

ANNUAL REPORT

2014

SRI LANKA TRANSPORT BOARD

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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, 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 the private sector transport agencies.
6. To coordinate bus services during festivals, special events, Parliamentary/ Provincial Council 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 services 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 Undertakings 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 chosen mostly from the employees. Half the number of shares was distributed among the employees and the balance was retained with the General Treasury. The peoplisation Program commenced 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 were formed but this, 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 Of 2005.

MESSAGE FROM THE CHAIRMAN

The Sri Lanka Transport Board (SLTB) incurred an operational loss of Rs. 1,861,604,182/- in the year 2014 but I am glad to announce that the operational profit for the year 2017 was Rs. 2,079,547,613/- .

The SLTB provides 8.2% of the transport needs of Sri Lankans. It operates on about 1500 routes which are profitable and unprofitable according to the needs of the passengers and provide necessary bus services.

In the year 2014 the SLTB operated an average of about 4596 buses daily and as at 2018 February it was able to enhance its number to 5170. The impetus for this increase is the addition of 2200 new buses to the fleet. Apart from this 500 engine kits were imported and fitted to buses in the year 2017.

In the year 2014 about 680 buses were operated by SLTB under the Sisu Sariya Project. Now this number has increased to 745. In addition to this 2014 the SLTB has deployed several buses in unremunerative routes and as at now some more buses are being operated on these routes. These services are operated provide necessary transport facilities for the people living in rural areas to fulfill their daily needs. The SLTB is receiving financial assistance for operation of buses on rural routes in this manner.

In the year 2014 the SLTB operated about 1,017,086 Kmm per day and as at now it has increased to about 1,227,800 Kmm. The main reason for this increase is the addition of 2200 new buses to the bus fleet and also fixing new engines for old buses and operating the bus services efficiently. The waybill revenue for a Kmm in 2014 was Rs. 59.14 and as at today this has increased up to Rs. 60.63.

The waybill revenue in 2014 for a day was Rs. 60,154,705 and in 2017 this has increased up to Rs. 74,442,500. The main reason for this increase is the strengthening of bus fleet of the SLTB and the efficient management of the higher management.

In the year 2014 several depots were running at a loss and now almost all the depots are on a profit making level. The monthly salaries of all employees are paid on the due date and I think this is a commendable achievement. The main reason for this is the reduction of staff through a Voluntary Retirement Scheme sponsored by the Board.

**CHAIRMAN
SRI LANKA TRANSPORT BOARD**

Human Resources Division

Detail report of new driver/conductor appointments in 2014				
Ser. No.	year	No. of Drivers	No. of Conductors	Total
01	2014	1532	1702	3234

New appointments to Sri Lanka Transport Board quarterly in the year 2014						
Ser. No	Designation	2014/01/01 to 2014/03/31	2014/04/01 to 2014/06/30	2014/07/01 to 2014/09/30	2014/10/01 to 2014/12/31	Total
1	Security Guards	0	0	2	1	3
2	All Labourers	55	0	3	51	109
3	Office Peons	0	0	1	1	2
4	Conductors	285	256	475	686	1702
5	Accounts Clerks	1	0	2	6	9
6	Flying Squad Inspectors	2	0	4	14	20
7	Mechanics	45	13	4	33	95
8	Computer Operators	2	0	2	3	7
9	Drivers	265	216	381	670	1532
10	Clerks	9	1	9	49	68
11	Inspectors	0	0	1	0	1
	Total	664	486	884	1514	3548

Service extensions of Executive/Non Executive Employees in 2014	
Contract /Assignment /Service extension	Total
On Contract Basis	107
Assignments	13
Service Extensions	05
Total	125

Details about Executive Appointments	
	2014
Permanent Appointments	20
Covering Appointments	106
Promotions	39
Permanency of Covering Appointments	64
Transfers	133
Contract Appointments	13
New Recruitments	03

No. of Employees in the SLTB as at 2014/12/31	
Designation	As at 2014/12/31
Executive	1154
Non- Executive	8149
Drivers	10027
Conductors	10272
Mechanics	5089
Trainees	78
Total	34769

Summary of Reemployment in 2014				
Ser. No.	Designation	Reinstatement	Contract	Total
1	Drivers	39	37	76
2	Conductors	5	26	31
3	Mechanics	9	14	23
4	Except Drivers/ Conductors/Mechanics	7	14	21
	Total	60	91	151

Secretariat Division

Activities relating to conducting meetings of the Board of Directors of the Sri Lanka Transport Board

In the year 2014 for Board meetings numbering 11 were held on the following dates:

1 st Meeting	-	2014/01/30
2 nd Meeting	-	2014/03/28
3 rd Meeting	-	2014/05/08
4 th Meeting	-	2014/05/30
5 th Meeting	-	2014/06/19
6 th Meeting	-	2014/07/18
7 th Meeting	-	2014/08/22
8 th Meeting	-	2014/09/30
9 th Meeting	-	2014/10/28
10 th Meeting	-	2014/11/18
11 th Meeting	-	2014/12/12

Related activities performed with regard to the above meetings were:

01. Inform all Members of the Board of Directors and the SLTB Heads of Divisions/Sections about the date on which the meeting of the Board of Directors will be held.
02. Take over the Board Papers and allot them numbers and after registering them prepare files and hand them over to the Members of the Board of Directors.

03. Prepare an Agenda for the meeting mentioning about the Board Papers and the Circular letters.
04. Table Board Papers and the Circular Letters according to the Agenda and the instructions of the Chairman.
05. Record decisions taken by the Board of Directors and the related instructions about respective Board Papers and the Circular Letters accurately and allot item Nos. to each such decision.
06. When approval is received for such decisions of the Board of Directors, hand over the extracts of such decisions to the respective SLTB Heads of Divisions/Sections for implementation.
07. All these activities should be carried out accurately, confidentially and properly.
08. Provide refreshments to the Members of the SLTB Board of Directors and the other Heads of Divisions/Sections who are invited to the meeting of the Board of Directors.
09. Take action to pay the participation allowance to the Members of the Board of Directors (other than the SLTB Officers) who participate at the meeting of the Board of Directors.
10. Take action to pay the Transport Allowance to the Members of the Board of Directors (other than the SLTB Officers) who participate at the meeting of the Board of Directors.

Relevant activities regarding lands belonging to the Sri Lanka Transport Board

It is the main function of the Secretariat Division to carry out basic administrative activities with regard to lands vested or acquired by the Sri Lanka Transport Board at the time of Nationalization, lands acquired under the Land Acquisition Act, lands purchased and lands leased to the SLTB by Government Institutions which have land powers, according to the directions of the senior management such as the Board of Directors, Chairman, Vice Chairman, Chief Executive Officer etc. Accordingly

- 01 When there is a dispute about SLTB land and instructions are needed, a Board paper is prepared incorporating all the details about the land and information report is furnished to the Board of Directors and the decision of the Board of Directors relating to the Board Paper is implemented.
- 02 Most of the lands in possession of the SLTB are not properly acquired or vested and therefore action is taken to coordinate with various State Sector agencies to vest or acquire such lands under the relevant Act.
03. Prepare and submit reports about lands required by the Ministry of Transport or the Minister of Transport.
04. There is a standard law which states that the lands in possession with the SLTB belongs to the Sri Lankan State. According to the Land Manual on State Lands, SLTB takes action in coordination with the Ministry of Lands, Ministry of Transport, relevant Divisional Secretaries and the District Secretaries.
05. When there is a dispute about a SLTB land, appearance is made in Courts and action is taken to confirm the land ownership of the SLTB.
06. When there is a threat to the SLTB land from external forces, complaints are lodged at the relevant Police Stations and appearances are made at the inquiries.
07. Due action is taken to survey the SLTB lands through Land Surveyor and Licensed Surveyors.
08. When necessary, Valuation Report is obtained for SLTB land blocks.

09. Action is taken to recover leasing rental from the relevant lands which have been given to outside parties on decisions made by the SLTB Board of Directors.

10. Coordination with the SLTB officers regarding SLTB lands and give necessary information and instructions to them regarding relevant lands.

Operations Division

Progress achieved in bus operations

The SLTB transported about 1.9 Mn. Passengers a day in the year 2014. This was possible due to the operation of about 5000 buses a day on an Island wide basis. The SLTB has dedicated itself to utilize these buses throughout the Island operating various public transport services in revenue earning routes and uneconomic routes and early morning and late night bus services. In addition buses have been deployed for office staff and school children.

- The SLTB has introduced several facilities to fulfill the travel needs of the disabled persons. Low Floor buses are operated connecting cities on routes such as Kiribathgoda – Panadura/ Moratuwa - Colombo/ Negombo – Colombo and Southern and Katunayake Expressways. In addition seats are reserved for disabled persons in all SLTB buses.
- 68 Super Luxury buses imported for CHOGM were assigned to the SLTB and a Section under the name of “SLTB Super Luxury Tourist Service” was established and operational activities are carried on.
- In order to improve the use of technological devices with regard to public transport service the SLTB has commenced installing digital destination boards and already 2200 destination boards have been installed. It has also been decided this facility to the new buses to be purchased in future.
- Introduction of electronic ticket machines in buses has been completed in Western Province, Yatinuwara Depot, Southern Province and Puttalam District.
- Use of 2800 electronic ticket machines in SLTB buses.
- According to the policy of making the public transport services more efficient by using information technology, use of electronic ticket machines has been introduced. This project which was commenced with three schools has been extended to 85 schools covering Colombo, Gampaha and Kalutara Districts and

Kataragamaarea in Southern Province. The SLTB was successful in enhancing the number of students using electronic season tickets to 12,000.

- Under the SisuSariya project 662 buses have been added.
- Comparing to the year 2014 the waybill revenue for the years 2012, 2013 and 2014 has corresponding increase. Accordingly in the year 2014 there has been a corresponding increase in the waybill revenue by Rs. 2330.80 Mn.

Increase in waybill revenue 2012 – 2013 -2014					
	2012	2013	2014	Rs. Mn.	%
January	1,363.93	1,588.97	1,776.28	187.31	11.79%
February	1,442.06	1,455.51	1,611.04	155.53	10.69%
March	1,431.33	1,627.02	1,756.20	129.18	7.94%
April	1,504.81	1,581.25	1,712.38	151.27	9.69%
May	1,485.90	1,561.11	1,712.38	151.27	9.69%
June	1,577.13	1,562.53	1,751.56	189.03	12.10%
July	1,613.40	1,661.45	1,863.57	202.12	12.17%
August	1,650.17	1,732.66	1,964.73	232.07	13.39%
September	1,541.11	1,594.15	1,908.81	314.66	19.74%
October	1,558.96	1,646.15	1,979.88	333.73	20.27%
November	1,478.07	1,617.13	1,905.63	288.50	17.84%
December	1,562.94	1,802.57	2,272.98	470.41	26.10%
Total	16,646.87	17,627.92	19,958.72	2,330.80	13.22%

SLTB's contribution for social benefit

- Operation of early morning first and late night last trips.

The SLTB is engaged in providing transport services to the workforce that helps to contribute to the economy of the country by operating the first early morning and late last night trips covering all the regions in Sri Lanka. This operation has caused immense loss to the SLTB from the past. However it provides these services continuously treating them as a social obligation.

- Bus operations in rural areas

This service is conducted to improve the economy and link the city as the predominant medium of transport, but this service operates at a loss. The project of strengthening rural road services was carried out by utilizing 281 small buses purchased in the year 2013. It is hoped to obtain such small buses and strengthen rural services as these services are essential for the rural economic freedom.

- Operation of school bus services.

The SLTB is taking action to create social benefits for a better tomorrow by bearing the brunt in issuing season tickets at concessionary rates. Accordingly sacrificing opportunities to earn revenue in popular and remunerative routes, with its limited resources available, it provides accommodation for the future generations considering this as a social and friendly service and a national operation.

- Bus operation during national festivals

The SLTB operates bus services for Sinhala & Hindu Tamil New Year, Wesak and Poson, Kandy and Kataragama Esala Peraheras, annual Madhu and Talawila, Sripada festivals providing social service to the people.

- Season ticket service

The SLTB by taking action to fulfill the transport needs at various levels by issuing season tickets to students of schools, Universities and adults at concessionary rates provides economic relief to the people. The SLTB has taken action to introduce modern technological electronic season tickets instead of the old season tickets and as at now these tickets are used in Colombo, Gampaha, Kalutara and Kataragama Regions.

- Transport service in expressways

The SLTB has been successful in operating buses on the semi expressways as recommended within the expressways system introduced newly in Sri Lanka. Accordingly currently our luxury buses are plying in the expressways system in keeping with the trends in the modern world.

- When parallel transport services fail the services rendered by the SLTB

When parallel transport services fail it is the SLTB that provides special relief service to the people. On behalf of the country it is performing the maximum service to the

people who are left in the lurch at times, by providing transport facilities with its fleet to rural and urban areas.

- When comparing the a last several years, the number of buses released for operation daily and the actual number of buses operated are on the increase. The average number of buses operated per day in the year 2012 and 2013 were about 4,361. This level is being maintained in the year 2014 as well.
- At the end of the year 2014 the average number of Kmm operated per day was about 1,005,908. When compared to past years the number of Kmm operated has been on the increase.

Flying Squad Section

Island wide

Month	No. of teams	No. of checking	No. of buses checked	Serious offences (IV)	Minor offences (V)	No. of passengers find	Fines recovered Rs.
January	96	1,050	15,891	119	323	708	240,482.00
February	91	993	14,872	120	324	636	220,051.00
March	102	1,047	15,354	113	363	681	237,846.00
April	121	1,151	16,957	114	326	731	255,405.00
May	97	1,005	15,725	115	316	654	214,075.00
June	91	1,016	15,141	103	294	553	182,269.00
July	103	969	16,457	89	265	544	190,672.00
August	65	1,034	15,094	60	220	379	132,578.00
September	117	959	13,587	68	225	408	141,057.00
October	95	1,051	15,402	116	251	498	182,189.00
November	81	1,056	14,902	113	243	480	162,261.00
December	45	854	12,253	65	166	329	111,536.00
Total	1,104	12,185	181,635	1195	3,316	6,601	2,270,421.00

Central Flying Squad

Month	No. of teams	No. of checking	No. of buses checked	Serious offences (IV)	Minor offences (V)	No. of passengers find	Fines recovered Rs.
January	11	191	3549	50	69	323	105,180.00
February	11	130	2533	40	52	224	72,938.00
March	12	135	2757	43	51	228	76,263.00
April	12	155	2985	45	46	227	76,411.00
May	12	164	3182	57	53	240	75,956.00
June	12	164	2926	43	58	219	74,837.00
July	11	141	2569	36	41	177	59,741.00
August	On August 1 st Central Flying Squad was dissolved and reestablished on 2014/09/01						
September	05	33	648	25	12	60	20,968.00

October	05	86	1585	62	43	144	52,878.00
November	05	87	1515	65	40	144	53,378.00
December	05	80	1199	31	22	86	26,650.00
Total	101	1,366	25,448	497	487	2,072	695,200.00

Media Section

Program to be implemented in the year – 2014

01. In 2014 the official Transport Newspaper “NibadaSerisara” published number of Volumes and was marketed to employees of all Transport Institutions belonging to the Ministry of Transport.
02. To take action to inform the Heads of Divisions about news items relating to the SLTB in newspapers daily and to preserve the relevant news items and to prepare and release press notices and news reports.
03. To provide media coverage to special occasions of the SLTB and also to release special news to the media and contribute for the propaganda of such news.
04. To contribute to the increase of SLTB revenue by creating a positive attitude towards the SLTB among the general public by informing the media about the special projects to be implemented by the SLTB.
05. To take action to publish in the Government newspapers regarding invitations for calling for tenders and recruitments concerning the SLTB.
06. Supervision and administration of all activities connected with SLTB Circuit bungalows, Shalika Ground and the Shalika Hall attached to the Office of the Deputy Commercial Superintendent which functions under the Media Unit.
07. To maintain and monitor the Library at the SLTB Head office and also monitor all administrative functions related to it.

Technical Division

Details of engines, gear boxes, bus bodies and other items repaired for the maintenance of bus fleet in the year 2014

No. of engines repaired	613
No. of gear boxes repaired	413
No. of bus bodies repaired	272

No. of new buses	1937
No. of pre-cured tires manufactured by Ampara Tire Factory	12191
No. of bus body parts repaired	3204
No. of fuel pump injectors repaired	413

Security Section

	Activities performed
01	Established required security post/security points and safeguard the movable and immovable property full monitoring in such away to maintain disciplinary level of employees, afford protection to the guest visiting special festival occasions
02	Carry on with security and investigation work, conduct training workshops on fire extinguishing, repair to firefighting equipment.
03	Search and investigate regarding complaints, irregularities and grievances referred to the SLTB, carry out urgent inquiries, appear at disciplinary inquires, assist in taking disciplinary action against those who are charges, appear at Labour and Court cases.
04	When there is a special or problematic situation regarding official matters in the SLTB, act legally.
05	Act with full responsibility and monitor when free travel passes are issued to all employees in service
06	Necessary action should be taken according to Board's procedure for all items and goods purchased on local purchase.
07	Take necessary action at the inquiry counter at the Head Office to monitor and identify all those who come there to meet the Minister, Deputy Minister, Chairman, Vice Chairman and other higher Officers and all employees of the Board coming from all work stations belonging to the SLTB.
08	Render full assistance for conducting interviews for recruitment of new security guards for security section
09	Conduct proper interviews and recruit employees who are engaged in other inappropriate duties for recruitment of security section
10	Those who left the Tri Forces legally are deployed as Security Guards at the

	following places on a fund reimbursement basis : Department of Motor Traffic, Narahenpita and Werahara, Private Transport Department , Bastian Mawatha Transport Zone, National Transport Commission, Narahenpita and the National Transport Medical Institute at Nugegoda and Medical Centers at Gampaha and Kandy.
11	To deploy security officers for sale of scrapped buses removed from use by Public Auction.

Special Investigations Unit

In the year 2014 the Special Investigation Unit carried out 100 Investigations entrusted to it by the management.

Information, Communication & Technology Division

Activities performed	
1	Procurement of 100 computers
2	Procurement of 50 Printers
3	Procurement of 150 UPS
4	Procurement of 2200 electronic bus ticket machine
5	Implementation of Local area Network project
6	Procurement of a software for preparation of final accounts
7	Implement a software for salary system
8	To train SLTB employees in the relevant software
9	To solve the day to day problems about computers and related problems arising at the SLTB Head Office in the depots and take necessary steps and give direction and manage the maintenance of computers

Development and Planning Section

01. Preparation of a Corporate Plan for the forthcoming 05 based on the Budget.
02. Preparation of Action Plan for the forthcoming year based on the Budget.
03. Preparation of monthly Progress Report relating to Action Plan.
04. Submission of monthly quarterly report relating to Action Plan.
05. Preparation and submission of various reports requested by the Ministry of Transport & Civil Aviation.

06. Preparation and submission of reports requested by the Central Bank of Sri Lanka and the Department of Census and Statistics.
07. Preparation and submission of reports requested by any other Institution.
08. Preparation and submission of monthly Profit & Loss Statement.
09. Preparation and submission of a summary of monthly report relating to Profit& Loss Statement.
10. Preparation of the issue of season ticket reports.
11. Submission of liability report.

Internal Audit Division

Summary of Activities carried out during the year 2014

Finance Section

01. Preparation of Audit plan and Audit Program
02. Financial verification
03. Checking Cashbook
04. Checking of Salary and overtime
05. Checking of Salary/ Festival Advance Register
06. Checking of Waybill Shortages
07. Checking of Gratuity Payments
08. Checking of Daily Total Register
09. Checking of Local Purchased
10. Auditing of Final Accounts
11. Checking of Other Registers in the Finance Section

Bulk Stores

01. Checking of Season Ticket Register
02. Stores Verification
03. Checking of Fuel Consumption
04. Checking of Consumption of Spare parts
05. Checking of tire Consumption
06. Checking of Spring Blade Consumption
07. Disposal Activities

Operations Section

01. Checking of Waybill
02. Excessive Consumption of Spare parts
03. Checking of Spare parts failed prematurely
04. Other Registers in the Engineering Section

Others

01. Checking of Disciplinary Register
02. Checking of Leave Register
03. Checking of Board's Assets
04. Auditing of revenue, expenditure, maintenance and administration sections of
Driver Training Schools
05. Checking of Circuit Bungalow Register

06. Checking of Shalika and Stadium
07. Analysis of General Expenses of the Head Office (Water, Telephone, Electricity, Stationery)
08. Special projects implemented according to Government Policy and Board Decision
09. Conducting of monthly conference of Regional Internal Auditors
10. Conducting of Quarterly Audit and Management Committee Meetings
11. Special Checking referred by the Chairman
12. Conducting of Annual Audit Conferences Region wise

Tender Section

Ser. No.	Tender No.	Activities performed	Current position and progress
01	SLTB/TS/GEN/2014/01	Procurement of 15 Super Luxury Buses	Procured
02	SLTB/TS/GEN/05/2014	Quotation for new identity card printer machine for Operations Division – SLTB (Fargo HDP 8500) 1 st occasion	Quotations have been called again
03	SLTB/TS/Civil/01/2014	New construction of SLTB Tangalla Depot Sitanamaluwa Industrial Estate (stage I)	Construction not done
04	SLTB/TS/GEN/05/2014	Printing of printed forms for all the depots for the year 2014	Quotations have been approved and depots have been notified to inform their requirements
05	SLTB/TS/GEN/07/2014	Procurement of Petrol Pump for the SLTB fuel filling station at Orugodawatta	Procured
06	SLTB/TS/Civil/2014/02	Calling for Quotations for aluminum partition between Security Section and Investigation Section	Completed
07	SLTB/TS/GEN/2014/10/01	Quotations for Scanner machines for Head Office	Procured
08	SLTB/TS/GEN/38/2014/01	Procurement of 03 Cabs for SLTB Ruhunu and Wayamba Regions	Procured
09	SLTB/TS/GEN/24/2014	Calling for Quotations for complete body repairs for Jeep No. 32-2041	Completed
10	SLTB/TS/GEN/05/2014	Quotation for new identity card printer machine for Operations Division – SLTB (Fargo HDP 8500)	Completed
11	SLTB/TS/GEN/10/2014	Quotation for Multimeadia Projector for Training Section - SLTB	Completed
12	SLTB/TS/GEN/10/2014/Civil/03	Quotation for the construction of Security fence at Rathmalana Depot	Tenders Called again
13	SLTB/TS/GEN/10/2014	Procurement of Steel Cupboard for the Dormitory for Moratuwa Model Conductor Training School	Completed
14	SLTB/TS/GEN/10/2014	Calling for quotations for the procurement of Plastic Chairs for	Completed

		SLTB Human Resources Management Division at Head Office	
15	SLTB/TS/GEN/19/II/2014	Providing date stamps and designation stamps for SLTB Head Office	According to requirement
16	SLTB/TS/GEN/02/2014	Calling for quotation for spare parts for motor vehicles	According to annual requirement
17	SLTB/TS/GEN/191/2014	Quotation for toners, cartridges & Ink Ribbons	According to annual requirement
18	SLTB/TS/GEN/26/2014/II	Calling for quotation for the complete body repair of Delica Mitsubishi Van No. 50 Sri 7925	Completed
19	SLTB/TS/GEN/62/2014	Calling for quotation for installation of new digital meters for fuel dispensing pumps at SLTB Depots	Not obtained
20	SLTB/TS/Civil/2014/16/IV	Quotation for repairing boundary Wall at Shalika Ground	Completed (by Civil Engineering Division)
21	SLTB/TS/Civil/2014/13/V	Quotation for Construction of Boundary Wall (144- 0) at Management Training Service Centre Katubadda	Completed
22	SLTB/TS/Civil/2014/16/VI	Demolishing and Removing Old Building Rathmalana Depot	Completed
23	SLTB/TS/GEN/07/2014/I	Procurement of an Air Conditioner for SLTB	Completed
24	SLTB/TS/GEN/07/2014/II	Calling for quotation for the procurement of a Generator required by SLTB Head Office	Procured
25	SLTB/TS/GEN/07/2014/III	Calling for quotation for the Procurement of equipment required for fuel filling station at Orugodawatta	Procured under the approved quotations
26	SLTB/TS/GEN/39/2014	Obtaining 12 dual purpose/new vans on easy payment basis for SLTB Driver Training Schools	Not procured
27	SLTB/TS/Civil/2014/16/VII	Construction of new partition work in Accounts Office at Kesbewa Depot	Completed by Depot
28	SLTB/TS/GEN/63/2014	Calling for quotation for the procurement of floor carpet for Yutong Buses	Quotation for approved and procured according to the requirement to the Depot
29	SLTB/TS/Civil/2014/16/VIII	Quotation for repairing toilet	Nil

		block in Driver Training School at Kalutara Depot	
30	SLTB/TS/Civil/2014/16/IX	Quotation for construction of 20' – 0" wide gate at Management Training Centre Katubadda	Completed
31	SLTB/TS/GEN/65/2014	Procurement of C type 02 buses with double doors and 36 seats	Procured
32	SLTB/TS/GEN/07/2014/IV	Quotation for purchase of photocopier machines for SLTB	Completed
33	SLTB/TS/GEN/28/2014	Calling for quotations for procurement of 2000 batteries	Procurement according to requirement
34	SLTB/TS/GEN/64/2014	Calling for quotations for procurement of 20 -25 seater buses numbering 05 to the SLTB	Not procured
35	SLTB/TS/GEN/26/III/2014	Quotation for supply of ID card printing materials for SLTB	Completed
36	SLTB/TS/GEN/05/iv/2014	Calling for quotations for printing invoices (A.139) required for SLTB Head Office	About 200 have been printed and obtained
37	SLTB/TS/GEN/66/2014	Calling for quotations for the procurement of 5000 tire carcasses to the SLTB	Not procured
38	SLTB/TS/GEN/26/2014	Calling for quotations for complete body repairs to Toyota Town Ace van No. 252-2847	Completed
39	SLTB/TS/GEN/05/v/14	Calling for quotations to obtain certificates issued after driver training	Procured the planned amount
40	SLTB/TS/GEN/05/VI/2014	Calling for quotations for printing of SLTB letter heads	Called for quotations for the second time
41	SLTB/TS/GEN/02/2014/II	Calling for quotations for procurement of Motor Spare parts	On annual requirement
42	SLTB/TS/GEN/36/2014	Calling for quotations for the procurement of Ticket rolls (thermal paper) required for GPRS Ticket Machines used by the SLTB depots	On annual requirement
43	SLTB/TS/GEN/04/2014	Procurement of required enamel paint and accessories required for SLTB buses	On annual requirement
44	SLTB/TS/GEN/07/V/2014	Procurement of 02 Fuel Pumps required for SLTB Fuel filling stations at Orugodawatta/Rathmalana	Not obtained
45	SLTB/TS/GEN/05/vii/2014	Calling for quotations to obtain certificates issued after driver training	Procured the planned amount
46	SLTB/TS/GEN/67/I/2014	Calling for quotations for the	Not procured

		quotations 33-37 seater buses numbering 10 required for SLTB	
47	SLTB/TS/GEN/05/VIII/2014	Calling for quotations for ordering goods/issue of goods and voucher accepting goods	Procured the planned amount
48	SLTB/TS/GEN/07/VI/2014	Procurement of 02 Fuel Pumps required for SLTB Fuel filling stations at Orugodawatta /Rathmalana (02 nd occasion)	Obtained only for Rathmalana
49	SLTB/TS/GEN/65/2014	Calling for quotations for required tire kits/radial tires (tubeless tires) for buses operated on expressways	Referred to Supplies Divisions for the further action
50	SLTB/TS/GEN/07VII/2014	Quotation for plant & Machinery for SLTB Mallakam Depot	Approved quotations were obtained for purchase through depots
51	SLTB/TS/GEN/67/2014	Procurement of 05 small buses with 15-20 seaters	Nil
52	SLTB/TS/GEN/69/2014	Quotation for selecting a suitable Clearing Agent for SLTB	Completed
53	SLTB/TS/GEN/70/2014	Tender for the procurement of 50 single cabs required	Temporarily suspended
54	SLTB/TS/GEN/ආරක්ෂක .නී/2014	Calling for quotations for tailoring uniforms(supplying required clothes) for Security Guards at SLTB Head office	Completed
55	SLTB/TS/GEN/05 III/2014	Quotation for the supply of ID card printing materials for SLTB	Completed
56	ශ්‍රී ලංකා ම/වෙ.මා/රියදුරු.නී. අ/2014	Calling for quotations for obtaining clothes required for the uniforms and tailor them for the year 2015 to the SLTB Head Office pool vehicle drivers	Completed
57	SLTB/TS/GEN/7/VIII/2014	Calling for quotations for obtaining required new equipment to be used at the garage to be constructed newly for conducting repairs to the new Luxury buses	Procurement and payment for Luxury buses will be done by Transport Unit
58	SLTB/TS/GEN/67/II/2014	Procurement of 05 small buses with 15-20 seaters (02 nd occasion)	Not procured
59	SLTB/TS/CB/33/2014	Calling for quotations for procurement of required household goods for SLTB Katharagama Circuit Bungalow	Completed
60	SLTB/TS/GEN/65/2014	Obtaining required tire kits for new Yutong buses	Suspended temporarily
61	SLTB/TS/PS/01/2014	Calling for quotations to obtain	Completed

		security services for SLTB	
62	SLTB/TS/GEN/68/2014	Calling for quotations to select suitable Advertisement Institution to display advertisements through LED screen inside the SLTB buses	Institutions have not submitted quotations
63	SLTB/TS/SUI/01/2014	Tender for the Sale of scrapped spare parts removed from use from SLTB Angulana Driver Training School, Kurunegala South, Panadura, Katubedda, Aluthgama, Baticaloa and Valaichchanai Depots	Completed
64	ශ්‍රී ලංගම/වෙම/පැරණි කඩදාසි/2014/01	Sale of accumulated old newspapers at Head Office	Completed
65	SLTB/TS/SUI/02/2014	Tender for the Sale of scrapped spare parts removed from use from SLTB Angulana Driver Training School, Deraniyagala, Rambukkana, Kurunegala South and Panadura Depots and Provincial Workshops at Madawachchiya, Pettigalawatta.	Completed
66	SLTB/TS/GEN/2014/12/III	Calling for quotation for the sale of buffin powder at SLTB Tire Workshop at Ampara	Completed
67	SLTB/TS/සාමාන්‍ය/සුභ සාධක	Sale through tender of computer related accessories removed from use	Completed
68	ශ්‍රී ලංගම/වෙම/පැරණි පුවත්පත්/2014/I	Sale of accumulated old newspapers at Head Office	Completed
69	SLTB/TS/GEN/2014/12 IV	Calling for quotation for the sale of buffin powder at SLTB Tire Workshop at Ampara	Completed

Supplies/Commercial Division

Details about activities

01. Procurement of spare parts and accessories for all the Provincial Workshops throughout the Island according to procedures, stocking them issuing them and to send payment vouchers to the Finance Section. In addition procurement of required spare parts for depots throughout the Island on the recommendation of Technical Division and the issue them at stated above and refer them for payment.
02. Particulars of the annual requirement of stationery, toners, pen drives and computers should be collected from all Divisions and Sections and submitted to the relevant Tender Board and after calling for quotations the prices and the Schedule should be submitted to the Evaluation Committee and based on the decision of that Committee the Prices and the Suppliers should be selected and accordingly 02 months' requirement should be ordered and entries should be made in the Bin Card and payments and settlements should be made and action should be taken to distribute the items.
03. Procurement of all office equipment (Computer and related accessories, Printers, UPS Machines, Air Conditioners, Finger Print Machines and Fax machines) and office furniture according to requirement should be procured after obtaining approval from the Tender Board and payment and settlement should be made.
04. Inform all SLTB depots, Provincial Workshops and Regions giving details of Approved Prices and the Suppliers so that they could procure required office equipment and office furniture according to their requirements.
05. Procurement, issue, payment and settlement and inventorying of required furniture, kitchen utensils and electrical equipment for all SLTB Circuit bungalows and Holiday Homes according to the approved tender prices.
06. Procurement on approval of the Tender Board of generators and raw materials, maintenance of air conditioners, repairs of accessories/electric accessories to the SLTB Head office and to workplaces functioning under the financial allocation of the Head office and issue, payment and settlement.
07. Distribution of new tire kits and batteries required for SLTB buses in all the depots throughout the Island through the Regional offices according to their requirement and to maintain relevant registers properly, control stock and to attend to payments.

08. Printing and maintaining a stock of season ticket annual requirement for the SLTB, distribution to all depots according to their requirements, maintain relevant registers and prepare vouchers necessary for payment.
09. Procure raw materials required for printing travel passes to SLTB employees and outsiders and issue them and to maintain related registers and refer for payment.
10. Procurement of spare parts and accessories required for Yutong buses from Chinese Suppliers, get the relevant goods cleared by the Sri Lanka Custom and distribute them according to requirement and maintain control of stocks and prepare necessary registers for relevant payments.
11. Procure and supply all goods and materials requirement for Circuit bungalows and Holiday Homes under the SLTB and maintain relevant schedules and files.
12. Procure vehicles and other materials for Driver Training Schools throughout the Island according to requirements and to maintain related Stock Schedules.
13. Preparation of vouchers and maintenance of other related schedules and files for Procurement of vehicles (Pool vehicles).
14. Calling for quotations for urgent requirement when approved quotations are not available with the Tender Board. Preparation of schedules and obtaining covering Tender Approval.
15. All the above procurements should be separated subject wise and workshop wise under Part Nos. and to assign duties and the employees to perform duties assigned to them.
16. All subjects of procurement of supply should be entered in the bin card and should be stock controlled regularly.
17. Action should be taken to computerize duly issue vouchers registers (S – 1), issue vouchers (S – 1) receiving vouchers (S -5 – RV). and issue vouchers (S – 6 – IV) and orders.
18. When relevant registered quotations are called for all procurements through tenders, to participate as an officer of the Committee when such tenders are opened. To submit to the Tender Board for approval of the price.
19. Annual Procurement Plan should be prepared and should be referred to the Audit & Management Committee and the Board of Directors for approval and thereafter relevant progress report should be prepared.

20. Monitoring of the daily activities of the Main Stores and to give necessary instructions and stocking, introducing procedures and to act accordingly.
21. When photo copy machines, computers and other equipment are under repairs, refer them to repairs and to take action to maintain them.
22. Prepare schedules after all tender activities are over, prepare letters, submit for evaluation and prepare evaluation reports.
23. Sale of scrapped buses, tyres, old newspapers should be sold according to the approved tender price and the relevant quotations should be listed and the relevant schedule should be prepared.
24. Refer all bills of quotations for final payment. Register them.
25. Details should be maintained about Supplies Officers and Storekeepers in all SLTB depots, Provincial Workshops and Regional Offices and should participate in interviews held for appointments and to give relevant recommendations and monitoring for transfers.



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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අංකය
My No.

CTPA/SLTBTA/01/2014/24

ඔබේ අංකය
අංකය
Your No.

දිනය
දිනය
Date

28 January 2018

The Chairman
Sri Lanka Transport Board

Report of the Auditor General on the Financial Statements of the Sri Lanka Transport Board for the year ended 31 December 2014 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of Sri Lanka Transport Board for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the comprehensive 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 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.

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 controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

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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 2014 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 Going Concern of the Board

As the Board had been incurring continuous losses, the net assets had extensively eroded and as a result, the net assets by the end of the year under review had become a minus value of Rs.28,147,592,104. Therefore, the Board could not be continuously operated without a financial assistance of the Treasury or Government.

In analyzing the financial position for the year under review and the previous 4 years, current assets to cover up the current liabilities had been at a low level as 34 per cent of the total liabilities during the period from 2011 to 2014 and this level had been at 42 per cent in the year 2010. Non-settlement of payables as specified, failure in taking action to recover receivables and the balances brought forward for a long period without being settled had mainly attributed to this position.

2.2.2 Sri Lanka Accounting Standards

The following non-compliances were observed.

(a) Sri Lanka Accounting Standard 07

The government grants of Rs.741,501,613 which should have been stated as financial activities in the cash flow statement had been shown under investing activities.



(b) Sri Lanka Accounting Standard 16

The following observations are made.

- (i) In terms of the Standard, depreciation of an asset begins when it is available for use and shall be allocated on a systematic basis over its useful life. However, the Board had followed the policy that assets were not depreciated in the year of purchase and fully depreciated in the year of disposal. As such, provision for depreciation on property, plant and equipment purchased for Rs.1,402,746,999 and used in the year under review had not been made.
- (ii) Steps had not been taken to revalue and account 2,235 buses which had been purchased after the year 2005 and fully depreciated and the buses purchased prior to that and still under running condition.
- (iii) According to the financial statements of the year under review, the value of land and buildings had not been identified separately. Contrary to the Standard, 50 per cent or Rs.159,899,660 of the total value of lands and buildings amounting to Rs.319,799,319 had been considered as the value of buildings and depreciated at the rate of 2.5 per cent.

(c) Sri Lanka Accounting Standard 17

The following observations are made.

- (i) In disclosing Lease liability in the financial statements, fair value of such lease assets or the present value of payable lease payments whichever is lower should be disclosed. However, the lease liability at cost and the interest thereon on sum of digit method had been calculated by the Board and shown the lease liability as Rs.10,064,442,013.



- (ii) The following disclosures had not been made in respect of the leases.
- * Reconciliation between the total of minimum lease instalment at the end of the reporting period and their present value.
 - * The total of future minimum lease instalment at the end of the reporting period, and their present value for periods not less than one year, over one year and less than five years and over five years.
- (d) **Sri Lanka Accounting Standard – 19**

The Board had not used the “Projected Unit Credit Method” in respect of measuring post employees benefit liabilities in terms of the Standard.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) Even though a sum of Rs.9,923,554,194 had been spent for the purchase of property, plant and equipment in the year under review, it had been shown as Rs.9,921,453,594 in the cash flow statement, thus understating a sum of Rs.2,100,600.
- (b) Even though a sum of Rs.11,193,911,852 had been shown under other payable accounts in working capital adjustments in the cash flow statement, it was Rs.11,195,752,191 as per ledger accounts, thus understating a sum of Rs. 1,840,339.
- (c) Bank charges and cheque book charges totalling Rs.184,262 recovered by the Bank from the year 2012 up to 31 December 2014 as shown in a Bank Account of the Board, had not been brought to account in the relevant Cash Book and Expenditure Accounts. As such, the accumulated profit shown as at the end of the year under review had been overstated by the similar amount.



- (d) According to the Stock Verification Reports of the Head Office and 09 Regional Offices, computed stock value was higher than the stock value in the Ledger by Rs.80,122,221 and without finding out the reasons therefor, it had been adjusted to the operating profit. As such, the loss of the year under review had been understated by the similar amount.
- (e) Out of the trade creditors balance amounting to Rs.2,468,853,247 shown in the final accounts of the year under review, 03 debit balances of trade creditors totalling Rs.37,117,112 had been deducted, thus the creditors balance had been understated by the similar amount.
- (f) Even though the audit fees payable to the Auditor General's Department for the period 2005-2012 amounted to Rs.3,081,446, it had been shown as Rs.417,526 in the financial statements of the Board. As such, the provision for audit fees payable had been understated by Rs.2,663,920.
- (g) Police license income of Rs. 3,653,998 recoverable from Ududumbara and Point Pedro depots belonging to Kandy and North Region had been brought to account erroneously as debits and credits to the relevant Police License Income Account instead of debiting the Recoverable Revenue Account. As such, the profit and the Trade Receipts Account of the year under review had been understated.
- (h) Settlement notes in respect of spare parts valued at Rs.13,824,553 purchased from 02 companies in the year 2014 and received to the Stores had not been brought to account in the relevant Advance Account and Creditors Account. As such, the balances in the Advance Account and Creditors Account had been overstated by the similar amount.
- (i) Sums amounting to Rs.70,449 and Rs.2,100 debited on 12 December 1991 and 01 September 1992 respectively by the Bank with regard to a Bank Account of the Board and the purpose of the receipt of Rs.12,665,851 for 4 bank accounts of the North Region of the Board from the year 2011 up to 2014 had not been identified and brought to accounts while those had been shown in the Bank Reconciliation Statements as at the end of the year under review.



- (j) Particulars in respect of debit balances totalling Rs.9,935,375,095 and credit balances totalling Rs.26,054,948,782 relating to dormant accounts as per the financial statements, were not made available for audit. As these balances had been shown under assets and liabilities in the statement of financial position of the year under review, a correct position was not depicted in the financial statements.

2.2.4 Unexplained Differences

The following observations are made.

- (a) Purchases of spare parts had been done through 08 bank accounts by the Board in the year under review and the balance of advances granted by 02 bank accounts out of the above as at 31 December 2014 had been Rs.284,394,842 whereas it was Rs.290,959,007 as per the schedule submitted therefor, thus a difference of Rs.6,564,165 was observed.
- (b) The creditors balance of 04 Regions shown in the final accounts of the Board had been Rs.760,116,593 whereas it was Rs.652,868,944 as per the creditors schedule submitted therefor, thus a difference of Rs.107,247,649 was observed.
- (c) Even though the number of travel passes issued during the year under review stood at 8,418 according to the information of the Accounts Division, the number of travel passes issued had been 5,748 according to the information made available to audit by the Running Division. Thus, a difference of 2,670 travel passes was observed.
- (d) In the cancellation of cheques issued to debtors of 02 Regions, Sabaragamuwa and Kaluthara, there should be credit balances in those creditors' accounts. Nevertheless, debit balances amounting to Rs.727,000 and Rs.312,460 had arisen in those accounts respectively while the reasons or explanations therefor had not been made available to audit.



2.2.5 Suspense Accounts

The debit balance of Rs.17,664,474 of the preceding year in a Suspense Account brought forward for more than 10 years being changed the balance had increased up to a debit balance of Rs.129,933,148 by the end of the year under review. Even though the balance of the Suspense Account had increased due to errors in accounting stocks pertaining to purchases in 09 depots of the Board in the Northern and Uva Provinces, the relevant adjustments thereto had not been made.

2.2.6 Lack of Evidence for Audit

As the evidence indicated against the following transactions was not made available for audit, they could not be satisfactorily vouched or accepted in audit.

<u>Item of Account</u>	<u>Value</u>	<u>Evidence not made available</u>
	Rs.	
(a) Trade Creditors	1,815,984,303	Detailed schedules and age analysis.
(b) Purchase Advances	795,139,018	Details of settlements relating to 14 journal entries
(c) Conductors' cash shortages	14,414,671	Schedules relating to 11 Regions
(d) Cashiers' cash shortages	36,251,543	Schedules
(e) Trade Debtor Balance	12,782,295	Schedules
(f) Cancelled Cheques	11,988,614	Detailed Schedules
(g) Advances	34,000,000	Documents relating to the settlement of advances
(h) Purchase Advances	3,000,000	Payment Vouchers



2.3 **Accounts Receivable and Payable**

The following observations are made.

- (a) According to the detailed schedule of the outstanding advances presented to audit, action had not been taken to settle a sum of Rs.764,374,902 or 42 per cent of the purchase advances given prior to the year 2014 despite a lapse of one year.
- (b) Action had not been taken to settle a sum of Rs.5,927,694,884 payable as employees provident funds to the Sri Lanka Transport Board Fund, Central Bank of Sri Lanka and the Employees Trust Fund Board from the year 2008 up to the end of the year under review.
- (c) According to the age analysis of 4 Regions which had presented the schedules of trade creditors, creditor balances totalling Rs.323,650,997 between 1 to 5 years had not been settled and the creditor balances not settled within a period between 5 to 10 years and over 10 years amounted to Rs.48,969,260 and Rs.8,701,925 respectively.
- (d) The management had not paid attention to take necessary action to find out the reasons for the balance of cancelled cheques valued at Rs.636,536 remained since the year 2011 in the Avissawella Depot belonging to the Colombo Region.
- (e) A sum of Rs.3,000 per day should have been deposited in the Bank Account of the People's Bank in respect of 2,200 busses granted to 112 Depots from 01 July 2014 to 22 February 2015 under the leasing facility. Nevertheless, a sum of Rs.82,672,002 should have been receivable from those Depots to the Head Office as at the end of the year under review.
- (f) The balance of conductors' cash shortages in the Gampola Depot belonging to the Nuwara Eliya Region amounted to Rs.412,968 and it included a sum of Rs.143,936 outstanding over one year, while attention had not been paid to recover those balances.



- (g) Even though a sum of Rs.6,470,187 had been claimed as indemnity for 47 accidents occurred during the period from May 2014 to 10 November 2015, a sum of Rs.197,500 had been received only for a claim of Rs.200,000 in respect of one bus. The balance had not been recovered as at 26 July 2016.

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

The following instances non-compliances were observed.

Reference to Laws, Rules, Regulations etc.	Non-compliance
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- | | |
|--|---|
| (a) Sections 11 of the Finance Act No.38 of 1971 and Paragraph 8.2.2 of Public Enterprises Circular No.PED/12 of 02 June 2003. | Even though sums amounting to Rs.421,948,344, Rs.7,749,998 and Rs.42,323 had been invested in Fixed Deposits, Treasury Bills and Other Deposits respectively, the concurrence of the Minister of Finance and the approval of the Minister in charge of the subject had not been obtained. |
|--|---|

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

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|--------------------------------|---|
| I. Financial Regulation 395(b) | Out of the 241 bank accounts maintained by the Board, Bank Reconciliation Statements relating to 165 bank current accounts had not been made available to audit in respect of the month of December of the year under review. |
|--------------------------------|---|



- II. Financial Regulation 396(d) Action in terms of Financial Regulations had not been taken on 67 cheques valued at Rs.9,179,895 relating to 11 bank accounts issued but not presented to the Bank for more than 06 months.
- III. Financial Regulation 395(e) Particulars of cheques valued at Rs.20,927,743 relating to 05 bank accounts, issued but not presented and cheques valued at Rs.1,125,000 relating to 02 bank accounts, deposited but not realized had not been made available.
- IV. Financial Regulation 395(h) In assigning duties to the officers, the preparation of Bank Reconciliations should be assigned to an officer who have no connection with the maintenance of the cash book. Nevertheless, the preparation of Bank Reconciliations relating to all bank accounts of the Board had been assigned to the officers who maintain the cash book.
- V. Financial Regulation 446(2) Payment vouchers totalling Rs.84,508,230 relating to 2 cash books maintained in respect of 02 bank accounts had not been numbered and the cash book had not been supervised by a Staff Officer responsible.
- VI. Financial Regulation 757 and Public Finance Circular No.5/2016 of 31 March 2016 Action had not been taken to conduct a Board of Survey in respect of the Board for the year under review and to furnish those reports to the Auditor General.



3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial results for the year ended 31 December 2014 had been a deficit of Rs.1,228,021,529 as compared with the deficit of Rs.1,974,484,387 in the preceding year. Accordingly, the deficit for the year under review had decreased by Rs.746,462,858 as compared with the preceding year. Even though the operating expenses of the Board had increased by Rs.1,977,695,268, increase in passenger transport income and other income by Rs.2,804,917,880 had mainly attributed to the decrease in the above deterioration.

In analyzing the financial results for the year under review and the four preceding years the deficit of the Board had gradually increased from the year 2010 to 2012 and the deficit of the year 2013 and 2014 had gradually decreased. In considering employees remuneration and depreciation on non-current assets, the contribution of the Board in the year 2011 had improved as compared with the year 2010. The contribution of Rs.11,499,778,412 in the year 2012 had continuously increased up to Rs.14,711,117,533 in the year 2014.

3.2 Legal cases initiated against the Board or by the Board

The following observations are made.

- (a) According to the information made available to audit, 31 external parties relating to 10 Regions had filed 31 cases against the Board as at the end of the year under review and a sum of Rs.87,372,874 had been claimed as compensations.
- (b) Ten employees of the Board had filed 10 cases against the Board and 08 cases out of those cases had been settled in favour of the employees as at 31 December of the year under review.



(c) The Board had filed 07 cases against 07 external parties and compensations amounting to Rs.9,313,980 had been claimed.

4. Operating Review

4.1 Performance

In terms of the Sri Lanka Transport Board Act, No. 27 of 2005, the objectives of the Board, are as follows.

- To provide in consultation with the National Transport Commission and relevant Provincial Transport Authorities an efficient regular omnibus service which is efficient and effective ensuring economic viability. In order to achieve the above objective, the Board shall prepare an annual budget embodying its proposals identifying the manner in which implementation is to be carried out;
- To conduct the business of the Board in such a manner that the entire operations of the Board will be conducted and maintained in order to ensure viability of such operations to the maximum extent possible;
- To implement any other scheme or service in the transport sector, that will enhance the quality of public transport.

The following matters were observed relating to the performance of the year under review in accordance with the Action Plan, Progress Report, and the Budget prepared as per the Corporate Plan relating to the execution of the objectives of the Board in the year 2014.

- (a.) Attention had not been drawn in preparing the Corporate Plan on the following activities that could have been executed in accordance with the powers vested in the Board in terms of Sri Lanka Transport Board Act, No. 27 of 2005.



- Providing bus halts or shelters for the road passengers.
- Trying to provide bus services for the routes considered by the Board as being difficult or impractical.
- Supplying and maintenance of places for stopping the busses belonging to the Board.

(b.) It is necessary to run 7,204 busses in accordance with the daily timetable requirements of the year under review. Despite being targeted to run 5500 busses daily in accordance with the Action Plan for the year 2014, the number of busses run per day in the year under review had been 4,596. As such, 36 per cent of the busses required to be run by the Board per day could not be run, whereas 16 per cent of the busses expected to be run in accordance with the Action Plan for the year 2014, had not been run.

Considering the progress of the Board in running busses during the 03 preceding years in accordance with the information made available by the Planning and Research Division, and the Engineering Division, the number of busses run in the year 2011 had been 60 per cent of the timetable requirement of the Board, and that had gradually increased to 67 per cent by the year 2013, before decreasing to 64 per cent in the year 2014. Moreover, fifty six per cent of the number of kilometers expected to be run by the Board annually, had been run in the year 2011, whereas that number had increased to 60 per cent by the year 2014, but 40 per cent of the number of kilometers expected to be run, could not be achieved.

(c.) Although it had been planned to run 616,849,447 kilometres in the year under review by making use of the busses in running order, only 371,236,274 kilometres had been run due to the vacancies of drivers and conductors, and technical issues, thus achieving only 60 per cent of the expected target.



- (d.) According to the report on the fleet of busses as of December 2014, of all the 7,669 busses belonging to the Board, 1,770 busses had not been in running order. It was also observed that, of those 1,770 busses, 738 had been older than 15 years. According to the cadre reports of the year under review, the numbers of drivers and conductors are 10,221 and 10,272 respectively. In order to continuously run the entire fleet of busses, the drivers and conductors had not been properly managed. The said status quo of the Board had attributed to the decline in the income, thus hampering the proper and efficient bus service.
- (e.) According to the Action Plan for the year under review, it was targeted to generate a daily route income of Rs. 83 million, but only a sum of Rs. 60 million had been earned. Accordingly, 28 per cent of the expected target could not be achieved.
- (f.) According to the quality reports on the fleet of busses belonging to the Regions as at 31 December of the year under review, the running target set for 7 out of 12 Regions, could not be achieved. Due to reasons such as, non-availability of maintenance equipment and spare parts for the busses, repairs being carried out daily on a considerable number of busses, and failure to repair busses due to lack of economic benefits, a significant number of busses had been discontinued from being run, thus the said objectives could not be achieved.
- (g.) According to the budget of the year under review, the route income expected in the year 2014 had been Rs. 65.21 per kilometer. However, according to the R-51 report, the income per kilometer had been Rs. 59.69 in the year 2014. Accordingly, a target of income amounting to Rs. 5.52 per kilometer could not be achieved.
- (h.) According to the reports of the Training, Research and Development Division, for the year 2014, there had been differences between the annual training targets and actual values. As such, 18 per cent to 60 per cent of the expected targets could not be achieved.



- (i.) The Board maintains 19 Drivers Training Schools, and 03 of them functions under the Head Office. Even though an income of Rs. 32,281,275 had been earned in the year under review through the Drivers Training Schools, the expenses totalled Rs. 37,841,849, thus sustaining a net loss of Rs. 5,560,574. This loss had decreased by about 63 per cent as compared with the preceding year, and the loss had mainly been attributed by the dearth of trained instructors at the Drivers Training Schools, as well as the lack of vehicles that could be used for training purposes.
- (j.) In the wake of Commonwealth Heads of Government Meeting held in Sri Lanka, 68 super-luxury Yutong busses imported therefor, had been received by the Sri Lanka Transport Board in the year 2014. In order to operate those busses, a separate unit was established under the Depot in Moratuwa, thereby providing that Unit with 20 busses. The following matters were observed in that connection.
- (i) In order to productively make use of 20 super-luxury busses for passenger transportation, 32 drivers and 32 conductors were needed. However, only 16 drivers and 12 conductors were assigned to that Unit, thus observing a shortage of 16 drivers and 20 conductors.
- (ii) Repairing 02 busses that had met with accidents in the year 2014 and obtaining insurance indemnities thereon, had not been completed even by 26 December 2017.
- (k.) The main objective of the Board is to maintain an efficient passenger transport service by making use of busses. Contrary to the said objective, 47 busses belonging to 06 Depots in the Kalutara Region had been deployed for a function held in Mathugama without levying fees.



4.2 Utilization of Funds

The following observations are made.

- (a.) In view of easy execution of the activities, 23 current accounts had been operated for each objective by the Board at the Head Office alone, and a sum totalling Rs. 2,612,745,132 relating to 9 accounts therefrom, had been transferred to 13 other current accounts, but those funds had not been reimbursed to the relevant bank accounts. As such, the financial activities of the Board had further become complicated without achieving the expected objectives, as well as the financial administration had become even inefficient by complicating the accounting process.
- (b.) In order to control the overdrafts, a separate current account had been opened at the Head Office on 04 September 2012, and all the overdraft balances had been brought thereto. Nevertheless, an overdraft totalling Rs. 1,369,975,617 had existed in 147 bank accounts of the Head Office, regional offices and Depots as at 31 December 2014. As such, the objectives expected by opening the said account, could not be achieved.

4.3 Management Activities

The following observations are made.

- (a.) Even though orders had been placed by the Head Office for purchasing the spare parts for the Depots belonging to the Sri Lanka Transport Board, the suppliers had furnished the items directly to the Depots. However, due to the failure of the Depots in submitting the relevant invoices and the goods received notes to the Head Office as soon as the items had been received, an unsettled balance amounting to Rs. 1,831,859,235 had existed in the Purchase Advance Account of the Head Office as at 31 December 2014. The reasons such as, failure of the management of the Sri Lanka Transport Board in imposing adequate internal laws and rules, failure in conducting adequate supervisions, and failure in carrying out adjustments in a timely manner, had caused this situation.



- (b.) The examination on the information relating to the year under review and 04 preceding years revealed that cashier's balance in arrears amounting to Rs. 2,095,483 for the year 2010, had shown a slight decrease to the value of Rs. 1,538,920 in the year 2011, but that arrears had gradually increased up to Rs. 31,853,602 in the year 2012 and Rs. 36,290,966 by 31 December of the year under review. Attention of the management had not been drawn to rectify this situation.
- (c.) In order to avoid errors and frauds likely to occur with the passenger ticket books, tickets and ticket books should be printed with serial numbers thereby maintaining an internal control. However, 19,950 passenger ticket books containing 100 pages with 10 tickets on each of the pages purchased spending Rs.955,605 from a private institution by the Board in the year 2012, had been printed without serial numbers. Of those ticket books, 9,750 had been issued to the regional office whereas, 6,333 ticket books had been returned to the stores of the Head Office by 31 December of the year under review due to the said error. However, 3,417 books had not still been returned to the Head Office. Action had not been taken to recover the loss incurred in this connection, from the suppliers.
- (d.) Of the ticket books not returned, 500 had been issued to the regional office in Gampaha, and of those books, 40 had been issued to the busses for collecting income from the routes whilst the rest of the 460 books had been retained at the stores of the regional office. As such, the attention of the management had not been drawn as to the issuance of tickets sans serial numbers to the passengers, and the risk of keeping such ticket books at the stores further that could be used to embezzle the income from the routes.
- (e.) Documents for the verification of lands and buildings worth Rs. 319,799,319 owned by the Board, had not been made available to audit. Despite being stated at the audit and management committee meetings and responding to the audit queries that action would be taken to update the register of assets by conducting a survey on assets, it had not been so done even by the end of the year 2016.



4.5 Apparent Irregularities

The Board had made a payment of Rs. 66,500,000 in the year 2014 through 66 cheques to a company supplying suspension blades. In the years 2012 and 2013, sums of Rs. 30,550,000 and Rs. 29,100,000 had respectively been paid to that company for purchasing suspension blades. Contrary to Financial Regulation 137 and 138, payments had been made to that company without verifying the receipt of suspension blades. The suspension blades worth Rs. 134,486,075 for which payments had been made in respect of the year under review and the preceding years, had not still been handed over to the Board.

4.6 Identified Losses

The following observations are made.

- (a) Sums of Rs. 625,095,955 and Rs. 5,240,908,747 to be credited to the Provident Fund of the Board and the Employees' Provident Fund of the Central Bank of Sri Lanka respectively, along with the contribution to the Employees' Trust Fund amounting to Rs. 59,045,730 had not been remitted on time. Hence, surcharges amounting to Rs. 89,743,024 and Rs. 660,178 had remained payable to the Employees' Provident Fund and the Employees' Trust Fund respectively by the end of the year under review.

- (b) The overdraft facility approved by the People's Bank amounted to Rs. 721.62 million, but the said overdraft increased up to Rs. 745.22 million as at 31 December 2014. A monthly interest amounting to Rs. 10,320,320 was paid in respect of the overdraft at a monthly interest rate of 17 per cent. As a bank surety for the overdraft, a fixed deposit valued at Rs. 325,000,000 was maintained at an interest rate of 8 per cent whilst a balance amounting to Rs. 303,841,753 was maintained in a general savings account. An interest income totalling Rs. 39,647,172 was received by the Board in the year 2014 in respect of the deposits, but the Board paid a sum of Rs. 84,196,667 in the year under review as interest and bank charges for the overdraft.



4.7 Procurement and Contract Procedure

The following observations are made.

- (a.) In terms of Guideline 2.14.1 of the Government Procurement Guidelines, a Procurement Committee should be appointed by the Secretary to the Line Ministry in respect of procurements over Rs. 100 million. Nevertheless, the Board had procured 4000 electronic ticket machines worth Rs. 200,640,792 through the Procurement Committee of the Department.
- (b.) Spare parts valued at Rs. 1,415,503,290 had been purchased under duty waiver during 2011-2014 for the busses of the Sri Lanka Transport Board. The following observations are made in this connection.
 - (i) Considering the annual financial limit of the Board, the procurement of the said spare parts should have been evaluated by a Committee appointed by the Cabinet. However, taking into account only the requirement for 02 months, the supplier had been selected by the Procurement Committee of the Sri Lanka Transport Board, and those purchases had been made from the same supplier from the year 2011 up to the end of the year under review.
 - (ii) Due to deficiencies in the procurement of the said spare parts, the contract had been awarded to the company with the second lowest bid without calling for quotations in respect of spare parts for 26 Depots relating to 2 regional offices.
 - (iii) Both of the companies selected for supplying the said spare parts had not provided spare parts in accordance with the relevant agreements, but no action whatsoever had been taken against those companies. Accordingly, based on the requirement of spare parts of the Depots on each occasion, suppliers had been selected according to the quotations obtained through



Fax from the registered local suppliers, and spare parts had not been purchased in stocks. As such, the economic benefits that would have been obtained when purchasing in stocks, could not be obtained by the Board.

- (c.) In the year 2014, the Sri Lanka Transport Board had purchased 2,200 forty two seater and 54 seater busses from Ashok Leyland company of India on lease at a value of US \$ 72,620,000 equivalent to approximately Rs. 10,331,775,516. In purchasing those 2,200 busses, bids had not been called internationally in terms of Guideline 3.1 of the Government Procurement Guidelines; instead, purchase had been made after being evaluated by a Committee appointed by the Cabinet based on the bid furnished by a single supplier. Furthermore, in accordance with the lease agreement for purchasing busses entered into by the Board on 16 May 2014, the number of 2,200 busses should be supplied within a period of 06 months from the date of furnishing the letters of credit whilst a demurrages of 0.01 per cent should be charged in case of a delay as per Condition 26.1 of the agreement. Nevertheless, of the total number of busses that the supplier had agreed upon, only 1,900 busses had been supplied on time whilst the rest of the 300 busses had been supplied after a delay of 01 month and 21 days, but demurrages for delay amounting to Rs. 146,800 had not been recovered thereon as had been mentioned in the agreement.

4.8 Resources of the Board Released to Other State Institutions.

The following observations are made.

- (a.) Contrary to Section 8.3.9 of the Public Enterprises Circular, No. PED/12, dated 02 June 2003, nineteen security officers of the Board had been released to the line Ministry, whilst 19 other employees had been released to other external institutions. Salaries amounting to Rs. 3,146,776 and Rs. 1,351,400 had respectively been paid for them in the year under review.



- (b.) The security officers of the Sri Lanka Transport Board had been attached to the Department of Motor Traffic, Ministry of Private Transport Services, National Transport Commission, and National Transport Medical Institute. On the basis of reimbursement, a sum of Rs. 40,401,906 had been paid in the year under review as salaries, but only a sum of Rs. 24,438,400 had been reimbursed therefrom as at 31 December 2014. Accordingly, a sum of Rs. 15,963,506 had remained to be further reimbursed.
- (c.) Five motor vehicles obtained by the Board on rent at a monthly rental of Rs. 44,800 had been released to the Ministry of Transport and the office of the Deputy Minister of Transport. Sums of Rs. 748,430 and Rs. 1,142,400 had been paid by the Board as cost for fuel and rental for vehicles respectively in that connection during the year under review.

4.9 Transactions of Contentious Nature

A number of 143 busses costing Rs. 97,462,160 had been handed over to a private institution for refurbishment in the year 2002. However, that institution is not functional by now; accordingly, the risk of those busses being received again by the Board exists, but no adequate disclosure had been made in that connection in the accounts of the year under review.

4.10 Staff Administration

The following observations are made.

- (a.) In accordance with Section 9 of the Public Enterprises Circular, No. PED/12, dated 02 June 2003, an organizational chart, a Scheme of Recruitment, and a Scheme of Promotion had not been prepared for the Sri Lanka Transport Board, thus failing to obtain approval of the Department of Management Services.



- (b.) Considering the excess and dearth between requirement of drivers and conductors of the Depots of the Board, and the actual number at present, the posts of drivers ranged from an excess of 28 per cent to a dearth of 35 per cent, whilst the posts of conductors ranged from an excess of 51 per cent to a dearth of 36 per cent. However, there had been 25 Depots with excess number of drivers and conductors, but no action had been taken to remedy the dearth of drivers and conductors by attaching the said excess staff to the Depots lacking the drivers and conductors. Furthermore, according to the information presented to the audit as to the staff of the Board assigned to inappropriate duties as at 01 May 2015, a number of 235 drivers and 528 conductors had been assigned to inappropriate duties.
- (c.) Due to lack of an officer of grade I in the actual cadre of the Board so as to be appointed in the capacity of internal auditor, an officer of grade II had been appointed as the chief internal auditor.
- (d.) An officer of grade III A should officiate at the Internal Audit Unit of the regional offices, but vacancies for the officers of grade III A existed at the regional offices such as, Gampaha, Kalutara, Rajarata, Ruhuna, and North.

5. **Accountability and Good Governance**

5.1 **Presentation of Financial Statements**

In terms of Paragraph 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003, financial statements for the year under review and the draft annual report should have been submitted to audit within 60 days of the closure of the year of accounts. However, the financial statements for the year 2014 had been presented on 31 January 2017, after delay of 1 year and 11 months.



5.2 Action Plan

In terms of Paragraph 5.1.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003 an action plan should be prepared to be able to achieve the objectives and targets within the planned period by clearly identifying Management's responsibility. Nevertheless, the action plan had been prepared without considering the financial position of the Board by including objectives and targets which could not be achieved.

5.3 Internal Audit

The total number of employees in the Internal Audit Unit had been 183 as at 31 December 2014, and 154 of them had directly been involved in auditing whilst 27 had belonged to other staff. The other auditing staff had comprised 153 employees except for the chief internal auditor, and those officers had been attached to the regional offices without considering the number of Depots belonging to the Regions so as to increase the productivity of auditing.

5.4 Procurement Plan

A Procurement Plan had been prepared by the Board in terms of Guideline 4.2.1 of the Government Procurement Guidelines. The procurement activities expected to be carried out within a period of at least 3 years should be listed in the main Procurement Plan in terms of Guideline 4.2.1 (b), but the main Procurement Plan presented had not been so prepared.

5.5 Budgetary Control

The following observations are made.

- (a.) The Sri Lanka Transport Board had prepared the budget and the financial statements for the year 2014 in a manner that they cannot be compared with each other. As such, it was observed that the Board had not looked into the fact as to whether variances had existed between the budgeted income and expenditure, and the actual income and expenditure, thereby not making use of the budget as an instrument of management control for controlling the financial activities of the Board.



- (b.) An examination on the items of income and expenditure that could be compared, revealed variances ranging from 13 per cent to 1621 per cent between the budgeted and actual values of 11 items of income and expenditure of the Board.
- (c.) The budgeted income of the Board totalled Rs. 37,197,553,260, whereas the actual income totalled Rs. 32,780,242,592 thus observing an unfavourable variance of Rs. 4,417,310,668 representing 11.87 per cent.
- (d.) The budgeted expenditure of the Board for the year under review totalled Rs. 33,980,440,679, whereas the actual expenditure totalled Rs. 34,042,371,040, thus observing an unfavourable variance of Rs. 61,930,361.

5.6 Performance of the Environmental and Social Responsibility

As per Regulation No. 03 (c) stated in Motor Traffic Act (Chap. 203) in terms of Gazette Extraordinary, No. 1533/17 of the Democratic Socialist Republic of Sri Lanka, dated 25 January 2008, a certificate of compliance should be obtained for every vehicle being used in Sri Lanka by performing an emission test. According to the information furnished to audit only by the Kandy Region, only 135 out of the total of 595 busses belonging to 07 Depots of the said Region, had passed the emission test whilst 460 busses had been run daily without undergoing emission test. Hence, it could not be ruled out in audit that the busses belonging to the Board had not contributed to the air pollution in Kandy.

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 Board from time to time. Special attention is needed in respect of the following areas of control.



<u>Area of Systems and Controls</u>	<u>Observation</u>
(a.) Control of Fixed Assets	<ul style="list-style-type: none">(i) Failure to maintain a Register containing information of the busses belonging to the Board.(ii) Failure to vest the custodianship in a manner ensuring the security of the assets.(iii) Weakness in the internal control relating to purchasing and accounting of assets.(iv) Failure to conduct annual verifications.
(b.) Financial Control	<ul style="list-style-type: none">(i) Failure to take action to promptly recover the funds receivable, and failure to take action to pay the funds payable.(ii) Failure to take action to settle the advances as soon as the completion of the intended purpose, and non-supervision by an authorized officer.(iii) Failure to maintain a Register of Advances.(iv) Failure to maintain registers for surety deposits of the employees, and spending the funds of the employee surety deposits on the expenses of the Board.(v) Maintenance of bank accounts without a requirement and failure to reconcile and adjust them by the Financial Division.



- (c.) Control of Income Failure to use the printed invoices with serial numbers for collecting travel pass income.
- (d.) Stores Control (i) An authorized officer not supervising the goods being received by the stores.
- (ii) Failure to dispose the goods that remained unusable over an extensive period.
- (iii) Failure to report the information relating to the goods supplied directly to the Depot after being ordered by the Head Office, to the Head Office properly.
- (iv) Failure to compare the data in the stores and the Depots.

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

H.M. Gamini Wijesinghe

Auditor General

