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DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

**(Fourth Session)**

**First Report**

From

**The Committee on Public Enterprises**

Presented by  
**Hon. W D J Senewiratne**  
Chairman of the Committee

on 19 August 2009

**MEMBERS OF THE COMMITTEE ON PUBLIC ENTERPRISES**  
*for the Fourth Session of the Sixth Parliament*

1. Hon. W. D. J. Seneviratne (Chairman)
2. Hon. (Mrs.) Pavithra Devi Wanniarachchi
3. Hon. A. D. Susil Premajayantha
4. Hon. Hemakumara Nanayakkara
5. Hon. Lakshman Yapa Abeywardena
6. Hon. Chandrasiri Gajadeera
7. Hon. A. P. Jagath Pushpakumara
8. Hon. Mahinda Amaraweera
9. Hon. (Dr.) Mervyn Silva
10. Hon. Mahindananda Aluthgamage
11. Hon. Navin Dissanayake
12. Hon. Lasantha Alagiyawanna
13. Hon. Piyasiri Wijenayake
14. Hon. Muthu Sivalingam
15. Hon. Hussain Ahamed Bhaila
16. Hon. (Mrs.) Renuka Herath
17. Hon. John Amaratunga
18. Hon. Mangala Samaraweera
19. Hon. Lakshman Kiriella
20. Hon. Ravi Karunanayake
21. Hon. Anura Dissanayake
22. Hon. K. D. Lalkantha
23. Hon. (Dr.) Jayalath Jayawardana
24. Hon. Kabir Hashim
25. Hon. Bimal Ratnayake
26. Hon. Sunil Handunnetti
27. Hon. Faizal Cassim
28. Hon. M. T. Hassan Ali
29. Hon. Mavai S. Senathirajah
30. Hon. Dayasiri Jayasekara
31. Hon. Senathirajah Jeyanandamoorthy
32. Hon. (Ven.) Athuraliye Rathana Thero
33. Hon. Basil Rohana Rajapaksa

**MEMBERS OF THE COMMITTEE ON PUBLIC ENTERPRISES**  
*for the Third Session of the Sixth Parliament*

1. Hon. W.D.J. Senewiratne (appointed as Chairman on 23.07.2008)
2. Hon. (Mrs.) Pavitra Devi Wanniarachchi (*appointed on 17.03.2009*)
3. Hon. Anura Priyadharshana Yapa (*resigned on 12.09.2008*)
4. Hon. A.D. Susil Premajayantha
5. Hon. Hemakumara Nanayakkara
6. Hon. Lakshman Yapa Abeywardena
7. Hon. Chandrasiri Gajadeera
8. Hon. A.P. Jagath Pushpakumara
9. Hon. Mahinda Amaraweera
10. Hon. (Dr.) Mervyn Silva
11. Hon. Mahindananda Aluthgamage
12. Hon. Navin Dissanayake (*appointed on 12.09.2008*)
13. Hon. Lasantha Alagiyawanna
14. Hon. H.R. Mithrapala (*resigned on 17.03.2009*)
15. Hon. Muthu Sivalingam
16. Hon. Hussain Ahamed Bhaila
17. Hon. John Amaratunga
18. Hon. Mangala Samaraweera
19. Hon. Lakshman Kiriella
20. Hon. Ravi Karunanayake
21. Hon. Anura Dissanayake
22. Hon. K.D Lalkantha
23. Hon. (Dr.) Jayalath Jayawardana
24. Hon. Kabir Hashim
25. Hon. Wijeyadasa Rajapakshe (*resigned on 25.07.2008*)
26. Hon. Sunil Handunnetti
27. Hon. Sarath Ranawaka (*appointed on 12.09.2008*)
28. Hon. Piyasiri Wijenayake
29. Hon. Faizal Cassim
30. Hon. Mavai S. Senathirajah
31. Hon. Dayasiri Jayasekara
32. Hon. Senathirajah Jeyanandamoorthy
33. Hon. (Ven.) Athuraliye Rathana Thero
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## REPORT

The Committee on Public Enterprises (COPE) for the Fourth Session of the Sixth Parliament is pleased to present its first report to Parliament.

The COPE for the Third Session of the Sixth Parliament was nominated by the Committee of Selection in terms of the Standing Orders of the Parliament of Sri Lanka on 8<sup>th</sup> July 2008.

Your Committee met for the first time in the Third Session on 23<sup>rd</sup> July 2008 and has been sitting thereafter on a regular basis to examine the Public Enterprises in terms of the Standing Order 126. In terms of the Standing Orders the duty devolving on it is to examine the accountability of the relevant institutions and to report to the Parliament from time to time on the results of the examinations.

The period covered in this report is up to the end of the year 2008 from the date of nominating Your Committee in this third session, i.e. from 08 July 2008 to 31 December 2008.

Minutes of the meetings held during the period are given in *Appendix I* of this Report.

### **Public Enterprises examined**

During this period Your Committee met on 20 occasions and examined the following Public Enterprises:-

#### **September 2008**

- 9th - Sri Lanka Tea Board
- 10th - Sri Lanka Foreign Employment Bureau
- 11th - Ceylon Fishery Harbours Corporation
- 23rd - Atomic Energy Authority
- 24th - Water Resources Board

#### **October 2008**

- 7th - Post Graduate Institute of Management
- 8th - National Building Research Organization
- 9th - Sri Lanka Export Credit Insurance Corporation
- 21st - State Development & Construction Corporation

### **November 2008**

- 10<sup>th</sup> - Consumer Affairs Authority
- 13<sup>th</sup> - Public Utility Commission
- 17<sup>th</sup> - Insurance Board of Sri Lanka
- 18<sup>th</sup> - Sri Lanka Standards Institute
- 19<sup>th</sup> - National Transport Commission
- 20<sup>th</sup> - National Lotteries Board
- 25<sup>th</sup> - Ceylon Petroleum Corporation
- 27<sup>th</sup> - Land Reform Commission

### **December 2008**

- 2<sup>nd</sup> - Development Lotteries Board
- 3<sup>rd</sup> - Sri Lanka Press Council
- 4<sup>th</sup> - Sri Lanka Land Reclamation and Development Corporation

### **Major Observations on Individual Public Enterprises**

Your Committee observed several deficiencies relating to each of the above Public Enterprises and they are listed in the table given in the **Schedule I** with the title '**Major issues and Problems Discussed**'. Against each one of the issues, the '**Comments made by COPE and Decisions**' are given.

### **General Observations on Public Enterprises**

It has been observed that there are General Observations common to many Public Enterprises which are of a very important nature. Since they appear to be relevant to a considerable number of enterprises, they can be used in drawing up guidelines for future compliance and consequent enhancement of the effectiveness of the entire group of public enterprises. It is felt that COPE would be taking a major progressive step if such a set of general guidelines are laid down for the benefit of all enterprises. Pending the formulation of such a set of guidelines or procedures, it is considered appropriate to give a summary of general findings and related recommendations and hence they are given here:-

#### **1. Compliance with Objectives of each Public Enterprise**

It is observed that each of the public enterprises has a set of laid down objectives which is stated clearly in the **Act of Incorporation or the Gazette Notification** issued at the time of incorporation. However many enterprises had

not given adequate attention to the need to adhere to all the objectives either due to lack of seriousness or failure to appreciate the importance. In the recent examinations the failure has been clearly noted. As a result it was observed that some enterprises have failed to carry out their responsibilities in full for the benefit of the society at large. It was also noted that important documents such as Corporate Plans or Annual Reports did not show the Objectives or showed an incomplete set of objectives. At the examinations it was noted that some enterprises such as Sri Lanka Standards Institution, Sri Lanka Bureau of Foreign Employment and National Building Research Organization had failed to carry out their tasks in relation to their objectives in full.

### **Recommendation**

Every Public Enterprise should show its objectives clearly spelt out in important documents such as Corporate Plans and Annual Reports and thereafter each management should make every effort to carry out its task in fulfilling the objectives.

### **2. Corporate Plans and Action Plans**

Even though Public Enterprises have been instructed to prepare **Corporate Plans** for the respective enterprises for periods of 4 to 5 years in general and **annual Action Plans**, many essential features such as -

- i. objectives of each enterprise
- ii. vision and mission statements
- iii. strengths/ weaknesses/ opportunities /threats (SWOT) \
- iv. a summary of recent performance
- v. a forecast of planned activities - physical as well as financial targets- for the next 5 years
- vi. strategic plans
- vii. steps taken to resolve, rectify and overcome the threats and weaknesses shown in the plans
- viii. any major obstacles, and
- ix. the impact of any recent economic impediments

were not properly shown by many of the enterprises. In this regard it has to be emphasized that Corporate and Action Plans become essential management tools in overcoming inefficiencies and weaknesses in Public Enterprises. However, it was noted that many public enterprises did not have proper Corporate Plans and Action Plans. Major weaknesses in Corporate and Action

Plans were observed in a considerable number of public enterprises. Sri Lanka Tea Board, Ceylon Fishery Harbours Corporation, Atomic Energy Authority, Water Resources Board, Post Graduate Institute of Management and State Development and Construction Corporation were some of the many enterprises which showed several weaknesses in preparing Corporate and Action Plans. Hence the need for such plans is considered a major requirement for all public enterprises.

### **Recommendation**

Every Public Enterprise should prepare Corporate and Action Plans with all essential features as specified here and in Treasury Circulars and implement them to the maximum possible extent.

### **3. Establishment of Decentralized Units in Provinces**

Many Public Enterprises which operate throughout the country are expected to serve the community effectively in all areas including the rural and non-urban districts. Several public enterprises which were examined have been found to be in need of further decentralizing their activities in order to have proper interaction with people. Consumer Affairs Authority, National Transport Commission, Sri Lanka Bureau of Foreign Employment are some examples of enterprises which were found to be in need of further interaction with the rural community. Even Sri Lanka Land Reclamation and Development Corporation had not adequately developed their activities beyond the Western Province.

### **Recommendation**

Public Enterprises which are expected to operate their activities in all regions of the country should, where possible decentralize their activities in provinces in order to effectively carry out their responsibilities in accordance with the laid down objectives and have sufficient interaction with the general public.

### **4. Co-ordination of Functions of Different Public Enterprises having Overlapping Functions**

It was noted at the examinations of some of the Public Enterprises that the operations which are common to more than one enterprise are carried out without sufficient coordination. As an example National Building Research Organization, State Development and Construction Corporation and Sri Lanka Land Reclamation and Development Corporation are having overlapping functions relating to construction. Similarly it is necessary to have closer interaction between Ceylon German Technical Training Institute, National Apprentice and Industrial Training Authority and National Transport

Commission. It was noted that there is little or no coordination among such public enterprises. Some of these enterprises are functioning under separate ministries. It is therefore necessary that maximum coordination is established among the enterprises which have related functions in order that wastage and duplication of effort is avoided. The relevant Ministries too have to be informed of this requirement.

**Recommendation**

Different public enterprises which have related or common functions performing under different ministries should establish co-ordination in order that the efficiency and effectiveness of the enterprises are enhanced. The possibility of establishing coordinating committees needs to be considered.

**5. Need for State Sector ICTA to be utilized by the Enterprises**

Some of the public enterprises have tried to develop computer systems including both hardware and software but have faced many difficulties due to non-availability of proper advice. There have been occasions when dubious private agencies which have acted through intermediaries have caused major losses to the enterprises. Related inquiries into fraudulent transactions have revealed that the losses incurred are quite large and the enterprises are still struggling not only to get over the legal problems, but also to set up the systems they badly need. The Land Reform Commission, for example, has heavily suffered in millions of rupees, both in the purchase of computer equipment as well as in installation of software systems. It was also observed that chief executive of a very large enterprise like the Ceylon Petroleum Corporation stated that the enterprise is unable to prepare regular accounts including monthly accounts due to the absence of sufficient Computer Equipment. This is a serious inadequacy indicating the need to rectify the IT standards in some of the public enterprises. Some of the other enterprises which are in need of IT services include Sri Lanka Export Credit Insurance Corporation and Ceylon Fishery Harbours Corporation. It is therefore seen that the services of Information & Communication Technology Agency (ICTA) set up by the government to provide essential IT services to the entire public sector should be utilized, where necessary, by public enterprises.

**Recommendation**

Public Enterprises, where necessary, should utilize the services of Information & Communication Technology Agency (ICTA) for all guidance and advice on provision of Information Technology systems for their hardware and software systems.

## **6. Failure to consult the Attorney General on Legal matters**

It has been observed that several public enterprises have failed to consult the Attorney General's Department when they were faced with difficulties in legal matters. Large sums of money owed to several enterprises have not been recovered due partly to failure in consulting Attorney General's department on legal matters. Even large public enterprises were found to have missed the opportunity of getting proper legal advice before taking important decisions and have incurred losses. Enterprises such as National Lotteries Board, Public Utilities Commission and Export Credit Insurance Corporation are examples of those which should have received legal advice. It was also observed that Ceylon Petroleum Corporation had failed to consult the Attorney General in taking important decisions on purchases. It is therefore seen that all public enterprises need to seek the services of the Attorney General's department when confronted with important decisions where their own legal departments may not be adequately competent.

### **Recommendation**

All public enterprises should seek the services of the department of Attorney General when confronted with important legal decisions when their own legal departments may not be adequately competent.

## **7. Absence of permanent Internal Auditors**

Several public enterprises have been found to be without proper internal audit staff. Many enterprises which have Internal Audit Departments do not have Chief Internal Auditors or Internal Auditors. The departments are headed by either Acting Internal Auditors or Asst. Auditors or outside staff acting on contract basis. It has been stated that in some enterprises the schemes of recruitment do not provide adequate salary levels preventing the recruitment of qualified Internal Auditors. This matter needs to be addressed by Salaries and Cadre Commission or the Ministry of Finance, since failure to have permanent Internal Auditors can create many weaknesses and losses as has been observed in recent examinations. Land Reform Commission, Atomic Energy Authority and several other enterprises have suffered in this manner.

### **Recommendation**

The schemes of recruitment need to be reviewed in order that suitably qualified Internal Auditors could be recruited and the cadre the Internal Audit Section should be filled.

## **8. Audit Committees and Replies to Audit Queries**

The failure on the part of several enterprises to establish and effectively implement the functioning of Audit Committees has resulted in poor controls

particularly in the field of Financial Management and Audits. The result has been the failure to sufficiently address the important issues raised by both external and internal Auditors. If the Audit Committees are made to function effectively then most of the essential controls would be in place and the performance of each enterprise would become more effective thus improving the performance of the public sector in general.

As a related requirement, regular replies to both internal and external audit queries should be submitted by the management without delay.

Ceylon Fishery Harbours Corporation, Atomic Energy Authority and Land Reform Commission are examples of Public Enterprises which did not have properly functioning Audit Committees

### **Recommendation**

Public Enterprises should implement the functioning of Audit Committees on a very regular basis.

### **9. Very Large Doubtful Debt Balances Showing a Clear Need for a Credit Policy**

One of the weakest areas of financial management in public enterprises is the lack of a Credit Policy. Many public enterprises have given large sums of credit to customers as well as other business partners without any consideration for the actual needs for such credit and the capability of the respective enterprises to grant such credit. The customers who are in both public and private sector have been given massive sums of credit causing very serious liquidity problems. In such situations, the Financial Controllers do not appear to have ascertained the actual Working Capital requirements and performed within such limits. The credentials of the customers have not been examined by most of the public enterprises. The list of enterprises which have poor records in the control of debtors is far too long.

In certain instances, the borrowing limits have been totally ignored since the credit granted has gone on for long periods in a rather haphazard manner. It is also to be noted that when large sums of money are carried forward as balances in debtors' accounts, there is always a possibility of controls becoming very poor and fraudulent activities creeping in to the systems, without getting revealed.

Hence it is noted that one of the basic needs of the public sector enterprises today is the formulation of a Credit Policy for each enterprise or a General Policy for all enterprises with appropriate variations for specific institutions where such variations are needed.

### **Recommendation**

A General Credit policy for all Public Enterprises has to be laid down, or in the alternative specific credit policies for each enterprise should be approved laying down the following requirements in detail:-

- i. which customers can be considered for credit
- ii. which officers are authorized to grant such credit
- iii. up to what limit should credit be granted
- iv. if the credit limit is to be increased which other officer in the enterprise or the ministry could grant such increased credit
- v. what should be the period of credit granted
- vi. what should be the period of interest-free credit if needed
- vii. what conditions such as the provision of suitable co-lateral should be considered as requirements
- viii. if and when the period of interest-free credit is exceeded, what rate of interest should be charged and at what rate of penalty rate should be charged
- ix. if the enterprise concerned fails to effect a recovery, then at what stage should the Ministry of Finance intervene in resolving such problems of recovery.

### **10. Assets Registers and Verifications of Assets by Boards of Survey**

At several recently conducted examinations, it was noted that most enterprises have not been maintaining proper Assets Registers for their Fixed Assets. In fact, some enterprises did not have an Assets Register at all. Even though the Annual Accounting Statements refers to values of Fixed Assets, adequate supporting documents were not available. The situation relating to Assets Registers and Annual Verifications in the public enterprises is so unsatisfactory that it can be considered to be the most serious weakness in maintaining controls. As a related anomaly, most enterprises were not conducting regular Boards of Survey and Physical Verifications of Assets. It was noted that some enterprises had out-sourced the exercise utilizing the services of audit firms and spending large sums of money and delaying the exercise which should really be a part of the process of preparing the annual financial statements. Each enterprise should be able to appoint suitable teams of employees who can form Boards of Survey to include the entire organization along with all branches located in the districts or regions. Atomic Energy Authority and Sri Lanka Standards Institution are two enterprises which have

very valuable equipment which did not carry out regular physical verifications and maintain proper Assets Registers.

**Recommendation**

It is recommended that all public enterprises should conduct Annual Verifications of Assets, maintain Fixed Asset Registers and perform a reconciliation of values at the end of each accounting year.

**Public Enterprises which cannot be summoned before COPE**

Your Committee at various meetings discussed the issues relating to the public enterprise like Sri Lankan Airlines and Sri Lanka Telecom Ltd., which cannot be summoned before the Committee due to uncertainty in legal requirements.

Certain such institutions had made representations to the Committee that they are registered as Private Companies under the Companies Act and hence they are not subject to scrutiny by the COPE or COPA.

Your Committee wishes to reiterate that where public funds are utilized for the establishment and/or maintenance of any institution or at least a portion of its capital and recurrent expenditure are provided by the Government, the control of Public Finance vested with the Parliament in terms of Article 148 of the Constitution should be available to be exercised through COPA and COPE, irrespective of the fact that any relaxation had been granted to such institution. Your Committee strongly hold the view that any institution with funds or capital wholly or partly provided by the Government by way of grant, loan or otherwise, including institutions which were registered under the Companies Act or established under any other special law, should be brought under the purview of either COPE or COPA.

The then Chairman of COPE in his speech made in Parliament on 12 January 2007 has stated as follows (Hansard of 12.01.2007 page 357):-

"I am proposing to the Committee on Standing Order that when Standing Orders are amended, any company which has at least 15% of its shares held by the General Treasury or any enterprise owned by the government should be brought under the purview of the COPA and COPE."

Hence, Your Committee strongly recommends that the Standing Orders of Parliament be amended to enable any institution which has at least 15% of its shared held by the General Treasury or any enterprise owned by the government to be brought under the purview of the COPA and COPE.

## Schedule I

### Major Issues and Problems Discussed at the meetings of Committee on Public Enterprises

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
<p><b>Sep.9<sup>th</sup> 2008</b></p> <p><b>Sri Lanka Tea Board</b></p> <p><b>(Ministry of Plantation Industries)</b></p>	<ol style="list-style-type: none"> <li>1. Annual Reports have not been tabled within the stipulated period. It was found that there was a long delay. The latest report tabled was for 2005.</li> <li>2. Even though a Corporate Plan has been done there is no Action Plan. Only a progress report has been submitted as an Action Plan.</li> <li>3. There was assistance given for Tsunami victims from overseas donors. Government circular on aid for Tsunami victims has been violated. It has been observed that there were three instances of violation of procedures.</li> <li>4. Two houses were fully destroyed. The aid given should have been as per regulations. Detailed evaluations have not been done for assistance granted</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Annual Reports should be tabled without delay. It was agreed that the reports should be submitted in two months.</b>( As at 2009-02-28 it is noted that 2006 report has been tabled and 2007 report was submitted to the ministry)</li> <li>2. The absence of an action plan is a major omission. <b>Action Plan should be prepared for the current period and submitted in 2 months</b> .( As at 2009-02-28, an incomplete Action Plan has been submitted to the Auditor General )</li> <li>3. The board has ignored and disregarded the government circular. <b>The procedures should have been followed in making payments for Tsunami victims.</b> It is necessary to examine the documents relating to the payments. A report should be submitted in 2 months.( As at 2009-02-28, a report has been submitted without the relevant documents)</li> <li>4. Proper procedures have not been followed in granting housing loans and payment of a security deposit for a building.</li> </ol>
<p><b>Sep10<sup>th</sup> 2008</b></p> <p><b>Sri Lanka Bureau of Foreign Employment</b></p> <p><b>(Ministry of Foreign Employment Promotion and Welfare)</b></p>	<ol style="list-style-type: none"> <li>1. Previous decision on Korean Language proficiency has not been properly followed up. From 2005-08-17 it had been agreed that competence in Korean Language is needed for employment in Korea. However names of employees who did not have competence were included in the website.</li> <li>2. Regarding compensation received from insurance relating to employees who worked in Kuwait Rs 17 M had to be paid as per a list of employees prepared in 2003. After about 5yrs Rs 13 M is still unpaid .</li> </ol>	<ol style="list-style-type: none"> <li>1. The Bureau should pay more attention in <b>improving the standards in Korean language and send more Sri Lankans to Korea.</b> But the names of employees should be included only if there is competence. The CAO/ AO agreed that a system will be proposed and put up in 1 month.( As at 2009-02-28, a system has been proposed even though it is incomplete)</li> <li>2. <b>There has been a serious delay in settlement of compensation.</b> The CAO/AO agreed to put up a newspaper notice asking people to request for compensation. A report should be submitted within 1 ½ months. ( A newspaper notice has been published in Dec.2008)</li> </ol>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
	<p>3. Rs 74.6 M has been recovered from employees for air tickets in excess. During the last 3 yrs this excess sum has been recovered at the rate Rs 44, 500 per person at the old retail ticket price but paid to airline at a negotiated lesser price.</p> <p>4. The number of deaths of people who went for employment including those who committed suicide has increased to 458 last year. Previously it was less.</p> <p>5. Nurses training school building has caused a loss of Rs 7 M due to abandoning the project which was the expenditure incurred at the time of the decision. The relevant Health ministry took the decision.</p> <p>6. The objectives of the formation of SLBFE have not been taken into serious consideration. A report on the manner of implementing the policies is needed.</p>	<p>3. This excess sum should be refunded. This matter was discussed at the last COPE meeting too. On 2007-02-07 a decision was taken. The reasons for not implementing the decisions are not acceptable. <b>The excess sums should be refunded without delay.</b></p> <p>4. <b>Welfare officers' role has to be examined. The reasons for deaths have to be ascertained.</b> The committee was not satisfied with the follow-up action.</p> <p>5. The loss incurred in training employees such as nurses should be seriously examined. It should be done in consultation with other ministries involved and a solution has to be found.</p> <p>6. <b>All objectives of SLBFE should be taken into consideration and a system of training of people should be completed in 3 months.</b> A meeting has to be called in 5 months.( As at 2009-02-28, a system has been prepared.)</p>
<p><b>Sep11<sup>th</sup>2008</b></p> <p><b>Ceylon Fishery Harbours Corporation</b></p> <p><b>(Ministry of Fisheries and Aquatic Resources)</b></p>	<p>1. Berth charges had not been levied in full from the boats. The process of levying Weigh Bridge charges at Beruwala is not functioning. The income recorded is not collected. The fishermen are against the charge resulting in a difficulty in implementing the system.</p> <p>2. A debt collector has been appointed with an agreement to pay commission. One collector has been appointed even in Dec 2007.</p> <p>3. Corporate Plan (2006-2010) has been done by an audit firm. But it has not been updated as confirmed by the Treasury. The ministry has done an action plan for the entire ministry. What is needed is an Action Plan separately for the corporation.</p>	<p>1. Same answer was given in 2005 regarding the Beruwala weigh bridge. A large sum of debts has not been collected. Weigh bridge charge should be like in other countries. <b>Berth charges of Rs 16 million are due from foreigners.</b> Action should be taken to collect the dues.</p> <p>2. Debt collection should be improved. No commission should be paid for debts due from govt. institutions</p> <p>3. <b>Updating of Corporate Plan should be done fairly soon. A proper yearly Action Plan should also be done.</b> This should be linked to the Corporate plan and CAO was directed to streamline the situation.</p>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
	<p>4. The 2005 balance of unidentified sums of Rs. 86 M has gone up to Rs.159 M.in 2007. This is a poor state of affairs. The Secretary to the Ministry has to take responsibility and get this matter fully resolved.</p> <p>5. Some of the audit queries which were submitted in 2007 have not been answered. Equipment which are unutilized lying in different places such as KKS fisheries harbor have to be verified. Two different systems of accounting were used without showing proper accounting policies.</p> <p>6. Liquidated damages were paid for Tsunami houses which were abandoned at Kandegodella and two other places. Writing off against a revaluation gain for another project has been done. This is an incorrect adjustment.</p>	<p>4. <b>There is a large number of accounting errors as pointed out by the Auditor General. The Secy/ Ministry agreed to resolve the matters.</b> The accounting section has been very weak. The resolution of outstanding balances should be completed quickly.</p> <p>5. Audit queries should be replied promptly and the corporation agreed. <b>Audit queries should be promptly acted upon and the situation improved. Two months time is given to correct all errors.</b></p> <p>6. <b>Kandegodella etc have to be covered in a report due in 2 weeks. A former chairman caused this loss of millions.</b> Details of all losses including who is responsible, who signed documents etc to be shown. (As at 2009-02-28, a report has been received)</p>
<p><b>Sep. 23<sup>rd</sup> 2008</b></p> <p><b>Atomic energy Authority</b></p> <p><b>( Ministry of Science and Technology)</b></p>	<p>1. Fixed Assets Registers are not properly maintained. Values have not been reconciled with accounts. Un-reconciled differences have kept increasing every year. Equipment transferred to other institutions have not been indicated. Equipment received from grants have not been entered regularly.</p> <p>2. The debtors who owe large sums have to be followed up. Services provided by the authority appear as debt balances. Reminders have not been sent regularly. Licenses prepared for technicians have not been paid for. Private hospitals which are not invoiced properly also owe large sums</p> <p>3. Corporate plan has not been approved by the Board. Explanation is that during the previous year there was no Chairman. The Board only 'noted' it. Term 'noted' has been used instead of 'approved'.</p>	<p>1. <b>Since Assets Registers have not been maintained properly and also since assets have been transferred to other institutions without clear records there is a need to follow up the reconciliations. Assets Register should be completed in 2 months.</b> (As at 2009-02-28, reconciliation had been completed. )</p> <p>2. <b>Inefficiency and negligence is seen. Legal process has to be considered for recovering debts.</b> Different options available should be considered. The ministries of health and environment should be involved. <b>The secretary to the Ministry should follow up this matter seriously.</b></p> <p>3. The explanation of the Authority was not acceptable. <b>The board should approve the Corporate Plan by 20<sup>th</sup> Oct 2008</b> without leaving it unattended.( The approved Corporate Plan has been submitted)</p>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
	<p>4. Capital Expenditure has not been utilized adequately. Funds are tied up for long periods due to poor planning of purchases. Re gems and 'gevuda' there is a problem due to a non functioning furnace. The machine which is a donation is having a defect which needs to be rectified. Explanation of the Chairman /AEA is not convincing.</p>	<p>4. The chairman agreed that in future there will be a proper evaluation of specifications before machines come to Sri Lanka. <b>Audit &amp; management committee should meet regularly and resolve all queries within 2 months. A complete report on the performance of the machine and alternative proposals should come in 2 months</b> (This proposal has been submitted).</p>
<p><b>Sep24<sup>th</sup>2008</b> <b>Water Resources Board</b> <b>(Ministry of Irrigation &amp; Water Management)</b></p>	<ol style="list-style-type: none"> <li>1. A poor costing system is prevailing and as a result problems have arisen. There is a difficulty in recovering the costs. Board is unable to plan their operations at the beginning of the year due to absence of a proper idea of the demand in operations.</li> <li>2. Gratuity for employees have been provided. But corresponding funds are not available. Number of workers also has got sharply reduced.</li> <li>3. There is a Corporate Plan which does not convey any of the problems and no Action Plan either. What the management accepts as its role is not conveyed.</li> <li>4. There is a problem relating to recruitment of Acting General manager whose qualification does not appear acceptable.</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Due to weak accounting system the Board is declining in financial status. There is a decline in all sections of operations from 2006 to 2007.</b>The Board should appreciate their main objectives and work according to them. By trying to work on other operations, losses have been incurred.</li> <li>2. Already the loss for 2008 has gone up to Rs. 16 M. <b>There is a need to decide whether WRB should be continued.</b> Accounting system appears to be weak.</li> <li>3. <b>A new Corporate Plan has to be prepared. Board has not discussed the Corporate Plan.</b> It should be properly prepared to cover the approved objectives.</li> <li>4. <b>The issue relating to General Manager's post has to be quickly resolved.</b></li> </ol>
<p><b>Oct. 7<sup>th</sup> 2008</b> <b>Post Graduate Institute of Management</b> <b>(Ministry of Higher Education)</b></p>	<ol style="list-style-type: none"> <li>1. Corporate plan for 2005-2008 has been done . But Action Plan has not been done for each year.</li> <li>2. In Dubai a branch has been set up. Even though this is the first overseas branch set up by a similar Sri Lankan Institute, it has still not given any income.</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>PGIM should do a new Corporate Plan and relevant Action Plans.</b> The PGIM should really be advising all other institutions too on proper management techniques.(A new Corporate Plan which has been done is not in proper order)</li> <li>2. PGIM needs to follow a broader vision for earning foreign exchange from other countries. But it is seen that Dubai branch has been having problems.</li> </ol>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
	<p>3. Academy of Management Science, a private institute, used official facilities of PGIM. Rs 14 M earned has not been taken into account. This sum should have come into PGIM funds. Prof. Guanapala Nanayakkara has signed the certificates on behalf of the academy.</p> <p>4. Prof. Nanayakkara is running the Dubai Branch. UGC has not approved it. No accountant is working there. The PGIM's Finance Manager visits Dubai to attend to the Accounting. A private secretary had been appointed as a machine operator.</p> <p>5. The director of PGIM had stated that approval for purchase of vehicles from, the treasury is not necessary because PGIM does not receive any funds from the treasury.</p> <p>6. A 'coordinating allowance' of Rs. 1.3 M had been paid earlier to the director, Prof. Nanayakkara. The purpose of this payment has not been properly explained. The committee noted that Mrs Nanayakkara has been appointed as Asst. Librarian.</p>	<p>3. <b>It is seen that the name PGIM has been used by a private academy without consent. It is necessary to inform CID about this serious irregularity. Even though the process of issuing certificates has been stopped the name of the University of Jayawardana Pura is involved.</b> (As at 2009-02-28, the case has been referred to the CID)</p> <p>4. The basis of appointing Prof. Nanayakkara as professor of management on contract basis is not clear. <b>UGC should conduct an investigation into all matters including the issue of certificates and report in 1 month. ( The investigation has been held and the report was received)</b></p> <p>5. The committee felt that the officers involved have given irresponsible replies to the Audit after following incorrect procedures. On questioning the Director stated that he will abide by all laid down procedures and circulars.</p> <p>6. <b>The Board should seriously examine the conduct of the former director in full. Auditor General's queries have not been replied. CAO/AO should ensure that all queries are replied in time. Another meeting is to be called at an early date.</b></p>
<p><b>Oct.8<sup>th</sup> 2008 National Building Research Organization ( Ministry of Disaster Management and Human Rights)</b></p>	<p>1. There has been a change in the ministry from Housing and Construction to the Ministry of Disaster Management. Objectives also have changed. Outside the present ministry too there are other objectives.</p> <p>2. Since 1 ½ yrs has passed after the change there is a need to formalize the situation immediately.</p> <p>3. On landslides, research is done for rainfall etc. It is important to study the effect of mining on landslides.</p>	<p>1. <b>Since the objectives have changed, it is necessary to amend the Corporate Plan to suit the new situation.</b></p> <p>2. A cabinet paper has been submitted re the supervision by the new ministry. <b>An urgent report has to be made with the details to be provided by new consultants . Overlapping of functions have to be avoided.</b></p> <p>3. There is a need to formalize the objectives and match them with the area of purview of the present ministry</p>

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	<p>4. A sum of Rs. 43.7 M has been taken from the treasury in 2008. There had been no proper plan even though Rs.22 m was for research. Since it is still a loan the matter needs resolving by preparing a plan.</p> <p>5. The main objective of the management is to save the institution</p>	<p>4. <b>Coordination with other authorities having similar objectives is important. Matters such as environment, research on building materials etc have to be coordinated with institutions supervised by other ministries.</b></p> <p>5. Ad-hoc arrangements must end. Another meeting has to be called in four months.</p>
<p><b>Oct.9<sup>th</sup> 2008</b>  <b>Sri Lanka Export Credit Insurance Corporation (Ministry of Export Development and International Trade)</b></p>	<p>1. It is seen that the corporation has not been working according to the objectives. Profitability of Rs. 45 M in 2006 has come down to Rs. 17 M in 2007. Two cases of Rs 25 M and Rs 23.8 M have not been seriously followed up. (Shalika &amp; Malindu Timber). The second case has been filed. But the summons could not be served since the party left the country.</p> <p>2. Regarding the purchase of Vilasitha Niwasa, it was stated that the purchase was made on a cabinet directive for Rs 200 M, a valuation of chief valuer.</p> <p>3. The corporation needs all relevant information in the form of a comprehensive data base.</p> <p>4. It is seen that proper evaluations procedures have not been followed in granting loans. Recoveries are due from two large companies.</p> <p>5. Enterprises which have a potential for growth needs to be identified and given necessary support.</p> <p>6. Out of a sum of Rs 391 M disbursed during the last 20 yrs which were due to be recovered only Rs 95 M had been recovered.</p>	<p>1. 1 Regarding recovery of debts the same reply had been given last year. <b>All steps should now be taken by the Corporation with the assistance of Attorney General's department and CID. The SLECIC should file action and recover the two large sums of Rs 25 M and Rs 23.8M. The Chairman of the Corporation should get fully involved and the matter should be resolved soon.</b></p> <p>2. The police dept is expected to purchase Vilasitha Niwasa at a very early date. It was agreed that the matter should be pursued and expedited.</p> <p>3. A data base for the information to exporters is still being done and should be completed without delay.</p> <p>4. The management should effect recoveries due from all including the two private companies which are guaranteed as per the statement of the management.</p> <p>5. SLECIC should support enterprises in increasing their growth by influencing the commercial banks.</p> <p>6. <b>Recovery of outstanding sums should be followed up to the maximum possible extent. A report on all debt recoveries should be submitted in 2 months.</b>( As at 2009-02-28, a report has been submitted)</p>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
<p><b>Oct.21<sup>st</sup> 2008</b>  <b>State Development and Construction Corporation (Ministry of Construction and Engineering Services)</b></p>	<ol style="list-style-type: none"> <li>1. The delays at Kalawana and several other projects have been due to rain etc., according to management. The right of way to a project affected by a land acquisition was a major problem. Such problems affected several projects.</li> <li>2. Liquidity position is very poor. EPF has not been paid. Collection of cash from clients has to be expedited.</li> <li>3. The company Devecoshowa had changed the Articles of Association, without consulting or asking SDCC, the shareholders. Liquidation is to start. From 2003 the company had not operated. But SDCC kept quiet. The ministry should follow up and give guidelines</li> <li>4. Payment of liquidated damages of Rs 2.2 M to CEB had not been discussed at the board. Responsibility had not been fixed. Audit Committee should function properly.</li> <li>5. Overlapping functions which are common to other institutions which operate in related sectors such as NBRO have to be taken into consideration.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Corporation should have taken into consideration the problems <b>and indicated them in the Corporate Plan which has been done. Objectives also have not been clarified. Due to the weaknesses, a new Corporate Plan and an Action Plan have to be done.</b></li> <li>2. A complete list of all projects with the work done, the relevant problems and date of completion should be finalized. Problem of liquidity has to be resolved as a priority.</li> <li>3. <b>Two months given for both the Corporate Plan and the report on Davecoshowa.</b> Two Italian companies got Rs 28 M . Responsibility should have been fixed. Corporation did not take action against the bank even though it is said that bank acted on their own.</li> <li>4. <b>The explanation by the management is not convincing. Large sums of debts are due from RDA &amp; CEB.</b> They too are receiving recoveries in small amounts. <b>This matter needs close follow up as a major liquidity problem affecting several institutions.</b></li> <li>5. There should be consultation among such institutions to avoid duplication of effort and wastage of resources. <b>Overlapping of functions in several public enterprises has to be given consideration.</b></li> </ol>
<p><b>Nov 10<sup>th</sup> 2008</b>  <b>Consumer Affairs Authority ( Ministry of Trade)</b></p>	<ol style="list-style-type: none"> <li>1. Decentralization of activities is essential. But no indications are seen in the Corporate Plan about the formation of branch offices in the regions.</li> <li>2. The relationship between the Authority and the Consumer Affairs Council is not clear. Most cases which were referred to the council were not finalized .</li> <li>3. Awareness campaigns about the services provided by the authority have not been sufficiently carried out in the provincial regions of the country.</li> </ol>	<ol style="list-style-type: none"> <li>1. Action has to be taken regarding decentralization of activities. <b>Opening up of branches in provincial or district capitals have to be done very early.</b></li> <li>2. The Consumer Affairs Council which is not active has to be activated and should function as per its objectives.</li> <li>3. <b>Awareness campaigns in Sinhala &amp; Tamil have to be actively pursued.</b> Radio programs should be regularly utilized.</li> </ol>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
	4. Fines of value over Rs 6.8 million have not been properly recorded or collected.	4. <b>Management agreed to update records relating to fines and collect all of them.</b>
<b>13<sup>th</sup> Nov. 2008 Public Utility Commission (Min.of Plan Implementation)</b>	1. Only two board members were functioning. 2. Major objectives of the commission have not been fulfilled. 3. Corporate Plan for 2007-2011 does not show a realistic position which includes current problems. 4. Trade Union objections for the relevant legislation is an obstacle 5. Unnecessary expenses have been incurred on matters such as printing of glossy Annual Reports. But money has to be invested in a staff welfare fund.	1. The Ministry has to finalize appointment of directors. 2. <b>Necessary legislation has to be passed, in order that the objectives are attended to. The relevant ministries have to finalize the legislation urgently.</b> 3. Corporate Plan has to be amended to include present problems and make it more realistic. 4. An awareness campaign has to be carried out to educate the trade union members. 5. Budgeting has been very unrealistic. There are wide variations between estimates and actual sums. Commission agreed to consider appointing accounting staff and correct. mistakes in accounting records
<b>17<sup>th</sup> Nov. 2008 Insurance Board of Sri Lanka ( Ministry of Finance &amp; Planning)</b>	1. Functions are overlapping between Consultant and Ombudsman. 2. Awareness program is needed among the public including schools. Corporate plan does not refer to 3. The Board has paid Rs 1 M to set up an office for Ombudsman. Space occupied by the Board is large. 4. Internal Audit is not functioning properly.	1. <b>An amendment to the Act has to be finalized and submitted to the Parliament.</b> 2. The objectives, functions and responsibilities need to be clarified in the Corporate plan including awareness campaign 3. There is wastage on office space. Also money spent on Ombudsman should be recovered. 4. <b>Audit committee should be revived.</b>
<b>18<sup>th</sup> Nov. 2008 Sri Lanka Standards Institution ( Ministry of Science and Technology)</b>	1. Even though one of the main objectives is to 'prepare standards on national and international basis', neither the corporate plan nor the main documents refer to the requirement. It was noted that an Action Plan had been sent to the Treasury, but the Board members were unaware of the Plan. 2. Management stated that Customs Department releases goods to the market without applying the standards.	1. <b>The Committee emphasized the need for international standards for items coming under all sectors.</b> There should be clear references in the Corporate Plan to the objectives as stated in the Act of Incorporation. <b>Corporate Plan and Action Plan have to be approved by the board and submitted to the ministry and treasury.</b> 2. Samples of goods need to be tested beforehand and coordination has to be established with customs.

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
	<p>3. Management had submitted inaccurate replies as relevant to 2005 &amp; 2007. A considerable number of accounting anomalies have been left without being resolved and unidentified balances carried forward.</p> <p>4. On inquiry into the certification system as a means of making income, it was stated that different types of ISO certificates are issued at moderate costs.</p> <p>5. Bonus has been paid to employees costing Rs 5 400 000 without treasury approval causing a serious anomaly.</p>	<p>3. Old outstanding unresolved accounting balances should be investigated and cleared without delay. <b>Errors and shortcomings pointed out in audit reports should be rectified within two months.</b></p> <p>4. <b>The Institution agreed to submit a detailed report on the certification system</b> as a means of earning income and reaching targets.</p> <p>5. <b>The anomaly relating to Bonus payment should be resolved with Public Enterprise. Dept. of Treasury. Institution</b> should avoid getting funds from Treasury.</p>
	<p>6. Board of Survey report had not been finalized with discrepancy reports. Eighteen machines worth over Rs. 20 M were lying idle</p>	<p>6. <b>Board of Survey should cover all fixed assets after which the idle assets should be disposed of</b> with proper approval and Assets Register written up.</p>
<p><b>19<sup>th</sup> Nov. 2008 National Transport Commission (Ministry of Transport)</b></p>	<p>1. It has been revealed that a Cabinet ruling has been violated by the commission on the issue of route permits.</p> <p>2. There is insufficient coordination between private and public sector bus services. Regional commuters such as the Agro Producers of Embilipitiya area are seriously affected by the non availability of buses in the early hours for transportation of produce.</p> <p>3. The long distance buses need drivers who are physically fit to perform. Some of the accidents were due to drivers getting exhausted. There is a shortage of buses in remote areas such as the Eastern Coast.</p> <p>4. The Annual Report for 2003 got delayed in the Ministry from 2005-03-17 to 2007-03-19 . The report had been tabled only in 2007.</p>	<p>1. The violation of the Cabinet ruling by NTC under the former Chairman is a serious error. This is in spite of the discussion at the previous COPE meeting.</p> <p>2. <b>There is a need for amalgamation of time tables of the two groups of private and public sector bus services, particularly to help regional commuters.</b> There is no mentioning in the Corporate Plan about this problem and the steps to be taken.</p> <p>3. The possibility of using drivers in pairs so that they can change at a suitable point of time has to be considered. Accidents have to be minimized in this manner. The shortage of buses and staff in remote areas has to be rectified.</p> <p>4. It is noted that there had been a serious delay on the part of the ministry in tabling Annual Reports. <b>The subject of tabling Annual Reports should be given priority.</b></p>

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	5. Act no 37 of 1991 states that the passenger transportation shall be wholly vested in the private sector. This appears to be an anomaly.	5. <b>The provisions of Act no 37 of 1991 has been amended by the Act no. 27 of 2005 on CTB. Hence there is no anomaly. This is an instance of the relevance of legal enactments framed under other institutions.</b>
<p><b>Nov. 20<sup>th</sup> 2008</b></p> <p><b>National Lotteries Board ( Ministry of Finance &amp; Planning)</b></p>	<p>1. The profits were coming down. When inquiry was made the CAO / AO replied that Sales were affected due to lesser sales agents.</p> <p>2. A building which had cost the board Rs 84 M in 2005 is still almost unoccupied. This is a major loss and is used only as a store</p> <p>3. The Corporate and Action Plans have not addressed the main problems which should be given priority by the management.</p> <p>4. It is noted that all funds are invested in public sector banks and treasury bills as required.</p>	<p>1. Problem was due to expenditure not being controlled. Steps should be taken to reduce costs on advertisements, rent and vehicle hire which have shot up.</p> <p>2. <b>A full report is needed on matters relating to the Rs 84 M worth building in addition to the present plans for a head office.</b></p> <p>3. A proper Corporate Plan and an Action Plan have to be finalized early.</p> <p>4. <b>It is necessary to ascertain that all public enterprises follow the treasury circulars. A complete progress report should be submitted in two months time. (As at 2009-02-28, no report has been received)</b></p>
<p><b>25<sup>th</sup> Nov. 2008</b></p> <p><b>Ceylon Petroleum Corporation (Ministry of Petroleum and Petroleum Resources Development)</b></p>	<p>1. Arising from the previous COPE meeting, there had been a delay in submission of a report by the corporation. It was stated that the delay was at the ministry. A copy had not gone to the COPE.</p> <p>2. As per a previous decision the corporation should prepare monthly accounts. This has not been done. The answer given by the management was that the work is not computerized and hence the delay.</p> <p>3. When questioned the Chairman /CPC and DGM / Finance denied the contents of a Sunday Times newspaper report based on a statement made by them on the subject of crude oil purchases. Chairman/CPC said a correction was to be sent to the newspaper immediately.</p>	<p>1. Corporation should now give another complete report in one month on the loss of \$ 12 M at the refinery stating who was responsible.</p> <p>2. The committee was dissatisfied with the explanations given. Monthly accounts should be prepared without delay based on the available data even if all data is not available. IT system should be properly established</p> <p>3. <b>The committee expressed its serious concern about the tone of the statement in the newspaper as well as the contents.</b> On detailed questioning they confirmed visiting several cities on air tickets provided by Citibank &amp; Deutsche bank</p>

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	<p>4. As regards legal opinion they consulted Nitya partners, a private firm, but did not go to the Attorney General.</p> <p>5. On questioning the Chairman/ CPC stated that the market price of petrol would have been less than the present price if not for hedging. But the price of oil was expected to go up. Altogether 5 banks were involved in the transactions.</p> <p>6. As regards Board approval, it was only a concept paper that was put up. On 2006-09-06 the Central bank had made a presentation to the cabinet on the subject of hedging. A study group was appointed thereafter. Chairman/CPC said that the cabinet had given covering sanction based on a concept paper.</p> <p>7. CPC had not given replies to the Auditor General and had sent a letter which amounted to asking the Aud. Gen. to come to CPC and meet Chairman/ CPC.</p> <p>8. The Internal audit had issued 26 audit queries. Out of them, only 4 queries had been answered.</p>	<p>4. <b>The committee expressed the view that the Attorney General should have been consulted and board approval should have been obtained</b> for all transactions.</p> <p>5. The oil purchasing was done on the basis of hedging instrument referred to as 'zero cost collar' option which was recommended by a study group of seven members appointed by Central Bank.</p> <p>6. <b>The study group made a presentation to the Ministry for the purpose of preparing a cabinet paper by the Hon. Minister. Cabinet had approved hedging as a principle.</b></p> <p>7. The committee expressed its dissatisfaction on the letter to the auditor general and the manner a blanket approval was obtained from the board.</p> <p>8. The committee stated that the Audit Committee should meet regularly and Internal Audit queries should be promptly answered. <b>Another date will be given for the CPC to appear before the committee.</b></p>
<p><b>27<sup>th</sup> Nov. 2008 Land Reform Commission (Office of the Presidential Secretariat )</b></p>	<p>1. Some of the replies sent by the commission in response to last meeting's ( 2007-11-12) decision do not appear to be complete and are not clear. Only the list of lawyer's panel has been submitted. The reply to COPE has come only on 21st Nov.2008.</p> <p>2. At the last meeting the subject of a transfer of 100 acres was not replied by commission. There is a long delay in the valuation of land for which advances have been received. A case arose in Monaragala where serious timber losses have been reported..</p>	<p>1. A report on the last meeting's decisions had been received on 21.11.2008.</p> <p>2. <b>The situation regarding valuations is very unsatisfactory. Chairman/LRC said that all irregularities such as timber losses have been stopped now. However all such cases should be resolved and a report submitted in 3 months.(As at 2009-02-28, no report has been received)</b></p>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
	<p>3. The position of Director General is not properly filled. The matter was discussed even last time.</p> <p>4. The commission suffered a loss of Rs 17 M on purchase of computers. Allegation of corruption is being investigated. Bribery Commission is handling the case. The software system for which Rs 3.2 M has been paid is not functioning inspite of long delays</p> <p>5. The income of the commission has dropped from Rs 188 M in 2006 to Rs 25 M in 2007. The committee was aware that some employees were engaged in irregular practices which prevented the commission from earning its due entitlements. Rs 3.2 M has been paid for publicity as an advance. No service has been rendered for the payment made.</p>	<p>3. The position of Director General should be filled soon. The process of filling the vacancy should start now. This situation is unsatisfactory.</p> <p>4. <b>The investigation into the case of corruption related to computers needs to be completed quickly.</b> Relating to software there has been a major irregularity. <b>The commission should get the computer software system to function properly without delay.</b></p> <p>5. LRC should examine all cases of irregularities including the case of Rs 3.2 M in full and ask the supplier who received the money to give details of any services on publicity. This should be pursued. Management agreed to take steps to prevent any corrupt practices by employees and give a full report.</p>
	<p>6. Assets Register needs updating after proper verifications. The field officers who are engaged in verifying the extent, boundaries etc needs to expedite.</p> <p>7. The Corporate Plan had not been submitted earlier even though the document was produced at the meeting. This has not been approved even though the Chairman/LRC said he approved it.</p> <p>8. There are 580 cases going on now. There is a need to get the cases resolved. There are also delays in survey reports at LRC even after the completion of the surveys. Valuation reports also get delayed unnecessarily. Public is affected as a result.</p> <p>9. Internal Audit meetings were held only twice. No permanent Internal Auditor is functioning due to difficulty in recruitment. It was mentioned that salaries do not correspond to professional qualifications expected .</p>	<p>6. It is necessary to complete the Assets Register with full details with the assistance of field officers. <b>The chairman/ LRC agreed to complete the full Assets Register with all details within 6 months.</b></p> <p>7. <b>The committee found that the Corporate Plan was a very unsatisfactory document needing considerable improvement. A proper Corporate Plan should be submitted along with an Action Plan without delay.</b></p> <p>8. Regarding the delays in distribution of deeds it was agreed that people who are employed in activities such as gemming as well as people who have occupied paddy land for long periods needs to be given deeds as a measure of relief.</p> <p>9. The management needs to review the salary scales with proper authorities and establish a proper Audit Committee which meets regularly. <b>The LRC should be called again in 6 months time.</b></p>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
<p><b>Dec. 2<sup>nd</sup> 2008</b>  <b>Development Lotteries Board</b>  <b>( Ministry of Finance &amp; Planning)</b></p>	<ol style="list-style-type: none"> <li>1. Management stated that due to security risks, stalls of ticket sales were removed, thus reducing the profit. However it was noted that sales had increased and it was due to the increase in administration expenses that the profits went down.</li> <li>2. An advance of Rs 24 M had been paid to buy 26 vehicles from a private firm. Thereafter the same vehicles were used on rent causing a serious loss. This appears to be a major irregularity.</li> <li>3. T shirts worth Rs 5.49 M, other items worth Rs 3.92M ‘Corporate &amp; other’ items worth Rs 17.84M and ‘Atha Hitha’ items worth Rs 8.28M have been spent all under selling &amp; distribution expenses.</li> <li>4. Internal Audit is not functioning properly.</li> <li>5. Five trucks had been purchased for Rs 650 000 each after paying advances of Rs 900 000 each. No approval had been given by the Board.</li> <li>6. Corporate plan does not contain proper details. It is a poor job. But Rs. 200 000 has been paid to S &amp; J Co. The basis of selection of S &amp; J Co. is not clear.</li> <li>7. A building at Union Place had been paid Rs. 421 M in 2005. It had not been occupied for three years.</li> </ol>	<ol style="list-style-type: none"> <li>1. Due to problems such as wastage of funds the treasury representative had resigned. <b>The former chairman and officials who were responsible should be asked to pay for the irregular expenses. This matter has to be conveyed to bribery commission.</b></li> <li>2. <b>The subject of advances for motor vehicles will be reported to the Speaker and also to the Bribery Commission</b></li> <li>3. The Board should give full details of all such expenses such as T shirts including the tenders, who approved, the cost of each, the number of items and how the distribution was done.</li> <li>4. A proper Internal Audit should be set up at an early date.</li> <li>5. <b>The payments have been made for trucks without following the laid down procedure. Serious irregularities have occurred.</b></li> <li>6. The committee expressed its dissatisfaction on the quality of the Corporate Plan. <b>An amended corporate plan needs to be done.</b></li> <li>7. <b>A report has to be submitted in 2 months.</b></li> </ol>
<p><b>Dec. 3<sup>rd</sup> 2008</b>  <b>Sri Lanka Press Council</b>  <b>(Ministry of Mass Media &amp; Information)</b></p>	<ol style="list-style-type: none"> <li>1. After 2002 the Press Council is inactive. There is no Board. There is a decision to revive after 2006.</li> <li>2. There are groups which suspect that the council will suppress the work of the press. This is an unfounded suspicion.</li> <li>3. At the moment only registration is done by the council. Some employees have been transferred out.</li> </ol>	<ol style="list-style-type: none"> <li>1. Press council is now considered essential. The Council should be reconstituted and appointments made.</li> <li>2. According to objectives there are activities on which the council can act even now.</li> <li>3. <b>It is essential that the Board is reconstituted at a very early date. This should be done in one month.</b></li> </ol>
<p><b>Dec.4<sup>th</sup> 2008</b>  <b>Land Reclamation and Development</b></p>	<ol style="list-style-type: none"> <li>1. Corporate Plan has been done just before the COPE meeting. There appears to be amendments needed. The board has not approved the plan.</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>The Corporate Plan should be reviewed and amended to show a realistic picture.</b> It is necessary to conduct a workshop on ‘Preparation of Corporate Plans’</li> </ol>

<i>Date/ Name of Institution and Ministry</i>	<i>Major Issues and Problems Discussed</i>	<i>Comments by the COPE and Decisions</i>
<p><b>Corporation ( Ministry of Urban Development and Sacred Area Develop,)</b></p>	<ol style="list-style-type: none"> <li>2. A sum of Rs 89 M due from health ministry can cause a major loss.</li> <li>3. An addl. G M has been appointed outside the cadre and the organization chart in the Corporate Plan.</li> <li>4. Sea sand stocks which the Authority has collected are sufficient for about 5 yrs.</li> <li>5. Regarding Atthidiya park there is a Supreme Court case already pending. It is now considered an area for development.</li> <li>6. The low lying areas of the Colombo city are badly affected by during the rainy season.</li> <li>7. Work relating to Western Province only and documentation of land is gazetted .</li> </ol>	<ol style="list-style-type: none"> <li>2. Action should be taken to recover the sum from the Health Ministry.</li> <li>3. Appointment of an addl. GM is not correct unless it is a permanent position in the cadre</li> <li>4. Sand sales are down due to relaxation of sand purchases from rivers. Action has to be taken to reduce sand stocks .</li> <li>5. <b>The subjects of Atthidiya park and Atthidiya / Kawdana development project have to be closely followed after the court case.</b></li> <li>6. <b>Subject of flooding in the city has to be resolved by interaction with the Municipality.</b></li> <li>7. Other areas of the country need similar gazetting. The area of relevance should be indicated by suitable maps.</li> </ol>