Lack of Evidence for Audit

Evidence shown against the following transactions had not been submitted for audit.

	Item	Value		Evidence not Submitted
	-----	--------		------------------------------
		Rs. million		
(a)	Non-current Assets	6,057.1	(i)	Detailed Schedule
			(ii)	Register of Fixed Assets
			(iii)	Documentary evidence to prove existence and ownership
			(iv)	Report of the Board of Survey as at 31 December 2008
(b)	Investments	271.3	(i)	Schedule showing the details of investments
			(ii)	Investment certificates
(c)	Miscellaneous Debtors	1,851.9	(i)	Detailed schedule including the individual balances.
			(ii)	Certificate for confirmation of balances.
			(iii)	Age Analysis for Rs.282.7 million
(d)	Bank Balance Bank Overdraft	154.2 404.9		Number of Bank Accounts and schedule showing each balances separately

(e)	Creditors	3,835.4	(i)	Detailed schedule
			(ii)	Age analysis for Rs.1,556.9 million
(f)	Stock Balance	1,642.3	(i)	Report of the Board of Survey
			(ii)	Net realizable value of the stocks

2.2.8 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)	Section (8) (1) of the Finance Act No.38 of 1971 and paragraph 5.2.4 of the Circular No.PED/12 dated 02 June 2003 of the Department of Public Enterprises	Even though the budget for the ensuing year should have been prepared before 03 months prior to the commencement of the financial year and it should be approved by the Board of Directors, the Budget presented to audit had not been approved by the Board of Directors.
(b)	Employees Provident Fund Act No.15 of 1958 and the Minutes of the Employees	Even though the contribution for the Provident Fund recovered from the salaries of the employees and the contribution of

Provident Fund of the Board	the Board thereon should be credited to the Employees Provident Fund Account before end of the month following the earning month, a sum of Rs.563.18 million including contributions for the year under review and the preceding years and a sum of Rs.452.04 million had not been credited to the Provident Fund maintained by the Board and to the Employees Provident Fund maintained by the Central Bank of Sri Lanka respectively. As a result, a surcharge of Rs.15.9 million had to be paid.
(c) Employees Trust Fund Act No.46 of 1980.	Even though an amount equivalent to 3 per cent of the salary of the employees should be credited to the Fund by the Board before end of the month following the earning month, a sum of Rs.46.2 million including contributions for the year under review and the preceding years had not been credited accordingly. As a result, a surcharge of Rs.924,506 had to be paid during the year under review.
(d) Paragraph 2 of the Instruction Paper relating to the Circular Letter No. 05 of 2008 of the Finance Division of the Sri Lanka Transport Board	Even though the entire imprests should have been settled as at 31 December, the balance of 04 petty cash imprest accounts amounting to Rs.1.9 million had not been settled as at that date.

(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R 387	The Board had obtained Bank overdraft facilities during the year under review and the balance of the bank overdraft as at 31 December 2008 amounted to Rs.404.9 million. The overdraft interest paid during the year under review amounted to Rs.29.35 million.

2.2.9 Unsettled Transactions

The following observations are made.

(a) Action had not been taken to find out and settle relating to provision of Rs.33.31 million made for the damaged goods of the stores which were being brought forward from the previous years.

(b) Action had not been taken even during the year under review to settle two account balances of advances issued amounting to Rs.4.89 million which were being brought forward from the year 2005.

(c) Even though advances granted for purchase of goods should be settled immediately after purchasing the goods, action had not been taken to settle the advances amounting to Rs.25,000 granted during the year under review.

(d) Action had not been taken even during the year under review to settle the credit balances of the special advance accounts of the Head Office amounting to Rs.491,650 which were being brought forward from the year 2007.

(e) The balance of the fuel stock in transit account as at 31 December 2006 amounting to Rs.1.23 million appeared under the Regional Transport Board had not been settled even up to the year under review.

(f) Action had not been taken even during the year under review to settle the work in progress account amounting to Rs.35.75 million which were being brought forward from prior to year 1999.

(g) Even though the Department of Public Enterprises had granted approval on 30 July 2002 to carry out complete examination relating to non moving assets and liabilities at the total value of Rs.1,221.3 million and to write off from the books on the basis of the knowledge and approval of the Board of Directors, action had not been accordingly in respect of those assets and liabilities.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the Sri Lanka Transport Board had incurred a loss of Rs.7,717.04 million for the year ended 31 December 2008 whereas that loss had decreased up to Rs.1,048.80 million due to the grants of Rs.6,668.24 million received from the Treasury. The corresponding loss for the year 2007 amounted to Rs.5,946.55 million whereas that loss had decreased up to Rs.1,537.27 million due to the grants of Rs. 4,409.28 million received from the Treasury. The financial results for this year had indicated an improvement of Rs.488.47 million as compared with the preceding year. Increase of Government grants had mainly attributed for this improvement.

4. Operating Review

4.1 Management Inefficiencies

According to the financial statements presented, advances amounting to Rs.8.29 million had been paid for the lands acquired at the time of peoplisation of Bus Companies in the year 1958. The total value of lands had not been paid to the owners at that time and as a result, vesting with the ownership of those lands to the Sri Lanka Transport Board was not possible. Action had not been taken to find out relating to the existence and ownership of these lands and to register those lands in the name of the Board by settling the advances paid.

5. Accountability and Good Governance

5.1 Presentation of Financial statements

Although the financial statements for the year under review should have been presented for audit on or before 28 February of the ensuing year in terms of paragraph 6.5.1 of the Public Enterprises Circular No.PED/12 dated 02 June 2003, the financial statements had been presented to audit only on 31 May 2012 after a delay of 03 years and three months.

5.2 Budgetary Control

Significant variances were observed between the budgeted figure and actual figure, thus indicating that 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 of the Institute from time to time. Special attention is needed in respect of the following areas of control.

(a) Fixed Assets

(b) Stock Control

(c) Debtors and Creditors

(d) Accounting

(e) Confirmation of Account Balances

(f) Vesting of Assets and Liabilities

(g) Settlement of Account Balances

(h) Budgetary Control

W.P.C. Wickramaratne

Acting Auditor General