

Parliament Serial No : - 76

Name of the institute : - **Sri Lanka Air Force**

Weaknesses identified by the committee/ Orders given by the committee	Remedial actions taken/Implementing Recommendations/ present position
<u>Weakness</u> 1. Indicating a balance of 77.6% from the net provision under the capital estimate in year 2016. <u>Committee Order</u> Committee ordered Secretary, Ministry of Finance to forward a comprehensive report to the committee and the Auditor General regarding reasons which caused this balance in provisions, before 05.07.2018.	In order to inform Secretary, Ministry of Finance in this regard, Ministry of Defence has been notified by letter no SLAF/2016/5/AUDIT/IAD dated 21st Feb 2019
<u>Weakness</u> 2. Legal status with regard to Government Officials functioning as members of the Board of Directors of Helitours (Pvt) Ltd which is incorporated under Companies Act. <u>Committee Order</u> Committee ordered Secretary, Ministry of Finance to prepare a systematic plan convening secretary, Ministry of Defence and Tri Forces Commanders, with regard to the administration of those funds while ensuring institutional welfare.	(1) By letter No: SLAF/C99/6/3/DAO dated 24th January 2018, the Commander of the Air Force has sought advice from the Department of Public Enterprises of Treasury to regularize shares of the Helitours (Pvt) Ltd.(A copy of that letter is attached herewith as Appendix “1”). (2) In response to the above letter, the Department of Public Enterprises by letter dated 25th July 2018 has advised to transfer said company shares to the Secretary, Treasury (A copy of that letter is attached herewith as Appendix “2”). (3) Further, since Helitours (Pvt) Ltd has not received advice regarding the percentage of shares to be transferred to the Treasury, same advice was sought from the Department of Public Enterprises by letter No: SLAF/C99/6/3/DAO dated 04th September 2018 (A copy of that letter is attached herewith as Appendix “3”)

Weaknesses identified by the committee/ Orders given by the committee	Remedial actions taken/Implementing Recommendations/ present position
	(4) Later, an initial meeting between the Director General of the Department of Public Enterprises and the officials of the Helitours (Pvt) Ltd. was held on 24th January 2019 at the Department of Public Enterprises with regard to the transferring of shares of Helitours (Pvt) Ltd and the feasibility of the same. As a result of that meeting, it was decided to review the financial status of the company for identifying a business plan which suits to Helitours. Accordingly, two officials of the Department of Public Enterprises visited Helitours on 19th March 2019 and inquired the same. (5) After that decided to arrange a meeting between Directors of the Helitours (Pvt) Ltd and Officials of Department of Public Enterprises (DPE). As such, proposed to have a meeting on 10th April 2019 by the letter reference SLAF/C.99/6/3/DAO dated 27th March 2019 (a copy of the letter attached as Appendix '4'). It was informed by the Department of Public Enterprises (DPE) that the 9th April 2019 is not possible for a meeting due to a service reasons. (a copy of the letter attached as Appendix '5') (6) A discussion was held by two members of the Board of Directors of Helitours and other officials with the Director General of the Department of Public Enterprises and other respective officials on 10th May 2019 and had taken decisions mentioned below. a. Transferring full ownership of Company shares to Secretary to the Treasury. b. Retaining Operational functions and the management of Helitours (Pvt) Ltd with the Board of Directors of Sri Lanka Air Force. c. Appointing an agent of the Treasury as a Director of Helitours (Pvt) Ltd. d. An agreement between Sri Lanka Air Force and Helitours (Pvt) Ltd to Obtain aircrafts on lease basis. e. Accounting all maintenance expenditures and all movable & unmovable assets (including human resources) of Helitours (Pvt) Ltd and allocating a percentage of income of Helitours (Pvt) Ltd to the public account and for welfare activities of Sri Lanka Air Force.

Weaknesses identified by the committee/ Orders given by the committee	Remedial actions taken/Implementing Recommendations/ present position
<u>Weakness</u> 3. Progress of the recovery of arrears of Rs. 13.47 million to be received as at 31.12.2017 to Sri Lanka Air Force for providing air transportation facilities <u>Committee Order</u> Committee ordered the Secretary, Ministry of Finance to discuss action to be taken to charge that money by convening secretaries of respective ministries and to report the same to the committee.	The progress of the recovery of arrears of Rs. 13.47 million as at 31st December 2017 for providing air transportation facilities is attached herewith as Appendix “6”.
<u>Weakness</u> 4. Not taking action to recover the damage of Rs. 16 million caused by the faults in 148 number of lamps and 33 batteries by the year 2015, out of 187 number of Solar powered street lamps purchased at a cost of Rs. 19,691,000.00 with a 15 year warranty period from two private companies in year 2009. <u>Committee Order</u> The Auditor General emphasized that when selecting a supplier for a technical nature purchasing, an understanding about the persistence of the company needs to be gained and for that more attention should be on the financial statements of the company.	(1) When taking action to recover the damage from the warranty, as the failure of solar powered street lamps and its components which were purchased for Sri Lanka Air Force in year 2009 occurred within the respective warranty period, it is revealed that the relevant companies are closed by that time. Accordingly, Sri Lanka Air force has taken all possible action to recover the damage but due to the failure of all such efforts, a board of investigation has been appointed to inquire the same. Referring after its recommendations to the Commander of Air force, it is recommended to take legal actions necessarily against relevant companies for recovering the damage. Further to inform, Sri Lanka Air Force has already taken necessary action by now to prevent such damages in future. (2) Accordingly, Director Legal, Sri Lanka Air Force has submitted all the information required to dispatch letters of demand to those two companies named Access Solar (Pvt) Ltd and Environ Energy Lanka (Pvt) Ltd to Attorney General’s Department on 05th July 2018.

Weaknesses identified by the committee/ Orders given by the committee	Remedial actions taken/Implementing recommendations/ present position
<u>Weakness</u> 5. Not having a proper place to keep air ladders of the Fire Unit close to Colombo. <u>Committee Order</u> The committee by emphasizing the providing of resources to Fire Unit for protecting buildings which are constructing day by day within Colombo city area as a crucial factor, has ordered the Secretary, Ministry of Megapolis and Western Development to take necessary action to vest a land for establishing the fire unit as ministry itself has a huge responsibility to do so and the committee further ordered CAO/AO to submit Secretary, Ministry of Finance, the proposal on provision requirement for the construction along with a project proposal, to include it to the budget proposal of year 2019.	(1) The treasury is informed through letter No: SLAF/15/1/Air dated 12th Sep 2018 to allocate Rs 192 million which is to be paid to Urban Development Authority for acquiring the government owned land named Bekariyawaththa situated in Narahenpita, from the annual budget of year 2019. Out of that, Rs 50 million was initially given in year 2019 and at the Committee on Public Accounts held on 21th March 2019, representatives from the Treasury agreed the rest to be given in year 2020. (2) Further, the letter No: SLAF/477/2/ORG dated 29th March 2019 has already been sent to Director General, Urban Development Authority with a copy to Ministry of Finance in relation to the acquisition of the land named “Bekariyawaththa which is situated in Narahenpitiya junction for the purpose of establishing Sri Lanka Air Force Fire Unit.(A copy of the letter is attached herewith as Appendix ‘7’)

Weaknesses identified by the committee/ Orders given by the committee	Remedial actions taken/Implementing recommendations/ present position
<u>Weakness</u> 6. A Radar Receiver and an Antenna Scanner belonged to Sri Lanka Air Force have been dispatched to China for the repair on 04th April 2014 but due to the misplacement of said items, Rs 74,457,100 was lost to Sri Lanka Air Force. Yet, action was not taken to recover the damage by identifying responsible parties in this regard and also action was not taken to obtain insurance for said items. <u>Committee Order</u> The committee ordered CAO/AO to take disciplinary action against the officers who did not obtain insurance for items and also to recover the loss caused by the misplacement of said items, whilst submitting the letter sent by Sri Lanka Air Force to Attorney General in seeking advices to the said matter and the answers given by Attorney General in response to the letter, along with a report from the Ministry of Defense within two weeks of time pertaining to the respective matter and all other matters which were subjected to investigation by the committee.	(1) A detailed report in this regard has been submitted to COPA through letter No: SLAF/C438/23/Legal dated 22nd June 2018 (A copy of the letter is attached herewith as Appendix '8') (2) Referring after recommendations to Commander of the Air Force, of the investigation conducted in relation to the misplacement of Sri Lanka Air Force owned Radar Receiver and Antenna Scanner during the process of dispatching them by air to china for repair, the Commander has recommended to charge Rs. 493,438.38, which is 0.5% of the total value of the items from Squadron Leader HSPK Fernando, the officer responsible for not obtaining an insurance for the said item as well as to send him a warning letter, whilst charging Rs. 98,194,092.87, the rest of the damage from M/s Care Logistics (Pvt) Ltd, the company which took over the item to dispatch it to China and taking legal action against the company. (3) Further as per the orders given by COPA, Ministry of Defense is informed to take necessary action to black list the said company named M/s Care Logistics (Pvt) Ltd by banning its transactions with any other Government Institute. (4) At present the investigation report of the Criminal Investigation Department in relation to this company has been received and forwarded to Attorney General for further action to be taken.



ශ්‍රී ලංකා ගුවන් හමුදා මූලස්ථානය, සැ.සෙ. 594, කොළඹ, ශ්‍රී ලංකාව.
இலங்கை விமானப்படை தலைவரவை

3. Out of above, the undermentioned officers are the shareholders of the company in their personal names and the respective share amount is indicated against each name.

Share Holder	Number of Shares
DLS Dias	50,001
SK Pathirana	01
KFR Fernando	01
MD Ratnayake	01

4. As per the COPA report (Reference "A") there was an observation with regard to government officers holding appointments of Helitours (Pvt) Ltd.

5. According to the provisions of 19th amendment to the constitution and the Article 154(4)(a) of the Constitution, auditing of all government owned companies rest with the Auditor General and the same was informed through Ref(s): "B" and "C".

6. At the meeting held on 29th November 2017 at Air Force Headquarters (AFHQ) with the Deputy Auditor General, it was necessitated to produce a written document to Auditor General to confirm that Helitours (Pvt) Ltd is a government owned company since its financial needs are met through public funds allocated by the Treasury while the total revenue thereof is also credited to the Treasury. As such, this Headquarters has already requested an appointment with your department in order to seek advice on this matter by Ref: "E".

7. Subsequently the Auditor General was informed that this Headquarters was communicating with your department in order to determine the best course of action towards confirming the status of Helitours (Pvt) Ltd as a government owned company.

8. Further, at the Audit Management Committee Meeting held on 27th December 2017, Chief Internal Auditor (Civil) Sri Lanka Air Force, pointed out that a certain percentage of shares should be transferred to the Department of Government Enterprises of the Treasury in order to certify the statements of accounts of Helitours (Pvt) Ltd (2016/2017) by the Auditor General.

9. Hence your kind advice is sought in order to resolve the current situation and fulfill the financial and accounting responsibilities of the company please.

(KVB JAYAMPATHY)

WWW, RWP, RSP and three Bars, Ende (China), C-1
Air Marshal

COMMANDER OF THE AIR FORCE



රාජ්‍ය ව්‍යාපාර දෙපාර්තමේන්තුව
அரசு தொழில்முயற்சிகள் திணைக்களம்
Department of Public Enterprises

Web Site : www.treasury.gov.lk

කොළඹ 01, ශ්‍රී ලංකාව.
பொதுத் திறைச்சேரி, நித அமைச்சு, கொழும்பு, இலங்கை.
General Treasury, Ministry of Finance, Colombo 01, Sri Lanka.

මගේ අංකය
எனது இல
My Number

ඔබේ අංකය
உமது இல
Your Number

දිනය
திகதி
Date 25.07.2018

Air Marshal
Commander of the Air Force

Dear Sir,

Composition of Ownership of Company Shares – Helitours Pvt Ltd. (PV 72768)

This refers to the letter No.SLAF/C.99/6/3/DAO dated 24.01.2018, the meetings and several telephone conversations we had with your officials on the above-subject.

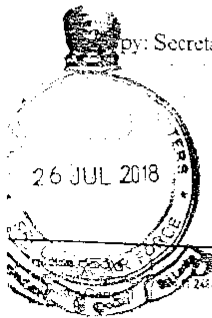
In terms of the Article 4(2) of the Companies Act No.7 of 2007, Secretary to the Treasury is allowed to hold single own shares of the Government Owned Companies and these investments are clearly stated in the National Accounts of Sri Lanka. Auditor General may have issues in recognizing State Owned Enterprises which are not stated in the National Accounts, and may lead to problems of transparency and accountability of utilizing public money as public investments.

Therefore, you are kindly requested to make arrangements to transfer the shares to the Secretary to the Treasury immediately after obtaining approval of the Cabinet of Ministers for the same.

Yours faithfully

N.K.G.K.Nemmawatta
Director General

by: Secretary, Ministry of Defense



தொழில்
அலுவலகம்
Office

+94 11 2486990
+94 11 2486790

தொலை
பே. அலுவலகம்
Fax No.

உரிமையாளர்/தொடர்பு/Telephone

சேது/பொது/General 2441044/2495495

• **සෘජු / நேரடி / Direct**

தீவு / இடைவெளி / Extension

பேட்டி/பொது/General: 2441044/2495495

தரப்பட்ட பக்கங்கள்/Ex	செயல் / நேரம்/Time/Direct
1	10:00 AM
2	10:15 AM
3	10:30 AM
4	10:45 AM
5	11:00 AM
6	11:15 AM
7	11:30 AM
8	11:45 AM
9	12:00 PM
10	12:15 PM
11	12:30 PM
12	12:45 PM
13	1:00 PM
14	1:15 PM
15	1:30 PM
16	1:45 PM
17	2:00 PM
18	2:15 PM
19	2:30 PM
20	2:45 PM
21	3:00 PM
22	3:15 PM
23	3:30 PM
24	3:45 PM
25	4:00 PM
26	4:15 PM
27	4:30 PM
28	4:45 PM
29	5:00 PM
30	5:15 PM
31	5:30 PM
32	5:45 PM
33	6:00 PM
34	6:15 PM
35	6:30 PM
36	6:45 PM
37	7:00 PM
38	7:15 PM
39	7:30 PM
40	7:45 PM
41	8:00 PM
42	8:15 PM
43	8:30 PM
44	8:45 PM
45	9:00 PM
46	9:15 PM
47	9:30 PM
48	9:45 PM
49	10:00 PM
50	10:15 PM
51	10:30 PM
52	10:45 PM
53	11:00 PM
54	11:15 PM
55	11:30 PM
56	11:45 PM
57	12:00 AM
58	12:15 AM
59	12:30 AM
60	12:45 AM
61	1:00 AM
62	1:15 AM
63	1:30 AM
64	1:45 AM
65	2:00 AM
66	2:15 AM
67	2:30 AM
68	2:45 AM
69	3:00 AM
70	3:15 AM
71	3:30 AM
72	3:45 AM
73	4:00 AM
74	4:15 AM
75	4:30 AM
76	4:45 AM
77	5:00 AM
78	5:15 AM
79	5:30 AM
80	5:45 AM
81	6:00 AM
82	6:15 AM
83	6:30 AM
84	6:45 AM
85	7:00 AM
86	7:15 AM
87	7:30 AM
88	7:45 AM
89	8:00 AM
90	8:15 AM
91	8:30 AM
92	8:45 AM
93	9:00 AM
94	9:15 AM
95	9:30 AM
96	9:45 AM
97	10:00 AM
98	10:15 AM
99	10:30 AM
100	10:45 AM

தேர்/ இணைப்பு/ Extension:

ஃ ஹேப்/மின்அஞ்சல்/e-mail

September 2018

COMPOSITION OF OWNERSHIP OF COMPANY SHARES
HELITOURS PRIVATE LIMITED (PV 72768)

A. COPA Committee report Dated 24 Jun 2016
B. S17 REP/2016 Dated 31st October 2016
C. S17.01-Com Aud-2016-11-16 Dated 06th January 2017
D. Meeting with the Deputy Auditor General on 29 November 2017 at the Air Force Headquarters
E. SLAF/165/5/DAO Dated 08 December 2017
F. SLAF/165/5/DAO Dated 20 December 2017
G. Audit and Management Committee Meeting held on 27th December 2017
H. Letter from the Department of Public Enterprises Dated 25th August 2018

1. As instructed by vide above reference 'H', shares of the Helitours (Pvt) Ltd are to be transferred to the Secretary to the Treasury to confirming the status of Helitours (Pvt) Ltd as a Government Owned Company.
2. However, the percentage of transferring of company shares is not mentioned in the above referred letter. As such this department is in consideration of transferring of 51% shares to the Secretary to the Treasury and the balance 49% shares are remain with Sri Lanka Air Force.
3. Hence, your kind advice is solicited in this regard please.

~~SECRET~~

COMMANDEE OF THE AIR FORCE



දුරකථන/දුරකථන/Telephone

ඊමේල්/ඊමේල්/Email

ශ්‍රී ලංකා ගුවන් හමුදා මූලාශ්‍ර

இலங்கை விமானப்படைத் தலைமையகம்

SRI LANKA AIR FORCE HEADQUARTERS, P.O. Box 594, Colombo, Sri Lanka.

පොදු / පොදු / General 2441044/2495495

සෘජු / நேரடி / Direct

දිගු / இணைப்பு / Extension

'APPENDIX '04' TO ANNEX 'A'

D/D 07.2019

NO MOD/FD/DG(A&F)/AQ/19 LETTER

පොදු / පොදු / General 2441044/2495495

සෘජු / நேரடி / Direct

දිගු / இணைப்பு / Extension

SLAF/C.99/6/3/DAO

27 March 2019

Director General
The Department of Public Enterprises
The Department of Treasury
Lotus Road
Colombo 01

TRANSFERRING OF COMPANY SHARES TO THE TREASURY
HELITOURS PRIVATE LIMITED (PV 72768)

References:

- SLAF/165/5/DAO Dated 24 January 2018
- SLAF/165/5/DAO Dated 08 September 2018
- Letter sent by DPE Dated 25 July 2018
- Meeting with Officials of DPE on 24 January 2019
- Meeting with Officials of DPE on 19 March 2019
- COPA Committee held on 21 March 2019

1. As per the instructions given by the COPA Committee held on 21 March 2019, it is required to finalize the transferring of Heliours shares to the Secretary to the Treasury and regularized the Company as a State Owned Enterprise.

2. As such, the Board of Directors of the Helitours (Pvt) Ltd at the Air Force Headquarters wishes to arrange a meeting with the relevant officers of Department of Public Enterprises on 10 April 2019 at 1000 hrs in order to identify a business type which suits to Helitours.

3. Hence, it is requested to nominate relevant officers and confirm the date at your earliest.

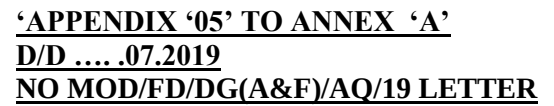
4. Forwarded for your necessary action please.

(DLS DIAS)

Air Vice Marshal

Chief of Staff

for COMMANDER OF THE AIR FORCE.



அரசு தொழில்முயற்சிகளின் துறைமுகம்
 Department of Public Enterprises

Web : www.treasury.gov.lk

இதில் தா பதவிபெற்ற அமைச்சரவை, மது செலவுக் கமிட்டி, கைத்தொலைபேசி, இலங்கை நிதி மற்றும் வெகுதகன வட்டக அமைச்சர், செயலகம், கொழும்பு 01, இலங்கை
Ministry of Finance & Mass Media, The Secretariat, Colombo 01, Sri Lanka

මගේ අංකය
 எனது தீர்
 My Number..

PED/SAT/1/12 (i)

உங்கள் எண்ணம்
உயர்த்து இதை
Your Number

திகதி } 09.04.2019
Date }

Commander of the Air Force
Sri Lanka Air Force

Transferring of Company Shares to the Treasury
Helitours (Pvt) Ltd (PV 72768)

This refers to your letter No. SLAF/C.99/6/3/DAO dated 27.03.2019 on the above subject.

Please be informed that the officer conversant on the subject is unable to participate in the meeting to be held on 10.04.2019, due to a pre-arranged meeting falling on the same date and time.

We apologize any inconvenience occurred.

D.C.W. Hapugoda
Additional Director General
for Director General

電話號碼 2481617
 局長 楊正光
 Director General

மதுரை
 அலுவலகம்
 Office

+94 11 2464600
 +94 11 2464700

634 11 2 45024

PRESENT PROGRESS OF THE RECOVERY OF ARREARS OF RS. 13.47 MILLION TO BE RECEIVED TO SRI LANKA AIR FORCE FOR AIR TRANSPORTATION FACILITIES PROVIDED ON COMMERCIAL BASIS- COPA

Serial No	Name of Institution	Arrears as at 31.12.2016 (Rs.)	Arrears as at 31.12.2017 (Rs.)	Arrears as at 18.03.2019 (Rs.)	Present position
01	Ero Lanka (Pvt) Ltd.	122,813.47	122,813.47	122,813.47	Director Legal referred this to Attorney General’s Department in taking action for the recovery of arrears which are to be charged from these private companies.
02	Lion Air (Pvt) Ltd.	3,489,852.50	3,489,852.50	3,489,852.50	
03	Ministry of Education	555,969.60	555,969.60	-	The arrears payable to Sri Lanka Air Force by the Ministry of Education has been settled on 28 th Nov 2018.
04	Ministry of Public Administration and Management	595,570.23	595,570.23	595,570.23	As per the advices given at the COPA meeting held at 21 st June 2018, letters have been sent with the signature of the Commander of the Air Force to these government institutes informing to recover the arrears payable to Sri Lanka Air Force.
05	Ministry of Housing and Construction	836,165.00	836,165.00	836,165.00	
06	Ministry of Megapolis and Western Development	542,454.59	542,454.59	542,454.59	A discussion in this regard is held at the National Budget Department on 13 March 2019. But the report of the discussion still not received to Sri Lanka Air Force. Once the decisions in the report received, action would be taken to forward them to your section.
07	Ministry of Labour and Trade Union Relations	720,225.52	720,225.52	720,225.52	
08	Ministry of Fisheries and Aquatic Resources Development	75,690.00	75,690.00	75,690.00	

Serial No	Name of Institution	Arrears as at 31.12.2016 (Rs.)	Arrears as at 31.12.2017 (Rs.)	Arrears as at 18.03.2019 (Rs.)	Present position
09	Ministry of Ports and Aviation	416,002.34	416,002.34	416,002.34	Failed to take action due to the absence of relevant documents to affirm the providing of air transportation facilities to Ministry of Ports and Aviation. A discussion in this regard is held at the National Budget Department on 13th March 2019. But the report of the discussion still not received to Sri Lanka Air Force. Once the decisions in the report received, action would be taken to forward them to your section.
10	Ministry of Economic Development	907,816.31	907,816.31	-	As per F.R 109, the approval of the Defense Secretary, has been received to the arrears through letter No: MOD/SUP/9/04/1/2016 dated 11th Feb 2019 and through the letter No: SLAF/325/CA10/HELI/02/2019(05) dated 15th March 2019 sent by the Directorate of Finance, action has been taken for the removal of said arrears from the register of arrears.

Seria l No	Name of Institution	Arrears as at 31.12.2016 (Rs.)	Arrears as at 31.12.2017 (Rs.)	Arrears as at 18.03.2019 (Rs.)	Present position
11	Ministry of Foreign Affairs	1,621,254.34	1,621,254.34	1,621,254.34	Notifications have been referred to respective institutes in order to recover the arrears of Rs. 4,019,353.99. The final notification No: SLAF/99/4/DAO referred on 31st July 2018. Further, the required information has already been submitted for the respective investigation carried out depending on complaints received to Presidential Commission of Inquiry and to Financial Crime Investigation Division. A discussion in this regard is held at the National Budget Department on 13th March 2019. But the report of the discussion still not received to Sri Lanka Air Force. Once the decisions in the report received, action would be taken to forward them to your section.
12	Presidential Secretariat	2,398,099.65	2,398,099.65	2,398,099.65	
13	Hon. Minister Swaminadan	1,009,528.36	-	-	The arrears of Rs.1,009,528.36 of Hon. Minister Swaminadan has been paid through the cheque no 114763 and for that Form 743 No 188654 has been issued on 05.01.2017.
14	Ministry of Home Affairs	116,000.00	-	-	Rs 58,000.00 out of the arrears of Rs,116,000.00 of Ministry of Home Affairs has been settled on 03.01.2017 and for that Form 743 No 188649 has been issued on 03.01.2017. The rest of the arrears, Rs.58,000.00 has been settled on 12.06.2017 and for that Form 743 No 188970 has been issued.

Serial No	Name of Institution	Arrears as at 31.12.2016 (Rs.)	Arrears as at 31.12.2017 (Rs.)	Arrears as at 18.03.2019 (Rs.)	Present position
15	Ministry of Law & Order and Southern Development	-	432,535.00	-	For the arrears of Ministry of Law & Order and Southern Development, an amount of Rs. 432,535.00 paid on 17.01.2018 and for that Form 743 No 189429 has been issued on 18.01.2018.
16	Ministry of Law & Order and Southern Development	-	383,488.60	-	For the arrears of Ministry of Law & Order and Southern Development, an amount of Rs. 383,488.60 paid on 02.02.2018 and for that Form 743 No 189477 has been issued on 05.02.2018.
Total		13,407,442.21	13,097,937.45	10,818,127.64	

SLAF/477/2/ORG

27th March 2019

Director General
Urban Development Authority
Sethsiripaya
Baththaramulla.

**ACQUISITION OF LAND FOR ESTABLISHMENT OF AIR FORCE FIRE UNIT-
1 ACRES, 0 ROODS, 01.50 PERCHES(0.4085 HECTARES)**

References:

- A. Cabinet Decisions dated 8 August 2018
- B. Directives of the Committee on Public Accounts held on 21st March 2019 at the Parliament
- C. Letter of Secretary, Committee on Public Accounts dated 25th March 2019 to the Secretary, Ministry of Defence

1. Providing of appropriate fire protection for storeyed buildings and other large scale constructions which are being constructed day by day within Colombo city, has become a timely need of the country. For that, Sri Lanka Air Force has already taken the lead and the approval has been received from the Cabinet to acquire the land named Bekariyawaththa which is situated in Narahenpita junction in order to establish Sri Lanka Air Force Fire Unit.

2. Also, the amount of Rs 192 million which was incurred to remove families reside in this land has to be paid to Urban Development Authority. For that, it has been agreed to provide initially an amount of Rs 50 million from the budget of the year 2019 and the rest of Rs 142 million from the budget of the year 2020.

3. Further, as per the above reference “C”, the establishment of Fire Unit has been emphasized by the President of the Committee on Public Accounts meeting as a timely need at the COPA meeting held on 21st March 2019 at the Parliament. Hence, orders have been given to make necessary arrangements to acquire this land to Sri Lanka Air Force in order to establish a Fire Unit.

4. Accordingly, you are kindly requested to make necessary arrangements to acquire the government owned land named Bekariyawaththa situated in Narahenpita junction to Sri Lanka Air Force, considering all the facts above.

(PDKT JAYASINGHE)

Air Vice Marshal
Director Administration
for **COMMANDER OF THE AIR FORCE**



ශ්‍රී ලංකා ගුවන් හමුදා මූලස්ථානය

இலங்கை விமானப்படைத் தலைமையகம், த. பெ. 594, கொழும்பு, இலங்கை.

SRI LANKA AIR FORCE HEADQUARTERS, P.O. Box 594, Colombo, Sri Lanka.

දුරකථනය/தொலைபேசி/Telephone

පොදු/பொது/General 2441044/2495495

සෘජු /நேரடி/Direct

දිගුව/இடைப்பு/Extension

ෆැක්ස්/பக்ஸ்/Fax

පොදු/பொது/General 2441044/2495495

සෘජු /நேரடி/Direct

දිගුව/இடைப்பு/Extension

විද්‍යුත්/மின்தகவல்/e-mail

SLAF/C.438/23/LEG

22 June 2018

Secretary
Committee on Public Accounts
Parliament of Sri Lanka
Sri Jayawardenepura
Kotte

MISSING RADAR RECEIVER WITH ANTENNA SCANNER BELONGING TO THE F-7 AIRCRAFT OF SRI LANKA AIR FORCE

Reference: Committee on public Accounts meetings held at room No.06 at Parliament on 21 June 2018

1. As per the directives of chairman of Committee on Public Accounts with regard to the missing RADAR receiver with Antenna Scanner belonged to the F-7 Aircraft of Sri Lanka Air Force (SLAF), the progress of the legal action initiated so far is as mentioned below.

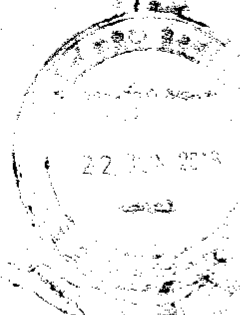
a. Sri Lanka Air Force (SLAF) sought the Advice of the Attorney General regarding the captioned matter by its letter dated 17 April 2015 bearing the reference SLAF/C.436/14/LEG which is attached herewith as Annex 'A'. The letter referred to herein morefully describes the gist of the cause of action of the matter.

b. A consultation was held on 20 August 2015 at the Attorney General's Department with the Senior State Counsel Suranga Wimalseena where two (02) officers, namely, Squadron Leader PI Samaraweera of the Command Legal Department (CLD) and Squadron Leader RJ Priyasantha of Command Procurement Division (CPD) participated in it.

c. Considering facts put forward at the consultation, the Senior State Counsel advised to lodge a complaint at the Criminal Investigation Department (CID) as the missing item of the F-7 Aircraft could be a threat to the national security and the global security, if it has been put into the hands of any terrorist group and occurrence of such incident may cause to tarnish the image of the Air Force as well. Therefore, making a complainant at the CID may enable to detect root cause of the loss of the item. Simultaneous with the investigation of the CID, a recovery action too can be commenced against the Freight Forwarder to claim damages.

d. In compliance with the instructions of the Attorney General's Department, the CPD lodged a complaint at the CID. Approval of the Commander of the Air Force was given on 03 August 2015 to expedite legal action already initiated against the freight forwarder and refer the matter to CID for further investigation to locate the missing item. The letter which said approval was given is attached herewith as Annex 'B'. The complaint dated 31 May 2016 sent to the CLD by the CPD prior to sending it to the CID is annexed herewith as Annex 'C'.

2. Forwarded for your information and necessary action please.



(SNSN DIAS)
Group Captain
DIRECTOR LEGAL
for COMMANDER OF THE AIR FORCE

SNSN DIAS (Legal Policy)
Group Captain
Attorney-at-Law
Notary Public
Director Legal
Sri Lanka Air Force
Colombo

AF/C.436/14/LEG

17 June 2015

54

The Attorney General
Attorney General's Department
Colombo 12

Annex

LEGAL ADVICE AND ASSISTANCE WITH REGARD TO MISSING
CONSIGNMENT BELONGS TO SRI LANKA AIR FORCE

1. Sri Lanka Air Force being the consignor obtained service of one local Freight Forwarder, namely, M/S Care logistics (Pvt) Ltd of No. 339, Galle Road, Colombo 03 to dispatch some components of aircraft hereinafter referred to as "consignment" to M/S China National Aero Technology, Beijing, China, the consignee, for a repair (consign).
2. The description of the consignment to be sent to China is as follows and the value of which is USD 536000.00 (Brand new price).
Radar Receiver (LRU-02) complete with Antenna Scanner (LRU-01)
3. The Air Freight charges being charged by M/S Care logistics (Pvt) Ltd for transportation of said consignment to its destination in China was Rs. 19,144.35.
4. Sri Lanka Air Force handed over the consignment to M/S Care Logistics (Pvt) Ltd on 24th April 2014 for dispatching it to China and then care Logistics (Pvt) Ltd stated that they had handed over the consignment to Air Asia X Cargo, the air line which was to transport the consignment, on 25th April 2014 to transport the consignment to China whereas later it was detected that this consignment hadn't reached its destination in China as it was confirmed by the consignee.
5. The consignment was to be dispatched to China via Kuala Lumpur in Malaysia being the transit point after it was loaded to air craft at Bandaranaike International Air Port Katunayake by Air Asia Air line on port to port basis.
6. The said consignment suspected to have been missing was used in Radar System of Sri Lanka Air force and it being a highly secured military equipment should not be put into the hands irrelevant parties.
7. Sri Lanka Air Force continuously inquired about the locations of the consignment from Local Freight Forwarder, M/S Care Logistics (Pvt) Ltd, whereas they did not respond to the Air Force on the matter satisfactorily.
8. M/S Care Logistics (Pvt) Ltd relying on the statement of the Air Asia Cargo Air Line stated that the consignment handed over to Air Asia Cargo had been misplaced in Kuala Lumpur and they were unable to locate its place whereas this statement is unbelievable and unreliable as M/S Care Logistics (Pvt) Ltd doesn't provide the Sri Lanka Air Force with sufficient documents in proof of that.
9. Ultimately Sri Lanka Air Force requested the assistance of Sri Lankan High Commission in Malaysia to trace the location of the consignment whereas they too failed in this though inquired from different parties.
10. As per the information gathered through the tracking system, Sri Lanka Air Force got to know the fact that this Air line had booked air transportation facility to dispatch the consignment to transit point in Kuala Lumpur and the destination in China yet there is no evidence available to show that the consignment has been air lifted to respective locations.

11. Every effort being made by SLAF to trace the exact location of the consignment became futile whereas the freight forwarder to whose custody Air Force entrusted the consignment did not give any valid reason for the misplacement of the consignment but agreed to pay damages for the missing consignment through the insurance. Sri Lanka Air Force doesn't have any intention to accept damages from the freighter forwarder since the freighter forwarder intends only to pay damages equivalent the insured sum of the consignment however the said insured amount is of very much less to the actual value of the missing consignment.

12. According to the paragraph 02 of the terms and conditions of the tender, the total responsibility of the missing consignment should be borne by the freight forwarder in the event of any damage, loss or misplacement of the consignment. The said tender form is attached herewith marked annex 'A'.

13. In the circumstances, it is kindly requested your legal advice and assistance to recover the value of the lost consignment from the respective parties involved in this shipment.

14. Forwarded for your information and necessary action please.


(S. N. S. DIAS)
Wing Commander
Director Legal
for COMMANDER OF THE AIR FORCE

LOOSE MINUTE

ANNEX 'B' TO
SLAF/C.438/23/LEG
DATED 22 JUNE 18

PD/1360/1/EQ (SR/8036)

04/03
CMBR

Through: *DL Action given in para 9 is recommended and forwarded for consideration of the commander of the AF please*
ACTION WITH REGARD TO MISSING CONSIGNMENT BELONGS TO SLAF 20/07

Ref(s):

- A. Tender File AHQ/14/LS BRK/1022 (SR-8036)
B. M-04 of AHQ/14/LS BRK/1022 D LEGAL's Minute

1. A "Radar Receiver (LRU-02) Complete with Antenna Scanner (LRU-01)" has been misplaced during the process of dispatching same for overseas repair. The details are mentioned in the annex "A" attached hereto.
2. A subject Clerk of ASD Export staff has done export customs clearance of the particular consignment at BIA along with a representative of Local freight forwarder M/s Care Logistics (Pvt) Ltd, Colombo Sri Lanka on 25 April 2014 and handed over the consignment to BIA cargo terminal, for the purpose of dispatching the consignment to final destination at Beijing, China (M/s China National Aero Technology Import and Export Corporation China). (Please refer Annex "B" and "C" hereto.)
3. However, it was revealed during the follow up process of the PD that the item has not reached the final destination (M/S CATIC) and PD initially made queries from the Freight Forwarder & the Airline.
4. As per the information received from the freight forwarder and the Air Liner (Air Asia Cargo) the particular item has been misplaced in Kula Lumpur and they were unable to locate same to date. Further Air Asia Cargo Beijing Cargo Terminal office has also confirmed that this consignment has not found in their warehouse. Further, the PD has made continues queries from the freight forwarder and airline throughout and further sought assistance from the High Commission of the Democratic Socialist Republic of Sri Lanka in Malaysia in locating the missing consignment which has also fallen through to date.
5. However, Freight Forwarder M/s Care Logistics (Pvt) Ltd has not shown much interest in locating the particular consignment but suggested to claim the damage through their insurance which amount (i.e. MYR 1801.33 = LKR 63163.02) is very much lesser to the actual value of the consignment.
6. Further, it is pertinent to mention that the PD has taken every possible endeavour to locate the consignment prior to claiming insurance as suggested by the Freight Forwarder. Apart from the money value of the item it is well worthy of any effort taken to locate same as the particular item is restricted Radar item which should not fall into the hands of any irrelevant party.
7. Subsequently, this matter has been referred to Director Legal on 07 April 2015 to initiate proper legal action against the freight forwarder, M/S Care Logistics (Pvt) Ltd and the D Legal has referred same to Attorney General's Department seeking legal advice. Further, the D Legal has

6-
ndvlsd to refer the matter to the CID with the relevant approval of SLAF, to
Inquire into this matter.

8. Further, despite the fact that the PD has obtained DPC approval for the SLAF Insurance
process later learnt that the Insurance policy has not been obtained by the Foreign Repairs &
Services Section due to their laps. As such, SLAF is unable to claim Insurance vide this matter.

9. Hence, the undersigned suggests following actions which could be taken at this juncture,

a. In Liaison with Attorney General's Department;

i. Expedite the Legal actions already initiated against the freight forwarder, M/s
Care Logistics (Pvt) Ltd to see the possibility of recovering the total value of the
item from the freight forwarder.

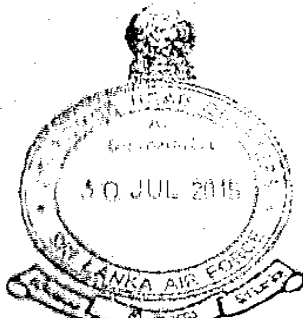
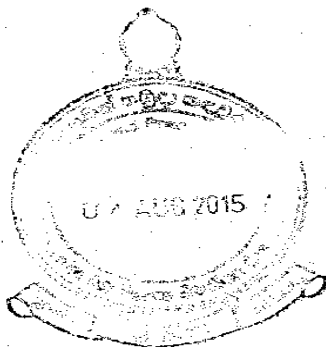
ii. Refer the matter to the CID for further investigation to locate the missing
item as it is a restricted item.

b. Convene a Court of Inquiry to inquire in to this matter including above para (8).

10. Forwarded for your kind consideration and necessary action please.

(SMSP KOSWATTA)
Group Captain
CHIEF PROCUREMENT OFFICER

30 Jul 15



Apprs	Sig	Date
CPO		
PO (F)		
PO (L)		
PO (M)		
PO (R)		
PNO		
OIC QCH		
POB		
A.A.S.		
W.O.B.		

