

National Transport Commission (NTC)

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

Annual Report - 2014

In terms of Section 14 (2) of the Finance Act No. 38 of 1971, and chapter 05 and 06 of the Public Enterprises Guidelines for Good Governance, the National Transport Commission has the honor to forward herewith the Performance Review, the Annual Report Financial Statement and Auditor General's Report of the National Transport Commission for the year ending 31st December 2014.

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

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Executive Members of the Commission January 2014 to April 2014

1.	Mr Roshan Gunawardane	Chairman
2.	Mr. K Buddhadasa	Member
3.	Mr. W.W. Harrison (Ministry of Private Transport Services)	Member <i>(ex officio)</i>
4.	Mrs. D.C.W. Hapugoda (Ministry of Finance & Planning)	Member <i>(ex officio)</i>
5.	Mr. W.D.R. Krishantha (Ministry of Finance & Planning)	Member <i>(ex officio)</i>
6.	Mr. D.M.D. Dissanayake	Member
7.	Mr. Sumith Wijesinghe	Member
8.	Mr. R.M.S.P.K. Rathnayake	Member

April 2014 to December 2014

1.	Mr. Renuka Dushyantha Perera	Chairman
2.	Mr. K Buddhadasa	Member
3.	Mrs. D.C.W. Hapugoda	Member
4.	Mr. W.D.R. Krishantha	Member
5.	Mr. W.W. Harrison	Member
6.	Mr. D.M.D. Dissanayake	Member
7.	Mr. Sumith Wijesinghe	Member
8.	Mr. R.M.S.P.K. Rathnayake	Member

Message from the Chairman



Transport plays a key role in achieving the development goals of a country in the modern economic context. There exists a strong connection between the development of a country's network of transportation and its economical development and social welfare. It is the function of the National Transport Commission to formulate the required constitutional measures to streamline the transport requirements of the country by establishing a regulatory frame necessary to ensure an efficient and productive passenger transport network.

It has been observed that the passengers using public transport are gradually moving away from the public transport services. Especially, even though public transport has improved much in quantity, it does not appear to have improved in quality. The National Transport Commission had implemented several projects during the recent past to ensure the comfort of passengers who travel by bus, with the objective of fulfilling the transport needs of the general public of Sri Lanka.

In particular, there are a number of projects implemented with the aim of fulfilling social requirements of the people. These include the uninterrupted operation of the Sisu Seriya bus service for school students in order to ensure they reach school on time and return home safely devoid of any mental or physical disturbances, implementing the Gemi Seriya bus service to provide economical and reliable transport facilities for the rural public residing in areas with no transport facilities in order to fulfill their day to day needs, implementing the Nisi Seriya bus service to avoid the difficulties faced by the public due to the lack of late night and early morning bus services and implementing the distribution of bicycles for school children in rural areas lacking transport services.

In addition, the Commission has also implemented the project of preparing combined circular time tables with a scientific approach in order to provide equal opportunities for all bus staff and improve the quality of public bus transport service by providing a safe, reliable and comfortable transport service for the general public.

Many awareness programmes were conducted in the year 2014 for bus owners, bus staff, passengers and school students under the Road Safety Project in order to minimize the number of road accidents.

In addition, steps are taken to regulate buses, supply information and investigate public complaints instantly through the global standardized vehicle inspection system (GPS) for public transport.

Likewise, planning for transport related projects depend on data far more than planning for any other field. Therefore, the National Transport Statistical Report is important as a report compiling all relevant data. The National Transport Commission launches the National Transport Statistical Report every year by collecting statistics from state institutions related to transport so as to cover a wide scope of functions.

It is expected to improve the quality of the public transport sector and provide a safe and efficient transport service through the operation of these projects. The final stages of the constructions of Vavuniya and Thalawakale Bus Terminals which were implemented aiming for undertaking development activities outside Colombo are underway.

The officers of the institution have been directed to national and international training programmes in order to improve their theoretical and practical knowledge of their respective fields.

I would like to extend my heartfelt gratitude to all outside parties and the entire staff of the National Transport Commission who supported the endeavours undertaken by our institution through the above sectors in order to provide a qualitative, safe and comfortable transport service of the best caliber for the general public of Sri Lanka.

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

Overview

Our Vision

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

Our Mission

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

Our Goals/ Objectives

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

Composition of the Commission

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

The approved cadre of the Commission was 198 employees whereas the number of permanent staff was 163 by the end of the year 2014.

Cadre of the National Transport Commission by 31.12.2014

Employee Category	Approved Cadre	Staff engaged in service
PL - 1	14	12
PL - 3	13	17
MA- 1.1	90	77
MA- 2.1	03	-
MA- 4	52	40
MA- 5.3	-	-
JM - 1.1	04	10
MM - 1.1	17	04
HM - 1.1	04	02
HM- 2.1	01	01
Total	198	163

Source - Administrative Division, NTC

Performance of the year 2014

1. Contribution for socially necessary bus services

The Sisu Seriya school bus service for school students, Gemi Seriya service for uplifting the rural bus service and Nisi Seriya service for regularly maintaining the night bus service are implemented methodically in order to provide an efficient public bus transport service with the objective of fulfilling the social and economic needs of the public. These three services were launched under the basis of providing financial aid for the bus operators. These services are procured from bus operators from both the state and private sectors.

1.1 School Bus Service – ‘SisuSeriya’

The current trend shows a gradual increase in the number of students attending popular urban schools from rural villages. Many parents are inclined to send their children to school in private transport vehicles with no standards that ensure their safety or comfort by paying an excessive fare, as an alternative to meet the increasing transport needs of the students. The ‘Sisu



Seriya’ school bus service can be identified as an important step taken by the National Transport Commission to implement a regular bus service exclusively for school students.

The number of Sisu Seriya bus services in operation by 31.12.2014 is shown in the table below.

Province	No. of Sisu Seriya Bus Services
Western	298
Southern	111
Wayamba	237
North Central	131
Sabaragamuwa	122
Uwa	67
Eastern	101
Central	35
Northern	23
Inter provincial	10
Total	1135

Source -Department of Planning, NTC

Large traffic congestions in the roads of Colombo during mornings and afternoons had become unavoidable and uncontrollable as there was a large number of private vehicles travelling throughout Colombo on each school day due to the absence of a regulated school transport service. Moreover, this had become a huge issue in the major cities throughout the island too. In addition, the roads surrounding the schools were constantly congested due to the absence of standard parking for these vehicles, further aggravating the problem.

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

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

The number of Sisu Seriya bus services was increase up to 1135 by the end of the year 2014 and were implemented successfully due to the contributions of the Sri Lanka Transport Board and the Private Sector.

This project is greatly appreciated and praised by school authorities, students, and parents and considered a great social service.

The expenditure incurred in this regard during the year 2014 was Rs.504.95 million.

1.2 Bus Services for Rural and Uneconomical Routes – "Gemi Seriya"

'Transport' takes the forefront among the most essential requirements of man in the modern world, as made evident by many leaving their ancestral, large fertile lands for resettling in very small area in a city.



However, as this trend is bound to become the source of many future problems, the 'Gemi Seriya' project operates as a medium of linking the rural and urban areas by providing passenger transport services from village to city and vice versa, in order to avoid the isolation of remote areas. The objective of 'Gemi Seriya' Rural Bus Service is to provide uninterrupted economical and reliable transport facilities for people in rural areas travelling to cities to fulfill their daily needs.

The number of Gemi Seriya bus services in operation by 31.12.2014 is shown in the table below.

Province	No. of services
Northern	8
Wayamba	4
Southern	5
North Central	3
Western	1
Total	21

Source - Department of Planning, NTC

This project has identified the real uneconomical routes through a standard method and grants the provisions for loss in revenue due to the uneconomical run times of operators providing

bus services for the above routes. Provisions will be granted for a period of only three years until these new services establish themselves to be stable and profitable.

Even though the ‘Gemi Seriya’ project was launched amidst many expectations of the rural public, the service providers have had to undergo many hardships in maintaining its services. Namely, constant maintenance is required due to buses meeting with frequent accidents as the fundamental facilities of those areas are of very low standards, and is sometimes difficult to provide an uninterrupted service. These result in some services weakening with the end of their sponsorships.

This indicates that this project can definitely be elevated to higher standards by developing the rural roads, and that the unprecedented rise of congestion in urban areas can also be controlled.

The expenditure incurred by this project during 2014 was Rs. 8.74 million.

1.3 Night Bus Service - “Nisi Seriya”

It can be seen that the majority of citizens who contribute towards the economical development of Sri Lanka, contribute their labour by daily travelling to the city from remote villages. Therefore, many leave their homes at the crack of dawn and return at night time. However, their fortitude is weakened due to the lack of transport services when required as it has become one of their basic needs.



The supply of public bus services during night time is at a very low level in many other routes of the island except the main routes. Therefore, the National Transport Commission implemented the ‘Nisi Seriya’ project with due consideration towards the hardships faced by such public.

The main objective of this project is to provide the passengers with reliable and secure public transport facilities in order to fulfil their requirements by deploying public bus services for last late night shift and first early morning shift. The number of Nisi Seriya bus services in operation by 31.12.2014 is shown in the table below.

Province	No. of services
Western	44
Southern	15
Uwa	8
Central	22
North Central	6
Wayamba	13
Sabaragamuwa	3
Eastern	3
Total	114

Source - Department of Planning, NTC

The expenditure incurred by this project during the year 2014 was Rs. 10.69 million.

1.4 Distributing Bicycles for School Students



The campaign of distributing free bicycles for school students in rural areas was implemented under the Sisu Seriya project, with the objective of promoting the bicycle as an environmental friendly and economically profitable mode of transport for the rural areas by the National Transport Commission. The distribution of bicycles for school students in rural areas is an immense social service carried out under the Sisu Seriya project for free.

This project was introduced as a medium of transport for school children in uncongenial areas to where no other transport facilities can be provided. 3364 bicycles were distributed among the school students by 31st December 2014.

This project incurred an expenditure of Rs.28.54 million during 2014.

2. Preparation and Revision of Timetables

The main objectives of this project are to enhance the quality of the public passenger transport service by providing a reliable, safe and comfortable public transport service for passengers and to prepare timetables that provide equal opportunities to all bus operators thereby safeguarding their business stability and minimizing the unhealthy competition between the bus operators of the public and private sectors. In addition, other anticipated objectives of this project include maximizing the average number of kilometers run by each bus per day.

The passenger demands and supply of a particular route are taken into account in preparing or revising the run timetables for that route. The major challenge faced in preparing the timetables with a scientific approach at present is the prevalence of a surplus of supply (no. of buses) than the passenger demands in the bus routes.

416 timetables were prepared out of 454 inter-provincial bus services, and 70 timetables were implemented by 31st December 2014.

The expenditure incurred by 31.12.2014 in this regard is Rs. 1.81 million.

3. Registration and Training of Bus Crew



Special training programmes are conducted to improve the service conditions and the level of discipline of drivers and conductors employed in interprovincial buses under this project. These training programmes are conducted by recruiting learned lectures of the island, and the bus crew who successfully complete these training programmes are also issued identity cards and certificates under this project. However, it has become a major challenge to maintain the professional standards, as the most of the staff recruited by the bus owners into this sector are engaged in bus service according to their will, with no assurances of qualification nor any other standards.

Training programmes for 872 drivers and 975 conductors have been conducted during 2014. An expenditure of Rs. 4.60 million was incurred for training bus crew during the year under review.

4. Bus Fare Rectification

The Bus Fare Rectification project was implemented according to the recommendation of the Bus Fare Policy approved by the Cabinet in the year 2002. Various anomalies were detected in the bus fares as the fare schedules used at present are not prepared according to a general criterion and a scientific method, and are not compiled by a centralized institution. As a result, different fares were charged from passengers who travelled the same distance but in different routes, and from passengers who travelled in the same route but in SLTB, private and interprovincial buses. There were continuous disputes occurring between the passengers and the bus crew due to the absence of a standard fare schedule.

The Bus Fare Policy had recommended average distances for determining the fares with the aim of charging a bus fare relative to the distance travelled by the passenger and establishing the fares according to a definite standard. Accordingly, it was recommended that all bus routes in the island had to be measured and fares rectified, in accordance with the average distances determined for a bus route in a valley as 2 k.m and a route in a mountainous terrain as 1.7 k.m. This project was launched with the objective of implementing those recommendations, and thus the bus fare anomalies in all the interprovincial routes and the routes in the Western, Central, Southern and North Western Provinces were rectified and standardized fare schedules were implemented by the end of the year 2011. All the bus routes in the Eastern Province were measured and standardized fare schedules were prepared for 300 routes by the end of the year 2012. Likewise, measurements were taken and standardized fare schedules were prepared for 574 bus routes in the Sabaragamuwa and 480 bus routes in the Uva Provinces by the end of the year 2014.

This project incurred an expenditure of Rs. 0.50 million by 31st December 2014.

5. Awareness Programmes on Road Safety

Data pertaining to road accidents have confirmed that 06 deaths are caused by road accidents each day in Sri Lanka. The government spends many billion rupees each year for people injured by road accidents. Especially, many economical and social problems are caused by the breadwinners of families becoming victims to road accidents. In addition, it is a great misfortune that there is an increase in the tendency for school students falling victim to road accidents in the recent past.



In the context of the increase in road accidents detrimentally affecting the entire economy of the nation, it is a timely necessity that the National Transport Commission as a pioneer state regulating institution takes firm steps to avoid road accidents.

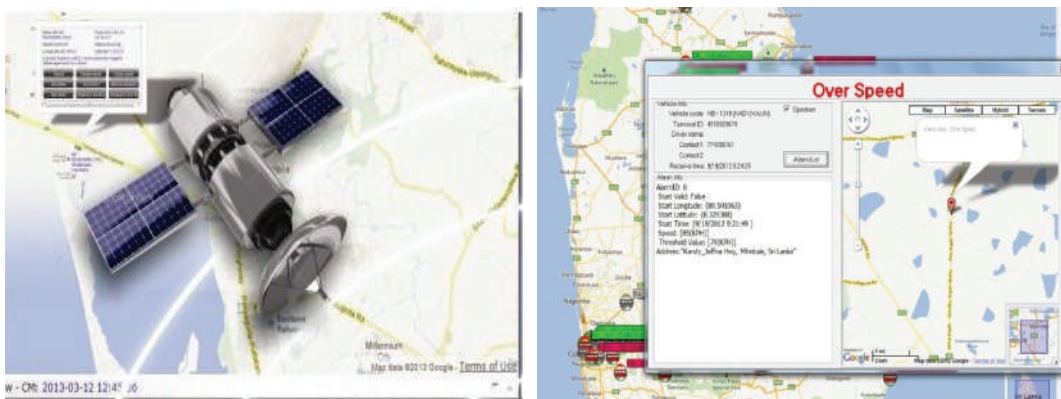
Accordingly, the National Transport Commission as a pioneer state regulating institution for transport has implemented a special programme for school students in all schools throughout the island who engage in traffic control. It is expected to provide the students engaging in traffic control with broader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

In addition, spreading awareness among the society by promoting road safety especially among interprovincial bus drivers and thereby minimizing the motor accidents related to those services, and thereby improving the quality of public transport services is also another major objective of this project.

Awareness on road safety was promoted for more than 2550 school students by conducting 05 workshops and more than 750 drivers and conductors by conducting 08 workshops in 2014. The expenditure incurred by this project was Rs. 1.33 million during the year 2014.

6. Improving the fundamental facilities and quality of the bus service

6.1 New methodology utilizing the G.P.S. Technology based on the implementation of new technology in public transport



National Transport Commission introduced and successfully implemented the monitoring of the interprovincial buses through integrating the G.P.S. technology and other technologies, to

incorporate Information and Communication Technology into the public transport sector in order to establish a qualitative, safe and reliable public transport service with the aim of providing a solution to the challenges faced by the public transport sector.

Thereby, GPS systems have been installed in about 2095 interprovincial buses by 31st December 2014 through hastening the process of installation.

Many buses installed with GPS which travel in high speed have been regulated by setting off a warning alarm in the bus and concurrently recording the instance in the control room through this technology. The implementation of the plans to expand the control room with the objective of providing prompt solutions and taking the necessary measures related to solving the complaints received by the hotline section of the Public Complaints Unit by merging with the unit and expanding the current monitoring methodology is currently underway.



G.P.S. Control Room

Likewise, the plan to develop the software that would enable the passengers to get prompt information on the bus required through the short message service and android software in a productive manner is expected to be implemented in the forthcoming years. Plans have also been formulated to improve the quality of public transport through establishing an accurate database by consolidating all modes of transport in the forthcoming years.

The expense incurred for renovating the control room is Rs. 18.19 million, and the expense incurred for purchasing G.P.S. units is Rs. 32.42 million by 31st December 2014.

7. Reconstructions for Private Bus Service

7.1 Surveys

The function of the Survey Unit is to provide the necessary data for formulating policies, planning and decision making of the National Transport Commission. It is the key role of the Survey Unit to compile the data required to handle the demand and supply for public transport in an optimal manner, in order to be just for the two main parties of National Transport Commission viz. the passengers using the public transport services and the bus operators. For this purpose, the passenger demands are surveyed and accurate data pertaining to existing passenger demands and supply are provided thereby supplying the necessary information to prepare timetables for the interprovincial buses, formulate plans and provide solutions to the problems that arise according to the instance.

This Unit has conducted 49 surveys during the year 2014, and the total expenditure incurred for surveys during the year under review is Rs. 1.67 million.

7.2 Construction and Improvement of Bus Terminals

The National Transport Commission carries out constructing new bus terminals and improving the existing bus terminals with less facilities into ones providing modern facilities, with the aim of providing a complete bus terminal as a step towards developing the fundamental facilities pertaining to public passenger transport.

7.2.1. Constructing the Vavuniya Bus Terminal

The construction of a bus terminal with modern facilities was in Vavuniya City commenced on 31st January 2014, thereby reopening the doors of development that was long lost for the Northern Province due to the 30 year long war that ravaged the country.

A progress of about 80% was achieved by 31st December 2014 in the construction of the bus terminal in the 3 acres of land allocated by the Department of Agriculture (Research).



Proposed Plan for Bus Terminal Site - Vavuniya



Vavuniya Bus Terminal Site Under Construction

The passengers, bus operators and also the administrative institutions of the Vavuniya City faces many problems due the absence of a bus terminal that could facilitate the parking of the large number of buses that begin and travel across the Vavuniya City that is considered to be the centre of the Northern Province.

The plan prepared by the State Engineering Corporation consists of 02 buildings of 800 square meters and 1100 square meters, which have the capacity of parking 34 buses at once consisting of 13 Long Distance buses and 21 Intra provincial buses.

In addition, the terminal would also consist of sanitary facilities, rest rooms and a canteen to have meals, for all passengers including the disabled.

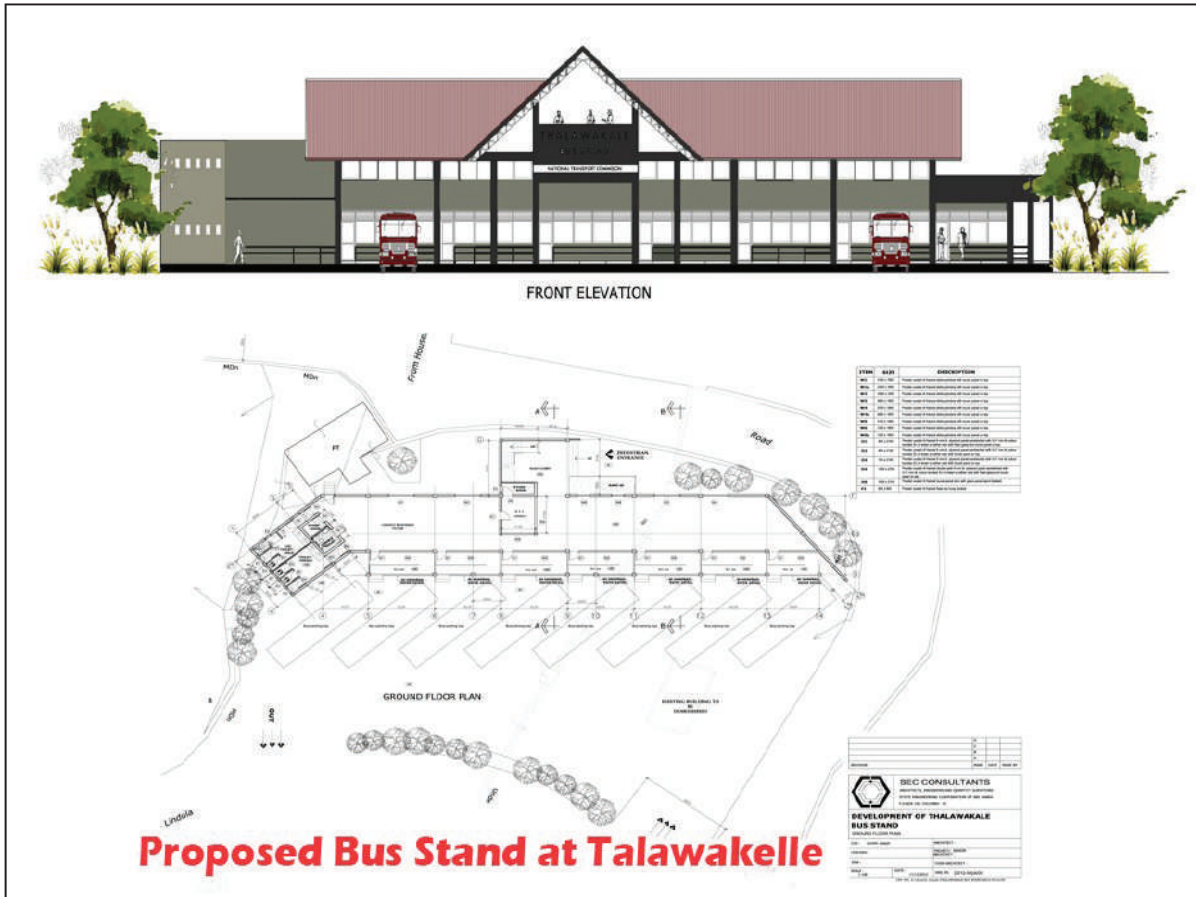
The accumulated expenditure of this project was Rs. 70.68 million by 31.12.2014.

7.2.2. Construction of the Thalawakale Bus Terminal

The National Transport Commission has already commenced the construction of a new bus terminal in the Thalawakale City too in order to improve the quality of the public transport service.

The National Transport Commission is carrying out the construction of the bus terminal with the provisions of the Ministry of Finance and the consultation of the State Engineering Corporation on the request of the Urban Council, in order to provide a bus terminal to the passengers who led a very difficult life for many years without one.

Talawakelle is a developing commercial city that has a constant rainy weather. About 6000 students from 10 neighbouring schools daily travel to this city, while an enormous amount of employees of state and private institutions travel through this city.



Proposed Plan for Bus Terminal Site – Talawakalle



Talawakalle Bus Terminal Site under construction

A large number of local and foreign tourists travel to Nuwara Eliya and Sri Pada through this city which is abundant in natural beauty with breathtaking waterfalls like the Devon and St. Claire’s. This terminal has space available to park 08 buses simultaneously, and also has sanitary facilities for all passengers including the disabled.

The accumulated expenditure of this project was Rs. 25.43 million by 31.12.2014.

7.2.3. Renovation of Bus Terminals

The National Transport Commission carried out the renovations of the Bastian Mawatha Bus Terminal and the Nuwara Eliya Bus Terminal in order to provide an efficient transport service for the passengers who utilize the public bus services.



Renovated Nuwara Eliya Bus Terminal

The expenditure incurred for renovations for the year 2014 was Rs. 11.8 million.

7.3. Developing the Internal Information Technology System and Activities Related to Information Technology

The information supplied by relevant units and divisions keeping with the government standards have been entered to the Website in order to provide passengers with information pertaining to Interprovincial Passenger Transport Services and to notify permit holders. Methodologies have been introduced to update the existing information and to facilitate easier access for information through this. Arrangements have been made to develop the website to obtain data regarding bus fares and to facilitate easy access to interprovincial bus timetables.

In addition, the computer system in the offices and major bus terminals are maintained and repaired, and L.E.D. screen have been installed and are maintained in the major bus terminals.

The accumulated expenditure of this project is Rs. 10.6 million by 31.12.2014.

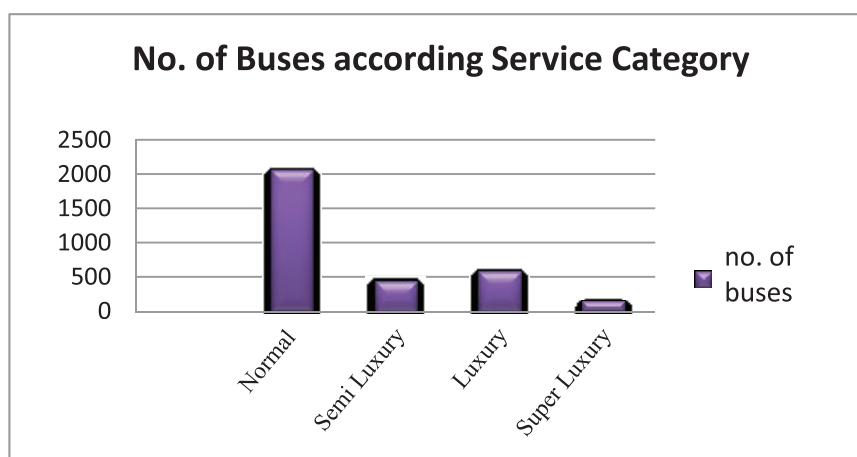
8. Physical Checking of Buses and Issuing Passenger Service Permits

The National Transport Commission issues the passenger service permits for the interprovincial private bus service operated in Sri Lanka and carries out the matters pertaining to the entire public bus transport services.

The number of valid interprovincial passenger service permits issued by 31.12.2014 according to the passenger demands is indicated in the table below.

Sub Number	Service Category	No. of Buses
1	Normal	2055
2	Semi Luxury	444
3	Luxury	578
4	Super Luxury	144
	Total	3221

Source – Department of Operations and Services Monitoring, NTC



Source – Department of Operations and Services Monitoring, NTC

The objectives of this project is to improve the condition of buses, as it is the main mode of transport utilized by the public, that are engaged in passenger transport services and

providing a safe and comfortable service to the passengers until they reach their destinations by monitoring the noise level, quality assurance of other conditions (Length, Breadth, Height and the Space between seats), recruiting drivers and conductors equipped with proper training and who are registered in the Commission, researching the issue of standard tickets and other conditions, surveying and introducing the necessary criteria for relevant enforcements.

National Transport Commission has taken actions to issue interprovincial passenger service permits by following a transparent tender procedure taking the public needs into consideration.

9. Public Complaints

The Public Complaints Investigation Unit is available 24 hours of the day for the passengers lodging their complaints. The passengers can lodge their complaints to the National Transport Commission via the hotline (0112595555) with a special code (1955), fax, e-mail and letters or by visiting the Commission or the Bastian Mawatha Bus Terminal. The total number of complaints received by the Public Complaints Unit in the year 2014 was 5269, and the following table shows several allegations uncovered by them.

Sub No.	The nature of allegations uncovered by the complaints	No. of Complaints
01	Charging extra fare / Not returning the balance	1454
02	Being discourteous to passengers	1579
03	Collecting passengers in midway points by halting the bus in an unnecessary manner	506
04	Overcrowding the bus surpassing the approved no. of passengers	453
05	Not issuing tickets appropriately	531
06	Reckless driving	535
07	Violations of the assigned timetable	542
08	Not beginning from the assigned place and not travelling upto the destination	395
09	Unfavourable travelling conditions of the bus	159
10	Malfunctions in the air conditioners	144
11	Not running in the assigned route	49
12	Playing cassettes/radio in unbearable volume	128
13	Not displaying the destination boards in the bus	53
14	Others	643
	Total	7171

Source – Department of Quality Assurance and External Relations - NTC

The Public Complaints Investigation Unit was established with the objective of providing a courteous as well as an efficient and qualitative service for the public. The National Transport Commission has made arrangements to conduct investigations into complaints relating to interprovincial services at the Commission and complaints pertaining to intraprovincial services to be referred to the relevant provincial authorities. Complaints relating to SLTB services will be directed to the Chairman of Sri Lanka Transport Board.

The total number of complaints received by the Public Complaints Unit was 5269 and 77% of the complaints viz.4068 were resolved by the end of the year under review.

10. Mobile Inspections and Inquiries on Violating the Conditions

The Mobile Inspection Unit inquires about the violations of the conditions drafted for buses issued with permits for interprovincial passenger transport in accordance with the authority vested by the National Transport Commission Act No. 37 of 1991 to the National Transport Commission. Other functions carried out by the Mobile Inspection Unit include, reporting the buses which operate in the interprovincial routes violating the terms and conditions of the passenger service permits to the Investigation Unit, aiding in taking judicial measures against buses that operate in the interprovincial routes without passenger service permits, and thereby contributing towards providing a qualitative passenger transport service.

Furthermore, this Unit also carries out the supervision of the Sisu Seriya and Nisi Seriya bus services that are operated by the National Transport Commission under state patronage.

Accordingly, the Mobile Inspection Unit inspected 22008 buses and 782 buses related to the ‘Sisu Seriya’ and ‘Nisi Seriya’ bus services during the year 2014.

11. National Transport Statistics Report



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

Scope of this project is to formulate a Statistical Annual Report on National Transport Data collected from the Ministry of Transport and institutions related to transport in order to produce a formal analysis by means of the collected data. The National Transport Statistic Report 2014 was prepared by 31st December 2014.

The statistics have been obtained from the following institutions for transport data collection.

1. National Transport Commission
2. Sri Lanka Transport Board
3. Road Passenger Transport Authority
4. Sri Lanka Railway Department
5. Department of Motor Traffic
6. National Transport Medical Institute
7. Sri Lanka Central Bank
8. Department of Census and Statistics
9. Traffic Police Headquarters
10. Sri Lanka Ports Authority
11. Road Development Authority
12. Civil Aviation Authority
13. Ministry of Civil Aviation
14. Ministry of Highways

It has been planned to print 1800 copies of the National Transport Statistics Report 2014 and to distribute them to institutions related to transport and to public libraries, schools and universities island wide by the end of December 2014. The expenditure incurred during the year, in this regard is Rs.0.39 million.

12. Staff Training and Development

The employees of the National Transport Commission were directed to national and international training workshops of various fields, with the aim of enhancing the knowledge, attitudes and productivity of the officers thus improving the quality of the services provided by the institution. The officers of the National Transport Commission were directed to national and international training workshops and courses required by the institution through training and developing the staff of the Commission. These training programmes included workshops on road safety, human resource management, financial reporting in state institutions, certificate level English courses, Postgraduate degree on transport, customer service, state procurement procedure, implementing the Sri Lanka Accounting Standards and scientific, economical and safe driving. 22 officers were directed to local training programmes while 12 officers were directed to international training programmes in the year 2014. A sum of Rs. 2.89 million was spent for staff training and development for the year 2014.

Staff Meetings

The number of meetings held by the Board of Directors during the year is 11.
The number Audit and Management meetings held during the year is 05.

Annual Accounts

STATEMENT OF FINANCIAL POSITION AS AT 31
DECEMBER

	Note	2014	2013
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	476,262,575.38	505,315,316.91
Work in Progress		18,189,547.43	-
Library Books		827,126.03	762,126.03
Total Non-Current Assets		495,279,248.84	506,077,442.94
Current Assets			
Receivables, Deposits and Advances	5	5,237,517.14	3,960,159.89
Staff Receivables	6	17,152,350.00	17,037,820.00
Investment in Term Deposits	7	18,187,405.31	16,525,335.79
Investment in Treasury Bills	8	9,282,656.00	8,400,591.00
Interest Receivable		5,542,908.75	10,004,698.41
Cash and Cash Equivalents	9	252,492,013.50	171,056,940.26
Total Current Assets		307,894,850.70	226,985,545.35
TOTAL ASSETS		803,174,099.54	733,062,988.29
LIABILITIES			
Non-Current Liabilities			
Government Grants	10	357,626,641.03	428,949,130.68
Retirement Benefits Obligation	11	30,027,058.56	23,625,292.56
Total Non-Current Liabilities		387,653,699.59	452,574,423.24
Current Liabilities			
Payables	12	50,155,153.09	92,899.46
Refundable Tender Deposits		32,613,304.00	29,611,054.00
Concessionary Credit Scheme Provision & Accrued Expenses	13	- 79,740,290.54	17,632,912.00 119,693,278.44
Total Current Liabilities		162,508,747.63	167,030,143.90
TOTAL LIABILITIES		550,162,447.22	619,604,567.14
NET ASSETS		253,011,652.32	113,458,421.15
NET ASSETS / EQUITY			
Accumulated Fund		253,011,652.32	113,458,421.15
TOTAL NET ASSETS / EQUITY		253,011,652.32	113,458,421.15

It is certified that the Financial Statements of National Transport Commission have been prepared and presented in compliance with Sri Lanka Public Sector Accounting Standards (SLPSAS).

.....
Accountant

.....
Act. Director General

The Accounting policies on pages 05 to 08 and Notes on pages 09 to 15 form an integral part of these Financial

Statements.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

.....
Chairman

.....
Member of the Commission

Date :

Figures in brackets indicate deductions.

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

NATIONAL TRANSPORT COMMISSION*(Expressed in Sri Lankan Rupees)***STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31
DECEMBER**

	Note	2014	2013
Revenue			
Revenue	14	322,415,123.68	272,728,146.81
Other Income	15	56,196,707.76	59,884,229.40
Total		378,611,831.44	332,612,376.21
Expenses			
Operational Expenses			
Personnel Emoluments	16.1	93,118,686.29	81,723,088.76
Transportation	16.2	12,872,332.15	14,373,763.42
Transport Development activities	16.3	278,631.00	-
Travelling & Subsistence	16.4	3,095,768.90	3,650,195.36
Establishment Expenses	16.5	33,877,032.64	27,541,587.16
Repairs & Maintenance of Fixed Assets	16.6	2,181,226.51	1,745,534.80
Staff Welfare	16.7	7,299,116.72	6,901,432.58
Staff Development	16.8	645,362.50	163,315.50
Legal & Other Fees	16.9	1,451,107.00	1,419,323.00
Information	16.10	3,885,272.54	3,608,571.20
Depreciation	16.11	45,781,282.40	24,859,175.03
Financial Charges	16.12	48,097.60	47,997.60
Other Expenses	16.13	11,825,498.80	2,806,262.80
Total Operational Expenses		216,359,415.05	168,840,247.21
Operational Surplus/(Deficit) for the Year		162,252,416.39	163,772,129.01
Government Grants			
Government Grants For Projects	17	642,839,588.72	370,000,000.00
Special Project Expenses	18	695,889,447.97	714,967,598.46
Surplus/(Deficit) for the Year		109,202,557.14	(181,195,469.46)

Figures in brackets indicate deductions.

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

STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

		Accumulated Surpluses/ (Deficits)	Total
Balance as at 01 January 2013		294,653,890.60	294,653,890.60
Prior Year Adjustment	Note - A	30,350,674.04	30,350,674.04
Surplus / Deficits for the Year		(181,195,469.46)	(181,195,469.46)
Balance as at 31 December 2013		143,809,095.18	143,809,095.18
Surplus / Deficits for the Year		109,202,557.14	109,202,557.14
Balance as at 31 December 2014		253,011,652.32	253,011,652.32

Note - A

Correction of over estimated provision for Differed Income of year 2013.

Figures in brackets indicate deductions.

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER	2014	2013
Note		
Cash Flows from Operating Activities		
Surplus/(Deficit) for the Year	109,202,557.14	(181,195,469.46)
Non Cash Movements		
Depreciation	45,781,282.40	24,859,175.03
Amortization of Government Grants	(45,765,138.89)	(26,782,009.75)
Gratuity Charge for the Year	7,410,756.00	3,566,084.67
Interest Income	(10,431,568.87)	(33,102,219.65)
Concessionary Credit Scheme	(17,632,912.00)	-
Operating Surplus/(Deficit) Before Changes in Working Capital	88,564,975.78	(212,654,439.16)
Changes in Working Capital		
Receivables, Deposits and Advances	(1,277,357.25)	(42,937.84)
Staff Receivables	(114,530.00)	(1,987,019.00)
Interest Receivable	4,461,789.66	12,855,448.80
Payables	50,062,253.63	(2,651,533.54)
Refundable Tender Deposits	3,002,250.00	4,007,500.00
Provision & Accrued Expenses	(39,952,987.90)	56,327,089.66
Cash Generated from / (used in) Operations	104,746,393.92	(144,145,891.08)
Gratuity Paid	(1,008,990.00)	(1,793,600.23)
Net Cash Flow from / (used in) Operating Activities	103,737,403.92	(145,939,491.31)
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(34,918,088.31)	(74,983,695.20)
Acquisition of Library Books	(65,000.00)	(59,647.50)
Net Investment in Term Deposits Treasury Bills	(2,544,134.52)	(4,780,064.65)
Interest Received	10,431,568.87	33,102,219.65
Net Cash Flow from / (used in) Investing Activities	(27,095,653.96)	(46,721,187.70)
Cash Flows from Financing Activities		
Capital Grants Received From Treasury / (Repayment)	4,793,323.28	48,500,000.00
Net Cash Flow from / (used in) Financing Activities	4,793,323.28	48,500,000.00
Net Changes in Cash and Cash Equivalents During the Year	81,435,073.24	(144,160,679.01)
Cash and Cash Equivalents at Beginning of the Year	171,056,940.26	315,217,619.27
Cash and Cash Equivalents at End of the Year	252,492,013.50	171,056,940.26

Note
9

Figures in brackets indicate deductions.

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

1 CORPORATE INFORMATION

1.1 REPORTING ENTITY

National Transport Commission was established under the National Transport Commission Act No. 37 of 1991. The office and the principal place of business of the commission is situated at No.241 Park Road, Colombo 05.

The financial statements of the commission for the year ended 31 December 2014 comprise the financial information of the commission.

1.2 Principal Activities and Nature of Operations

The functions of the Commission shall be advice to the Government on the National Policy relating to passenger transport services by omnibuses and grant passenger services permits for omnibus services in the specified area.

1.3 The commission had 163 employees as permanent carder and 19 employees on contract basis at the end of the financial year.

1.4 Reporting Date

The commission's financial reporting period ends on 31st December.

1.5 Date of Authorization for Issue

The Financial Statements were authorized for issue by the members of the commission on 31st March 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of National Transport Commission have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSASs) and Government Grants have been recognized and measured in compliance with Generally Accepted Accounting Principles – LKAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. The financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with Sri Lanka Public Sector Accounting Standards (SLPSASs) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Changes in Accounting Policies

The changes in accounting policies set out below have been applied consistently to the periods presented in the financial statements unless otherwise indicated.

The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.

2.3 Foreign Currency Translation

2.3.1 Functional and Presentation Currency

Transactions and balances included in the financial statements are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Sri Lanka Rupees (LKR), which is the commission's presentation currency.

2.3.2 Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

2.4 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

NATIONAL TRANSPORT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as an asset, only when it is probable that future economic benefits associated with the item will flow to the commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated, depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Assets Category	Years
Motor Vehicle	05 Years
Furniture & Fittings	10 Years
Office Equipment	05 Years
Miscellaneous Equipment	05 Years
Computer & Printers	04 Years
Machinery	05 Years
Building	20 Years
Digital Display Boards (LED)	03 Years

An asset's carrying amount is been written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation has not been provided on Library Books

2.5 Investments in Term Deposits and Treasury Bills

Investments in term deposits and treasury bills are stated at cost.

2.6 Receivables

Receivables are amounts due for services rendered. Collection is expected in the normal operating cycle (within one year or less) and the receivables are classified as current assets. Receivables are recognized and measured at transacted value.

2.7 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, term deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.8 Payables

Payables are obligations to pay for goods or services that have been acquired from suppliers and service providers. Payables are classified as current liabilities if payment is due in the normal operating cycle of the business (within one year or less). If not, they are classified as non-current liabilities.

Payables are recognized initially at transaction price and subsequently measured at the transaction price as they are expected to pay in the normal operating cycle of the business.

2.9 Government Grants

Grants from the government including non-monetary grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the commission will comply with all attached conditions.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the statement of financial performance on a straight-line basis over the expected lives of the related assets.

Non-monetary grants are measured at carrying value of the non-monetary asset and account for both grant and asset at the carrying value.

2.10 Borrowing Costs

Borrowing costs are recognized in the statement of financial performance in the period in which they are incurred.

2.11 Employee benefits

The commission has both defined benefit and defined contribution plans.

(a) Defined Contribution plan

A defined contribution plan is a post employment benefit plan under which the commission pays fixed contributions into a separate entity. The commission has no legal or constructive obligations to pay further contributions. The contributions are recognized as employee benefit expense when they are due.

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

(b) Defined benefit plan

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

(c) Short-term employee benefit

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

2.12 Provisions and Contingent Liabilities

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the possibility of an outflow of resources is remote.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the commission's activities. The commission recognizes revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the commission.

The commission applies the revenue recognition criteria set out below to each identifiable major types of revenue.

(a) Permit Revenue

Revenue arises from route permits is recognized when it is probable that future economic benefits will flow to the commission.

(b) Gain and Losses on Disposal of Property, Plant and Equipment

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of financial performance.

2.14 Expenses

Expenditures incurred in the running of the operation are to income in arriving at the profit for the reporting period.

2.15 Events Occurring after the Reporting Period

All material events after the reporting period have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

2.16 Commitments

All material commitments at the reporting period end have been identified and disclosed in the notes to the financial statements.

3. Significant Accounting Estimates and judgments

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(a) Useful life time of depreciable assets

Management reviews its estimate of the useful life time of depreciable assets at each reporting date, based on the expected economic utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Report of the Auditor General



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

RT/B/NTC/FA/01/14/29

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

31 August 2015

The Chairman
National Transport Commission

Report of the Auditor General on the Financial Statements of the National Transport Commission 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 the National Transport Commission for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Section 37 of the National Transport Commission Act, No. 37 of 1991. My comments and observations which I consider should be published with the Annual Report of the Commission in terms of Section 14(2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7) (a) of the Finance Act will be issued to the Chairman of the Commission in due course.

1.2 Management's Responsibility for the Financial Statements

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

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. -- இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka

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1.3 Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub- sections (3) and (4) of Section 13 of the Finance Act, No 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

1.4 Basis for Qualified Opinion

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

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the National Transport Commission as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following observations are made.

- (a) Even though the accrual basis for accounting was adopted by the Commission, provisions had not been made in the accounts for a sum of Rs.12,092,672 payable relating to the year under review.
- (b) The value of depreciation of property, plant and equipment purchased before the year under review had been understated by Rs.1,321,141 due to erroneous computation and depreciation of assets purchased during the year under review had been overstated by Rs.115,859 in the computation of depreciation.

2.2.2 Unexplained Differences

According to the financial statements, the value of short term deposits as at the end of the year under review amounted to Rs.239,500,000 and the interest received thereon had been re-invested but instead of accounting the interest received as an investment, it had been included in an interest receivable account. Even though the interest received was Rs.9,566,017 according to the bank confirmations, it had been shown as Rs.5,542,909 in the financial statements, thus indicating a difference of Rs.4,023,108 and reasons therefor had not been explained.

2.3 Non – compliance with Laws, Rules, Regulations and Management Decisions

The following non – compliances with laws, rules, regulations and management decisions are observed.

Reference to Laws, Rules , Regulations and Management Decisions

Non – compliance

- | | | |
|------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) | Section 11 of the Finance Act, No.38 of 1971 and Section 8.2.2 of the Public Enterprises Circular No PED/12 dated 02 June 2003. | Even though sums of Rs.18,187,405, Rs.239,500,000 and Rs.9,282,656 had been invested respectively in fixed deposits, short term deposits and Treasury Bills shown in the financial statements, concurrence of the Minister of Finance and the approval of the Minister in Charge thereon had not been obtained. |
| (b) | Financial Regulations of the Democratic Socialist Republic of Sri Lanka | |
| (i) | Financial Regulation 757 | Boards of Survey had not been conducted as at the end of the year under review and the report, presented to audit. |
| (ii) | Financial Regulation 1646 | Even though daily running charts had been maintained in respect of 15 motor vehicles owned by the Commission, reconciliation of fuel, indicating the quantity of fuel obtained by each vehicle, fuel consumption and the quantity of balance fuel in the tank had not been carried out. Moreover, action had not been taken to submit the originals of running charts and monthly summaries to the Auditor General. |

- | | | |
|-------|------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (iii) | Financial Regulation 1647(b) | In transferring the ownership of the motor vehicles owned by the Institution, a report of changes in respect of protection of the motor vehicle and parts thereof had not been maintained. |
| (c) | Section 6.5.1 of the Public Enterprises Circular No. PED/12 of 02 June 2003 | A Draft Annual Report had not been presented along with the financial statements. |
| (d) | Public Administration Circular No.41/90 of 10 October 1990 | Action had not been taken to test the fuel consumption of every vehicle owned by the Commission by a qualified person once in 6 months. |
| (e) | Treasury Circular No.1A1/2002/02 of 28 November 2002 | A separate Register of Fixed Assets had not been maintained in respect of computer accessories and software. |
| (f) | Letter of the Director General of the National Budget No. BD/ID184/2/2/3 of 24 June 2014 | Even though the Treasury had granted its approval to purchase a motor vehicle up to the value of Rs.8,000,000 for the use of the Chairman of the National Transport Commission, a motor vehicle had been purchased by spending Rs.1,150,000 exceeding that limit. |

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the National Transport Commission for the year ended 31 December 2014 had been a surplus of Rs.109,202,557 as against the deficit of Rs.181,195,469 for the preceding year, thus indicating an improvement of Rs.290,398,026 in the financial result of the year under review as compared with the preceding year. Increase in income by 18 per cent and Government grants by 74 per cent had attributed to this improvement.

3.2 Legal Action Initiated Against / by the Commission

The following observations are made.

- (a) Thirty three cases had been filed in the Courts against the Commission in respect of vesting the bus terminal at Bastian Mawatha with the Commission by external institutions and persons, implementation of time tables, issue of passenger service licenses, promotions not made, “Sisusariya bus services”, and action taken against employees of buses etc.
- (b) Fifty three cases had been filed by the Commission against the institutions in respect of running buses without passenger service licenses and out of that, 12 cases had been settled in the year under review and 41 were being tried.

4. Operating Review

4.1 Performance

The following observations are made.

- (a) Thirty one “Gamisariya” bus services and 136 “Nisisariya” bus services had been maintained by the end of the preceding year and it had been planned to maintain the same number in the year under review as well. However, those bus services had been decreased up to 21 and 114 respectively by the end of the year.
- (b) Even though it had been planned to train 1200 drivers and conductors each in the year under review, with a view to bringing forth disciplined drivers and conductors, only 975 and 872 respectively could be trained during the year.

- (c) A sum of Rs.40,000,000 had been allocated for the year under review for the establishment of a new control room for expanding the activities of regulation of interprovincial buses based on the GPS Technology and it had been planned to complete those activities by the end of the year. However, only the building had been completed by the end of the year and a sum of Rs.18,189,547 had been spent thereon. Even though it had been planned to complete by 10 April 2015, activities of that project could not be completed even by the end of May 2015.
- (d) According to the Action Plan, 04 projects valued at Rs.15.5 million which had been planned to carry out in the year under review had not been commenced and no reasonable matters whatsoever had been observed in the audit thereon.

4.2 Management Inefficiencies

The following observations are made.

- (a)*Seven digital display boards had been fixed at Bastian Mawatha in Colombo, Anuradhapura, Kurunegala, Nuwara Eliya, Katharagama, Ranna and Puttalam spending Rs.62,415,360 by the Commission with a view to display timetables of interprovincial buses and buses run in the Province. However, all those boards remain inoperative by now. It had been decided to display commercials on these digital boards with a view to maintaining the continuous function of these boards and to cover the electricity charges spent thereon. Even though an external institution had been selected to implement these objectives, it had failed to do so. Even though a sum of Rs.286,266 had been spent for the purchase of computers and other accessories by the Commission to fulfill that purpose utilizing their own resources, it had been failed as well. Even though those boards failed to operate, a sum of Rs.1,489,663 had been paid for electricity and internet facilities obtained up to the end of May 2015 and a further sum of Rs.433,265 was payable.

- (b) Even though a CCTV Camera System had been installed spending a sum of Rs.470,250 and a sum of Rs.61,862 for internet facilities per month so as to enable the Manager of the Bus Terminal at Bastian Mawatha and the Chairman of the Commission to supervise its activities from their offices, it is not in operation by now and the officers responsible had not taken action to restore it to the normal condition.
- (c) Even though 50 applications out of 83 received at the calling of quotations for 84 permits for 14 routes from Colombo and suburbs to the North East, had exceeded the expected technical value, only 23 permits had been issued. Moreover, quotations had been called for in the preceding year for 12 permits from Colombo to 10 other destinations and out of that, only 08 permits had been issued for 06 routes. Even though the quotations received for the remaining 04 routes had exceeded the expected value, permits had not been issued thereon.
- (d) Despite instructions given by the Attorney General that the authority on issuing of permits for the Colombo – Katunayake Expressway is assigned to the Commission, issuing of permits for running of buses on that road had not commenced even by 15 May 2015.
- (e) Even though GPS equipment had been installed in the year under review for 07 motor vehicles, out of 15 of the vehicle pool belonging to that Commission with a view to controlling the usage of vehicles of the Commission, it was observed that the usage of vehicles is not controlled due to failure in proper maintenance and assigning the drivers of the custody of the equipment. At present all these equipment are inoperative and the officers responsible had not taken action to restore it to the normal condition.
- (f) A sum of Rs.79,061,375 had been incurred for 2,095 GPS equipment installed in buses so as to enable the direct supervision of interprovincial bus running activities by the National Transport Commission using Satellite Technology. Moreover, a sum of Rs.8,313,625 had been payable to the institution which maintains those equipment.

All the GPS equipment had been inoperative by May 2015 and the Management had failed to restore them to normal condition.

4.3 Transactions of Contentious Nature

The following observations are made.

- (a) A meeting had been organized by the National Transport Commission with the President and the officers of all institutions represented by the transport sector and a sum of Rs.8,009,310 had been spent for that occasion and a sum of Rs.1,891,000 had been spent for recording it for television. Even though it had been shown under Accounts Note No. 16.13.1(1) of the financial statements presented to audit, that no proper approval had been obtained for this expenditure, the Commission had not conducted a formal inquiry in respect of such payments without approval. In addition, the following observations are made in respect of this expenditure.
- (i) Even though an estimate of Rs.6,699,583 had been prepared for this purpose, a sum of Rs.1,309,727 had been spent exceeding that estimate.
- (ii) No quotation had been called for any purchasing whatsoever for this and the suppliers had been selected at the discretion of the Procurement Committee.
- (b) Provisions had been made only for planning school services on sponsorship charges for school children in terms of Section 8(h) (ii) of the National Transport Commission Act. However, the Commission had purchased school bags at the value of Rs.2,669,500 and distributed in two instances during the year. It had been shown under Account Notes No. 16.13 of the financial statements presented to audit that a proper approval had not been obtained for the payment of Rs.1,327,500 out of the above payment.

4.4 Personnel Administration

In comparing the actual cadre with the approved cadre as at 31 December 2014, there were 36 vacancies which included 22 executive level posts. Despite having approved the recruitment procedure of the Commission by Letter No. DMS/1637/VII of 07 October 2014 of the Director General of the Department of Management Services, acting appointments had been made for those posts without taking action to fill those vacancies.

5. Accountability and Good Governance

5.1 Presentation of Accounts

It had been stated that even though the Board of Directors is responsible for the preparation and presentation of the financial statements presented to audit, the present Board of Directors is not responsible in respect of income and expenditure as indicated by paragraph 16.13.1(4) thereof.

5.2 Budgetary Control

The budget for the year under review had not been presented according to the format of the annual accounts in terms of Section 8(3) of the Finance Act, No.38 of 1971 and Section 5.2.1 of Public Enterprises Circular No. PED/12 of 02 June 2003. In comparing the budgeted figures with actuals for the year under review, an amount from 4 per cent to 47 per cent had been spent exceeding the provisions made relating to 15 Objects and there were variances ranging from 6 per cent to 67 per cent relating to other Objects, thus indicating that the budget had not been made use of as an effective instrument of management control.

5.3 Tabling of Annual Report

The Annual Report of the Commission should be tabled in Parliament in terms of Section 12 (3) of the Finance Act, No 38 of 1971 and Section 6.5.3 of the Public Enterprises Circular No. PED/12 dated 02 June 2003. However, Annual Report for the year 2012 had not been tabled in Parliament even by 15 May 2015.

6. Systems and Controls

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

- (a) Issue of Passenger Services Permits
- (b) Procurement Activities
- (c) Contract Administration
- (d) Vehicles Utilization

W.P.C.Wickramaratne
Acting Auditor General

National Transport Commission

Replies to the Auditor General's report pertaining to the Financial Statements for the year ending on 31st December 2014 in terms of Section 14(2)(C) of the Finance Act No 38 of 1971.

2.2.1. Accounting Deficiencies

- (a) It has been noted to rectify the omission of accounting the accrued expenses for purchasing uniforms for conductors and maintaining GPS devices, while preparing the final accounts of the year 2015.
- (b) The depreciation policy followed with regard to the fixed assets of the Commission till the year 2013 was not deducting the depreciation in the year the asset was purchased and deducting the depreciation for the whole year in which the asset is removed/released. Accordingly, the above policy followed in order to depreciate fixed assets was included in the accounting standards/policies of the financial statements.
- However, the assets purchased in the current year were depreciated (the depreciation of the assets were calculated) as stated in the audit query when preparing the financial statements for the year 2014.
- It has been duly noted to rectify the error therein that states the incorrect depreciation percentage related to the depreciation of the buildings, while preparing the financial statements of the year 2015.

2.2.2 Unexplained Differences

The value of short term deposits is incorrectly stated as Rs. 249,066,017 in the query and it has to be rectified as a balance of Rs. 244,066,017 according to the balance verification letters sent by the bank. (The Certification of Deposit No. 47025 in the record of the query is neither a deposit of the National Transport Commission, nor is such a deposit included in any balance verification letters sent by the bank.) Accordingly, the difference between the balance of short term deposits by the end of the year under review is only an interest of those investments of Rs. 4,566,017 according to the balance and financial statements and the balance verification letters sent by the bank.

It is the policy of the Commission to maintain the balance deposit in nominal values. This policy was followed for the past several years and is also followed in this accounting year. I kindly inform that while the interest of investments mentioned in the query has been calculated and accounted as an income of the year, the interest income that should be received until its realization is stated in the account.

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

- (a) While the Ministry of Private Transport Services had requested for the approval of the Treasury to invest the temporary surplus in accordance to the Section 8.2.2. of the Public Enterprises Circular No. PED/12 on 02nd June 2003 as given in the query, the approval has thus far not been granted. (A copy of the relevant letter has been produced to the Audit along with the replies for the Query No. RT/B/NTC/SF/2012/22 made by the Auditor General)

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

(b)

- i) Financial Regulations 757

The Asset Valuation Review for the year 2014 has been produced to the Auditor General.

- ii) A fuel assessment that shows the quantities of fuel received, consumed and remaining in the tank is not conducted in the present. The officers in charge were instructed to follow an orderly method in future dealings of this matter.

- iii) A document that records the transfer of trusteeship of the vehicles owned by the institution is not maintained in the present for the security of the vehicle and equipment. However, all drivers are given written instructions in the travel logbook with regard to this matter. In addition, the officers in charge were instructed to maintain a methodical record hereafter.

- (c) Necessary instructions were given to produce a copy of the annual report when presenting the accounts of the forthcoming year.

- (d) It has been planned to have every vehicle owned by the Commission to be inspected by a person qualified in fuel combustion every 06 months.
- (e) The National Transport Commission maintains a separate column for computer parts and software in the current assets register. However, the relevant units are informed to act according to the query.
- (f) Approval of the Board of Directors was obtained in order to purchase the automobile stated in the query. (Board of Directors Minutes No. 79/2014) The Ministry of Private Transport Services had requested for the approval of the National Budget Department to spend/utilize the surplus funds, according to the recommendations of the Board of Directors.

3. Financial Review

3.1 Financial Results

The financial result for the year 2014 shows a growth in comparison to the year 2013 as mentioned in the query, and is caused by the increase in revenue and decrease in operational expenses. I kindly inform that the state grants have been completely spent for project expenses, and therefore the increase in state grants has not influenced the financial results for the year 2014.

3.2 Legal issues raised against or by the institution

- (a) Outside institutions/persons have filed 33 cases in the courts against the institution regarding passenger service permits, timetables, Sisu Seriya and Gemi Seriya services, and the Bastian Mawatha Bus Terminal.
- (b) The institution had filed 53 cases against various outside parties on engaging in transportation without passenger service permits, and 41 of those cases are in hearing while 12 cases were completed within the year.

4 Operational Review

4.1 Performance Review

(a) Gemi Seriya Service

31 Gemi Seriya buses were in effect in the beginning of 2014. However, the number of services declined to 21 by the end of the year 2014 due to the following reasons.

- 01 service was removed from the Gemi Seriya project due to its contract expiring.
- 09 services were cancelled due to being inactive when checked with the G.P.S. and not producing the travel logs.
- New services are unable to commence due to not receiving sufficient proposals from the Provincial Councils.

Nisi Seriya Service

While, 136 Nisi Seriya buses were in effect in the beginning of the year 2014, the number declined to 114 by the end of 2014.

- The National Transport Commission makes the payments for the Nisi Seriya services after certifying that the services are active through continuous inspections done by the mobile inspectors of the Commission. Accordingly, 22 bus services were terminated when they were confirmed to be inactive during the relevant inspections.
 - New services are unable to commence due to not receiving sufficient proposals from the Provincial Councils and SLTB depots.
- (b)** Though the Commission is given a yearly target of training 1200 drivers and conductors, this training is conducted according to the number of drivers and conductors registering at the NTC. The number of drivers and conductors who registered at the NTC last year amounts to 2000 only. Likewise, all registrants who are called for training do not attend it either.
- (c)** It was necessary to find specifications for new technological advancements for the IT and Net work activities in the new G.P.S control rooms before publishing advertisements in the newspapers. Moreover, it was necessary to conduct several discussions with scholars in the technological field at the University of Moratuwa and ICTA Institute in order to obtain technological recommendations that better suits the requirements of the NTC, as our country

has only a limited number of control rooms and most of those control rooms only observe the CCTV camera network.

While these procedures took a considerable amount of time (about 03 months), it became necessary to appoint members for the new Technology Appraisal Committee due to the Ministry of Private Transport Services dissolving on February 2015 and the National Transport Commission joining with the new Ministry of Internal Transport as the end of year 2014 was an election period, despite having obtained the required EoI (Expression of Interest) by publishing newspaper advertisements.

The list of members to be appointed to the Tachnology Appraisal Committee from the Ministry of Internal Transport was sent on June 2015.

Accordingly, the procurement procedures of preparing the control room by installing Information Technology and Network equipment have reached their final stage at present.

- (d) The implementation small-scale projects for the year 2014 like arranging small rest room centers, repairing the auditorium, arranging the ground floor of the No. 03 building as a canteen and establishing a training center were suspended in the beginning of the year 2014 despite having planned for them as it was decided to reconsider these constructions.

4.2 **Management Inefficiencies**

- (a) The National Transport Commission's objective in commencing the project of installing Digital Information Display Boards was to provide the general public with a qualitative, reliable and extraordinary transport service. These display boards were planned to be broadcasted as a project with the objective of displaying all important information relevant to passenger transport as Passenger Information Display Boards.

Accordingly, the National Transport Commission had installed 07 Digital Information Display Boards centered in 07 bus terminals in the island. The timetables of both inter-provincial and intra-provincial buses were displayed in the relevant Display Boards as its first step.

The next step of this project is to display the timetables of all buses related to passenger transport in accordance with each province, the railway timetables related to each province and other important information regarding passenger transport.

It was also planned to provide the public with a qualitative and efficient service by implementing it as a Real Time Passenger information System later. The challenges that arise

to the National Transport Commission in implementing the activities stated above as a project uninterrupted in the future can be stated as follows.

- The annual cost that has to be borne in order to continue the maintenance and service tasks of the Digital Information Display Boards.
- The cost of electricity consumed by the boards.
- The cost incurred for the internet connection required to connect this board with the head office.

It was planned to advertise business advertisements in these Digital Information Display Boards with the objective of settling the relevant costs and thus successfully overcoming the above challenges.

Accordingly, the selection of an external institution in order to carry out the relevant task was done by following the procurement procedure, but the implementation was suspended as there occurred a disagreement regarding the selection of the relevant institution.

While the display boards were in operation till January 2015, they became non-operational due to the inability to procure enough funds for maintenance.

In carrying out a comprehensive analysis of the problems that arose during the implementation of this project, the Digital Information Display Board at the Bastian Mawatha Bus Terminal has been brought to back to operation and steps have been taken to display the timetables relevant to inter-provincial buses as before. Likewise, steps are also taken to bring the Digital Information Display Boards in the other 06 places back into operation. Moreover, the procurement procedures required to select an external institution to advertise business advertisements in order to continue the operation of these boards uninterrupted are already underway. Therefore, it would be able to successfully achieve the expected objectives of this project in the future.

- (b) A CCTV camera network was installed with the objective of conducting remote supervision on operations taking place at the Bastian Mawatha Bus Terminal. Relevant facilities were provided so that these supervision tasks could be conducted by the Chairman of the National Transport Commission and the Manager of the Bastian Mawatha Bus Terminal. This system was not completely nonoperational as stated here, but some cameras and the facility of supervision alone was nonoperational. This was caused by the damaged caused to the network of cables related this connection in removing the unauthorized constructions at the

Bastian Mawatha Bus Terminal in concurrence with the construction of the floating market, and due to a technical glitch in the electricity supply of the Bastian Mawatha Office.

A monthly amount of Rs. 61,862 was paid for accessing internet facilities by increasing the relevant capacity from 512k to 2M was not merely to establish the new camera system, but also aiming to obtain the facilities to access the Central Database of the National Transport Commission pertaining to inter-provincial buses that was essential for the office of the Bastian Mawatha Bus Terminal, to access the Fingerprint attendance management system of the employees at the Bastian Mawatha Office and to obtain interconnectivity through the above connection.

I kindly inform that procedures are underway to reactivate all the cameras that are nonoperational via the relevant company in order to achieve the expected goals of installing these cameras, aided by a comprehensive analysis of this project.

- (c) The Board of Directors had decided to charge the Rs. 1100000/- for luxury and super luxury permits, and Rs. 700000/- for semi-luxury permits decided under the Gazette No. 10/2374/445/077 for these permits too on 05.11.2014. Therefore, the applicants below the above fixed amount were not selected to grant permits even though they were above the technical value.

Only 08 permits were issued out of the 12 permits called for No. 17 tender for 10 routes. The Chairman then had instructed not to issue passenger service permits for these routes through the letter dated 07.06.2013 even though the applicants had stated high prices for 04 routes. Accordingly, those 04 permits were not issued.

- (d) The Attorney General has instructed that the authority to issue permits of the Colombo-Katunayake Highway would be provided to the National Transport Commission. While it was not a judgement issued from a court hearing, steps will be taken to operate according to the Attorney General's instructions in the future.

- (e) The institution that installed G.P.S equipment in the inter-provincial buses and vehicles belonging to the Commission had suspended all maintenance pertaining to them, due to an issue of not making payments to the institution. However, as a committee has been appointed to discuss this issue and provide a resolution, all maintenance activities can commence following the committee's decision. Therefore, all the G.P.S devices that are disconnected at the present can be reactivated in due time.

- (f) The entire G.P.S network was not nonoperation as stated in the relevant audit query, but an amount of only 556 G.P.S devices were nonoperational while the other equipment were operating smoothly. The regulatory procedures are unable to be implemented because the proper maintenace of softwares required for regulation was suspended due to the delay in making payments for maintenace as mentioned above for the relevant institutions, which are Sathsindu Forwarding, R.R.R. Institution and Dialog. But, I would like to inform that data from the relevant G.P.S devices that are currently operational are received by the servers established at the National Transport Commission.

As stated in the audit query, payments were unable to be made accordingly as the provisions received for the year under review were insufficient to pay the maintenance expenses for the relevant institutions that installed G.P.S. equipmment. Therefore, while discussion with the relevant institutions that installed G.P.S equipment are underway, instructions are also obtained from an executive committee appointed by the management of the National Transport Commission in order to prepare a proper methodology to pay the maintenace expenses in the future.

4.3 **Controversial Transactions**

- (a) The event that was conducted at the Shalika Grounds on 06.12.2014 was decided to be conducted on that particular in short notice. Therefore, an estimate was prepared for the expenses of the event and directed to the Secretary of the Ministry of Private Transport Services on 04th December 2014 and the necessary expenses were carried out following the spoken approval received from the Secretary. Later, written recommendations were obtained for the above matter.
- (i) The lunch expense was not included in the estimate of Rs. 6,699,583/- for the event that was conducted on 06.12.2014. However, as the National Transport Commission also bore the lunch expenses, Rs. 1,309,757/- exceeded the estimated amount.
- (ii) The conference between private bus owners and the former president on future steps to be taken for the development of the private bus industry to mark the Transport Day was decided to be held at the Temple Trees on November 2014. However, the National Transport

Commission was informed that this event would take place on 06th of December 2014 at the Shalika Grounds only on 01.12.2014.

The duty assigned to the National Transport Commission in order to conduct this event at the Temple Trees was only to manage the participation of bus owners and employees' unions. But, all the organizations and expenses of the event had to be managed by the National Transport Commission due to the sudden decision to conduct the event at the Shalika Grounds. As there was insufficient time to purchase the required things by calling for tenders, procurement (minor) approval was obtained to procure the required things from the same places that were used to procure food and other items for the events participated by the former president.

- (b) The Board of Directors minutes 133/2013 had provided approval for procuring only 2500 school bags. Accordingly, the purchase order placing the order for 2500 school bags was sent to the NBC Promotions institutiton. Accordingly, the institution has only supplied an amount of 2200 bags. Accordingly, the purchase has been done less than the required amount. The remainder from that amount too was distributed among the children of the employees. The remainder was thus distributed as the bags were serving no use with each passing day.

The letter dated 09.10.2014 sent by Mr. Abheetha Ratnayake, the Personal Secretary of Hon. C.B. Ratnayake, the Minister of Private Transport Services at that time instructing to provide 2500 school bags for students in order to commemorate the 2014 World Children's Day, was received by the procurement unit on 15.10.2014. Accordingly, as there was insufficient time to carry out the procurement procedures, the purchase was done from the same institution as before as a sudden procurement. Here, the price of one bag was stated as Rs. 610/- (Six hundred and ten) and was later reduced and procured to an amount of Rs. 590/- (Five hundred and ninety).

4.4 **Staff Administration**

There were 36 vacancies were in comparing the approved cadre and the present number of cadre in service, and 22 of these positions were of the executive level. These vacancies were caused by retirements, resignations, suspensions and deaths. The Board of Directors appointed several suitable officers as acting officers from 07.07.2014, to regulate the duties in such a situation. There onwards the recruitment procedure has been approved on 07.10.2014. The

absorption procedures are currently underway and additional responsibility payments have been suspended from 06.04.2015.

5.1 Presenting the Accounts

5.2 Budgetary Control

It has been duly noted to focus on making the necessary arrangements to reduce variations in the budgetary provisions and the real balances and changing the format of the budget as mentioned in the query, in preparing the forthcoming budget.

5.3 Presenting the Annual Report

The Sinhala copy of the 14(2)(C) Auditor General's Report 2012 utilized to prepare the Annual Report 2012 was received by the National Transport Commission on 19.05.2014, while its Tamil copy was received on 08.08.2014. Thereafter, the completed Annual Report of the National Transport Commission was directed to the Ministry of Private Transport Services on 05.09.2014 in order to obtain the approval of the Cabinet of Ministers. Steps are underway to obtain the approval of the Ministry of Transport and Civil Aviation.

6. Systems and Controls

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