

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Marine Environment Protection Authority (“Authority”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority’s financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Authority is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Authority.

1.4 Audit Scope

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Authority, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Authority has complied with applicable written law, or other general or special directions issued by the governing body of the Authority ;
- Whether the Authority has performed according to its powers, functions and duties; and
- Whether the resources of the Authority had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on Preparation of Financial Statements

1.5.1 Non-Compliance with Sri Lanka Public Sector Accounting Standards

The following observation is made.

Non Compliance with the reference to particular Standard	Management Comment	Recommendation
Although the residual value and useful life of an asset must be reviewed at the end of each annual reporting period in accordance with paragraph 65 of Sri Lanka Public Sector Accounting Standard No. 07, action had not been taken to reassess the useful life of fully depreciated property, plant and equipment in use with a cost of Rs.116,208,946.	In future, action will be taken as indicated in Audit.	An asset's residual value and useful life should be reviewed at the end of each annual reporting period as per the standard.

1.5.2 Accounting policies

The following observation is made.

Audit Observation	Management Comment	Recommendation
Since it is the accounting policy of the Authority to show capital grants which could be identified directly in the income statement under the heading of equity in the statement of financial position as an alternative method as per Sri Lanka Public Sector Accounting Standard No11 , the amortization of capital grants of Rs.24,630,679 for the year under review had been recognized as income. In spite of that , an amount of Rs.9,521,050 had been transferred as the income from the capital grants. Thereon, the income for the year under review had been overstated by that amount.	During the preparation of the financial statements for the year 2023, the necessary adjustment will be made by changing the relevant accounting policy and efforts will be made to correct this error.	The accounting policy should be prepared in a manner consistent with the accounting standard and the capital grants should be properly disclosed in the financial statements.

1.5.3 Accounting deficiencies

The following observations are made.

	Audit Observation	Management Comment	Recommendation
(a)	The Galle Regional Office Building had been handed over to the Authority on 30 March 2018 with a cost of Rs.66,661,502. Although the depreciable value of above building for the year 2018 was Rs.2,504,360, an amount of Rs.967,961 had been calculated. Thereon, the net value of buildings was overstated in the financial statements of the year under review by Rs.1,536,399.	This difference will be corrected in future accounts .	Correct depreciation for buildings should be calculated and included in the financial statements.
(b)	The balance of Employee Loan Fund amounting to Rs 15,999,140 should be stated under the equity of the statement of financial position at the end of the year under review, but it was stated as a non-current liability.	According to the recommendations of the Auditor-General, the accounting entries are made.	Action should be taken to state the balance of Employee Loan Fund under the equity of the statement of financial position.
(c)	The Cabinet approval had not been received for the payment of additional allowance to the officers of the Authority for the performance of duties related to the MV-X-Press Perl ship accident. However, the requested amount of Rs.35,995,971 for the year 2022 had been accounted as employee expenses and payables. Thereon, the payables had been overstated and the surplus had been understated in the financial statements of the year under review.	Provisions have been made for these payments since the year 2021 as per Sri Lanka Public Sector Accounting Standard No. 08. If the payment is not made in any case , there is an opportunity to add it back to the profit .	Necessary provisions for payment should be made only under formal authority.
(d)	A cheque amounting to Rs.225,000 had been written in the year 2021 for the development of the website of the Authority and it had been canceled in the year 2022. Instead of being accounted as a liability, this cheque had been credited to the account titled “Capital Work-in-progress” and shown under equity. Further, the paid amount of	This error will be corrected in the year 2023.	Assets should be accounted for under work in progress until they are ready for use.

Rs.405,250 for that website which is not in usable condition including the above Rs. 225,000 had been capitalized as intangible assets instead of being accounted for as work in progress.

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| (e) | An action had not been taken to account the payable amount of Rs.1,400,000 for the Dumping Permit Management System in use prepared by the University of Ruhuna for the issue of dumping permits. Thereon, intangible assets and payable expenses had been understated by that amount in the financial statements. | The system will be accounted for as an intangible asset after completion of the trial period in 2023. | Action should be taken to account intangible assets in use and payables accurately. |
| (f) | Unutilized capital grants received from the Treasury had been transferred to two accounts named " Works in progress " and " Unutilized grants " without settling the funds to the treasury and the balance of the two accounts at the end of the year under review was Rs.8,259,144 and Rs.2,440,518 respectively with the funds amounting to Rs.4,044,400 and Rs. 968,945 which had been transferred respectively during the year under review. | Amounts accounted for as work-in-progress and funds remaining after completion of programs are shown under this. If there is money left over after the completion of the related works , arrangements will be made to return it to the Treasury at the end of 2023. | Action should be taken to settle unutilized funds to the Treasury received as capital grants from the Treasury. |

1.5.4 Documentary Evidences not made available for Audit

The following observations are made.

	Item	Amount Rs.	Evidence not available	Management comment	Recommendation
(a)	The various groups and authorities involved in cleaning up the beaches contaminated by the MV X Press Perl shipwreck. In the year under review , payments were made	8,153,485	Attendance sheets of Organizations and staff that participated in beach cleaning activities on those days,	The role of the staff has not been submitted on a daily basis but a summary record of attendance and food intake has been submitted. The registers of	The names of the daily participants for the beach cleaning activities and the expenses incurred for them should be clearly attached to the payment voucher.

through 34 no of payment vouchers to buy food for the staff. However, it was not confirmed whether payments were made on the basis of actual participation by not specifying the individuals who were participated except the number of persons.

Specific personnel who approved participated in the information operational process including are maintained advance plan etc separately in the field.

(b)	Functioning of the Board of Directors	-	Reports of the Board of Directors for the year 2022	Comments has not been submitted.	According to Section 154(5) of the Constitution and Section 7(I) of the National Audit Act No. 19 of 2018, the reports of the Board of Directors should be submitted to the audit.
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1.6 Non-compliance with laws, rules, regulations and management decisions etc

The following observations are made.

	Reference to laws , rules , regulations etc	non-compliance	Management comment	Recommendation
(a)	Prevention of Marine Pollution Act No. 35 of 2008			
(i)	Subsection 10(1) and (2).	Due to the failure to make orders under sub-section 2(1) to carry out an order under sub-section 10(1), opportunities to recover penalties for failing to prevent, reduce, control or stop marine pollution had been lost.	There is no need to make orders to operate under the Act and provisions for recovery of fines are already in place. However, the amendment of the Act will also focus on the methods of collecting fines.	Action should be taken as per sub-section 2(1) of the Act.

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| (ii) | Subsection 6(g). | There was no plan on how to act at the national level in the event of an emergency chemical spill. | Provision is to be made to prepare a national level plan in case of spillage of chemicals. However, understanding the risks of chemical spills, efforts are being made to eliminate chemical spills from the emergency oil spill plan, and to revise the existing national oil spill emergency plan enabling to be used in case of chemical spills . | Necessary amendments to the Act should be made and chemical and oil spillage plans should be prepared and implemented accordingly. |
| (iii) | Sub-section 14(3) (a) | There was no action to establish a marine environmental council to advise the Authority on matters relating to the implementation of its powers, functions and duties . | Arrangements were made to hold the Environment Council on 17 June 2023 under the chairmanship of the Secretary of the Ministry of Urban Development and Housing. But due to the absence of the members who should be presented for the establishment of the Environment Council on that day, arrangements have been made to hold it again on 10 August at the Ministry. | In terms of the Act, a Marine Environment Council should be established and taken action to obtain advise to the Authority on matters related to the mplementation of its powers, functions and duties. |
| (iv) | Subsection 16(3). | Although an officer with sufficient experience and qualification in the legal field or company secretarial work should be appointed for the post of secretary of the Authority, officers of | Although, the service period of lady officer works as manager legal ends on 30 June 2023, she left the board meeting held on 10.19.2022, informing that she is unable to perform the duties of | Arrangements should be made to appoint an officer with sufficient experience and qualifications in the legal field or company affairs according to the Act. |

the ministry who were not qualified had been appointed for the post of secretary from September 2022. Details of payments to those officials were also not submitted to the audit.

the board of directors. Due to the fact that a suitable official in the legal field to perform the duties of the secretary of the board of directors was not available in the Authority, it has been instructed by the board of directors to recruit an internally qualified officer for that.

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

(i) Financial Regulation 136

The hospital fee bills of the officers had been paid by the Authority amounting to Rs.3,283,838 in the year 2021 and Rs.1,950,642 in the year 2022 at the discretion of the authority without approval.

Payment of all hospital charges has been made on board approval and has already been submitted to the insurance company for reimbursement of expenses incurred. .

Only benefits approved by the regulations shall be provided to the employees with the approval of the Board of Directors. .

(ii) Financial Regulation 137(2)

Although two security officers are to be employed during the day and night to provide security to the head office of Authority according to the agreement, there was only one security officer had been employed for 24 hours continuously for several days and two officers from 01 February 2022 to 31 December 2022. had been paid at a cost

Due to internal problem of the security company in some cases only one officer is employed . Tenders will be called to get security service facilities again and action will be taken to solve this problem .

Proper supervision should be made to ensure that the security service is received as per the agreement and the officials should be held responsible for making payments and not choosing a suitable security service agency despite working outside of the agreement.

of Rs.716,045.
 Furthermore, the contract was awarded without obtaining information about the clients of this firm, which is not registered with the Ministry of Defence.

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| (iii) | Financial Regulations 139(8) and (9) and 446(2) | Certain transactions were not correctly entered in the written cash book maintained by the Authority and the cash book included in the Quick Book system and there were differences and the balance of the cash book was not balanced daily and the changes were observed when the written cash book was balanced and was not monitored by the supervisory officer. Due to this, it was observed that the cash book was not maintained properly with due care. | The changes are due to clerical errors in writing the cash book. Steps have been taken to avoid clerical errors in the future. Accountant has been informed to sign the cash book daily. | More care should be taken in writing the cash book and it should be balanced daily and monitored. |
| (iv) | Financial Regulation 206(5) | The total value of receiving food and beverage of Rs.4,450,810 in 18 vouchers had been altered, but had not been signed and certified by the certifying officer. | In future, when changing the payment value of the vouchers, the short signature of the certifying officer will be applied at all relevant places . | Every change made in the voucher should be signed and certified by the certified officer. |

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| (v) | Financial Regulation 261 (3) | Although the cash book should be balanced daily and after examining the cash balance the cheques should be issued, during the period from 31 December 2022 to 14 February 2023, the cash book was not balanced daily and payments were made by cheques for 45 consecutive days without examining the balance. | The comment is not correct. | The cash book should be balanced daily to ensure that there is sufficient cash balance for payment. |
| (vi) | Financial Regulations 139(7) and 262(3) | The Paying Officer had not applied short signature on the “paid” stamp on the voucher in 34 payment vouchers paid for the purchase of food amounting to Rs.8,153,485 and 31 payment vouchers paid for accommodation amounting to Rs.15,859,400 during the year under review. | Short signature will be applied on the paid seal in the future, as per the recommendations of the audit. | Arrangements should be made to apply short signature of the Paying Officer on the “paid” stamp in the surface of the voucher . |
| (vii) | Financial Regulations 756 (6) and Ministry of Finance Circular bearing No. 01/2020 dated 28.08.2020 | The Board of Survey activities as at 31 December 2022 had not been completed and the reports had not been handed over. | This function could not be completed due to the death of the administrative officer who served as the chairman of this committee. It was currently completed and will submit to the Auditor General. | Arrangements should be made to complete the Board of Survey activities before 15 June. |

(c) Guidelines on Good Governance for Public Enterprises No. PED/01/2021 & dated 16 November 2021 and the related Operations Manual

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| (i) | Chapter 2.3 of the Guidelines | A strategic plan should be prepared to cover a period of 05 years, but the plan, which was prepared to cover a period of 04 years from 2022 to 2025, including Key Performance Indicators (KPI) and updating it annually had not been submitted to the Treasury. | There are no performance indicators in the 2022-2025 strategic plan and based on the annual allocations, objectives of the plan with most relevant activity had been identified for Annual Action Plan and Physical targets and key performance indicators are specified in the action plan . | According to the guidelines , the strategic plan covering 5 years with key performance indicators should be prepared and updated annually and presented to the treasury . |
| (ii) | Chapter 3.6 | The board of directors had not introduced an effective performance appraisal system to the Authority based on the strategic plan and action plan. | According to the facts given, the update of the strategic plan for the next 5 years will be done from the year 2023 and submitted to the Treasury before 01/15/2024. | Action should be taken according to the guideline. |
| (iii) | Chapter 6.6 | Draft annual report to be delivered to the Auditor General within 60 days of the end of the financial year. But Draft Annual Report for the year under review was not submitted even by the date of 31 July 2023 . | The draft annual report for the year 2022 was submitted on 31.07.2023. | Action should be taken to submit the draft annual report to the Auditor General within 60 days of the end of the financial year as per the guideline. |

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| (iv) | Operational Manual Chapter 2.3 | The authority had not prepared its own administrative and financial manual. | The authority has not prepared its own administrative and financial manual. Board of Directors had approved at the meeting held on 19/10/2022 to apply the Establishment Code in administrative and disciplinary matters. Accordingly, action should be taken to, follow the Establishment Code and the government Financial Regulations in the administrative and disciplinary affairs of the Authority. | According to the guideline, action should be taken to prepare the operation manual and act accordingly . |
| (v) | Chapter 3.3 (i) and (iii). | An integrated Human Resources plan that would formally include the staff requirement of each division had not been included in the strategic plan. | An integrated human resource plan has not been prepared including the employee needs of each department and will be discussed and approved with the Management Services Department in the future. | Guideline should be followed as per relevant operation manual. |
| (vi) | Chapter 3.4 (viii) | the Board of Directors had approved on 17 November 2022 to terminate the services of the Manager (Legal) Officer from 30 June 2023, no recruitment of an officer had been done to carry out the duties and responsibilities of the said post without interruption . | The approval for filling up the vacancy has not yet been received. | An officer should be recruited to carry out the duties and responsibilities of the post without interruption . |

(vii) Chapter (ix).	3.4	If an acting appointment is made under exceptional circumstances, it should be limited to a period not exceeding one year. However, the authority General Manager including 4 senior level posts and 4 tertiary level posts had been maintained with acting appointments and cover up duties for a period ranging from 01 year 11 months to 06 years 06 months.	Requests were made to recruit officers for the vacant posts , but approval has not been received . The pending case in the Labor Court against a suspended officer has not been concluded; It has not been possible to recruit due to the fact that all recruitments have been stopped since the year 2019 . In order to run the affairs of the authority efficiently and effectively, positions have been maintained with acting appointments and cover up duties as per the approval of the board of directors .	Guideline should be followed as per operation manual .
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1.8 Cash Management

The following observations are made.

Audit Observation	Management comment	Recommendation
(a) A compensation of Rs. 10 million received from a ship that was in an accident in the year 2011 was credited to an account called the Marine Environment Protection Fund and invested in treasury bills and the balance of the investment interest at the end of the year under review was Rs.19,486,831. This fund, which had been established without a specific purpose, remained idle for 12 years.	In the event of an emergency oil spill, money has been drawn from this fund from the year 2011 for operational activities in necessary cases until allocations are received from the Treasury. Also, the fund has earned interest of Rs.9.4 million so far .	Specific tasks to be done from this fund should be identified and applied in an effective manner.

- (b) Although the monthly average payment in the year under review was Rs. 125,539,830 , it was observed that the balance of the cash book as at 31 December 2022 was Rs.277,646,779, which exceeded the requirement and maintained cash in a current account.
- The positive cash balance resulting from the operating surplus of the authority is in the current account. It is invested on a daily basis and by doing so, Rs.15.5 million have been earned as income in the first 6 months of 2023 alone. It is expected that this cash will be used for development activities as per the requirement of the authority in the future.
- An efficient financial management should be established by maintaining cash in the current account considering the need .

2. Financial review

2.1 Financial Results

The operating result of the year under review amounted to a surplus of Rs.209,250,751 and the corresponding deficit in the preceding year amounted to Rs.98,304,624. Therefore an improvement amounting to Rs.307,555,375of the financial result was observed. The main reason for the improvement is the reimbursement of Rs.442.5 million related to the MV Xpress Pearl shipwreck.

3. Operational review

3.1 Uneconomic Transactions

The following observation is made.

Audit Observation	Management comment	Recommendation
Due to the delay in transporting the waste collected in connection with the MV X Press Perl shipwreck from the Wattala temporary yard to the Pamunugama storage yard for storage, an additional amount of Rs.17,934,000 had to be paid ashandling fees for 40 containers .	As these were hazardous wastes , they could not be transported without inspection, so after testing the samples, they discussed with the representatives of the insurance company of the ship and started transporting them from Wattala to Pamunugama warehouse in October 2021 .	Necessary steps should be taken to recover all the money from the insurance company.

3.2 Management Inefficiencies

The following observation is made.

Audit Observation	Management comment	Recommendation
Action had not been taken to conduct a preliminary investigation and recover the allowance of Rs.1,951,550 paid Rs.750 per day from the year 2017 to 2019 without obtaining approval from the Department of Management Services for the waste service recovery facilities of officers assigned to Ports from responsible officers as per the recommendation given by the Audit and Management Committee meeting held on 28 December 2021.	It has already been informed to the Investigation Committee of the Authority and the Secretary with the approval of the Board of Directors.	Action should be taken to obtain the approval of the Management Services Department and take necessary action against the parties responsible for the payment made without approval.

3.3 Operational Inefficiencies

The following observation is observed.

Audit Obsevation	Management comment	Recommendation
According to the approval of the procurement committee received on 07 February 2022 for the purchase of 20,000 bags of polysack, 10,000 bags were obtained on 23 February 2022 and the related amount of Rs.375,000 was paid to the supplier and an order was issued to obtain the remaining 10,000 bags on 09 March 2022. Since the supplier had informed that the stocks were finished, on 28 June 2022 the prices were called again and 10,000 bags were purchased for Rs.1,000,000. Accordingly, the authority had incurred a loss of Rs.625,000 due to ordering only 10,000 bags from the requirement of 20,000 bags.	On the recommendation of the Audit and Management Committee of the Authority for this audit observation , this investigation report , the internal audit report and the reply of the Assistant Manager (Control) were submitted to the meeting of Board of Directors held on 27.07.2023 , and the Board of Directors has instructed to submit a Board Paper for this purpose .	Action should be taken as per the recommendations of the inquiry report.

3.4 Transactions with Contentious Nature

The following observations are made.

Audit Observation	Management comment	Recommendation
(a) The numbers related to 32 payment vouchers numbered from 3143 to 3175 under the date of 31 December 2022 were recorded in the cash book for the purpose of preparing the payment vouchers and paying the officials later. Further , a cheque book containing 50 cheques numbered from 210901 to 210950 was set aside and those numbers were recorded in the cheque issuance register without any payment details for the purpose of giving the cheques later and those cheques had been cancelled later. Attention of the Management was not focused on these controversial practices.	A preliminary investigation committee has already been appointed for this purpose , and further action will be taken according to the recommendations of the committee.	Proper internal control systems should be maintained as per the financial regulations and action should be taken on responsible officers as per the recommendations of the investigation committee.
(b) A total sum USD 48,408,208 had been submitted in 13 occasions to the insurance company of the MV X Press Pearl ship for reimbursement of the expenses incurred by the authority and other institutions, relating to shipwreck. However, a sum of USD 6,725,298 and USD 20,317,670 had only been reimbursed. Information was submitted to the audit that the requested USD 32,379,067 has been rejected by the insurance company due to the estimated costs and including 25 percent administrative costs, and that reimbursements will not be made in the future.	From the total claims of USD 48.4 million submitted to the insurance company in relation to the MV X Press Pearl, a sum of USD 32.3 million has been rejected due to estimated costs and also including a 25 percent administrative fee according to the principle of reimbursement of actual costs. Further a sum of USD 6.7 million is proposed for the claims submitted.	Necessary arrangements should be made to perform with due care and consider rejections in making future requests for reimbursement and make sure to obtain all reimbursements.
(c) The authority had filed a case under criminal responsibility on 15 November 2022 regarding the MV X Press Pearl ship accident that occurred 9.5 nautical miles away from the Colombo port on 20 May 2021. However, the decision in that case had not been given until 10 July 2023. In relation to this, a civil liability case	The case filed in the Colombo Magistrate's Court on 15 November 2022 under criminal responsibility for the ship accident under case No. 4118/2022, is still being investigated. First case was summoned on 20.01.2023 and then the case was summoned	The responsibility of the Authority should be fulfilled in a proper manner regarding the conclusion of the proceedings in a favorable manner.

was filed in the Singapore Commercial Court in May 2023 and its progress was not reported.

on 2023.02.27, 2023.02.28, 2023.06.01 and 2023.06.15. This date of final decision will be decided according to the time taken for the court process. This authority is doing the necessary work for the case and we are not able to influence on the time taken to give the decision.

Under the civil responsibility, the case related to the above ship accident has been filed in the Singapore court in May 2023 and all those matters are being carried out by the Attorney General through the Attorney General's Department. This Authority provides the necessary assistance to it .

(d) According to the approval of the Cabinet dated 06 June 2018, 84 waste management regional committees that were established to represent all the institutions related to waste management in Sri Lanka's ports and coastal areas should meet at least once a month, but 64 committees had not met in the year 2022. Among them, 12 committees had held one session and 04 committees had only two sessions. It was also observed that 63 committees had not inspected the coastal zones during the year. Accordingly, it was observed that the desired objectives of these committees, such as increasing the quality of the coastal environment , increasing income in the fishing and tourism sectors, etc., have not been achieved.

Due to the economic crisis in the country, non-availability of fuel prevented the enforcement units from holding meetings and field inspections as expected .

Due to restriction of disbursement of funds from the treasury, the expected progress was also not achieved.

After meeting National Committee on Waste management committees in 2023, the roles of each institution were identified separately and a mobile phone application is being prepared in the future to make this process more effective and efficient.

According to the approval of the Cabinet, 84 Regional Waste Management Committees that were established to represent all the institutions involved in waste management in Sri Lanka's ports and coastal areas should meet at least once a month and work to achieve the desired progress .

- (e) The cost could not be proved to be economical when prices are available for receiving food parcels but with food items purchased separately. Furthermore, the correctness of the payment of Rs.23,154,710 for the purchase of food and beverages and the payment of accommodation fees from 61 payment vouchers due to the fact that the serial numbers of the bills issued in relation to these payments were in the same order and the name of the authority was not mentioned and cheques were written in other names instead of the name of the supplier mentioned in the bills, could not be confirmed. The attention of the responsible officials was also not focused on these controversial matters.
- The type of food and the quantities and values purchased from each type of food are mentioned. The fact that the name of the Authority was not mentioned while writing the bills was not noticed at that time and will be careful about it in the future. also inform that the order of the bill serial numbers issued to the authority beyond the authority's control, and the difference between the name of the supplier and the name on the cheque was at the request of the supplier.
- Purchases must be made as received prices. Officers should be held accountable for transparent payment of bills issued in the name of the authority to the selected supplier.
- (f) For the storage of waste collected from the MV X Press Pearl shipwreck, the supplier had been selected not complying procurement guidelines on two occasions in 2021 and a forklift had been hired at Rs.1400 and Rs.1500 per hour. Although there were 07 months had remained on the contract and again in May 2022 the price of Rs.2900 per hour was obtained from the same supplier through the Wattala warehouse, where the machine was installed and opened 03 days after the closing of bids. The award of the contract was observed to be a matter of controversy. The rent paid for this machine in relation to the year 2022 was Rs. 2,433,800 and the authority had to bear a huge cost annually due to the fact that the authority had not considered the need of the machine for a long time and paid attention to the purchase of a new machine.
- It has not been possible to follow the procurement process completely due to the closure of the institutions and movement restrictions in the country because of Covid situation. Prices were obtained based on information obtained from various institutions and individuals. Due to the increase in the value of the dollar and the rapid rise in prices, after the tenders were opened, the prices referred by a supplier to the Negombo Regional Office were opened on 30.05.2022 and a tender was awarded at Rs. 2900 per hour based on favorable conditions. Since the Treasury has stopped acquiring fixed assets, it has not focused on buying a new machine.
- The procurement process should be followed by identifying the need.

- (g) A warehouse with a size of 48,765 square feet was chosen without preparing estimates, following the shopping method and without technical evaluation, instead of the requirement of 25,000 square feet to store the wastage on MV X Press Pearl shipwreck and a sum of Rs.1,706,775 for the first 06 months from June 2021, and in the second 06 months, increasing 40 percent more amounting to Rs. 2,400,000 per month had been paid. It was also observed that the government's monthly assessment for this warehouse was Rs.1,800,000. Thereon an amount of Rs.3,600,000 had been overpaid for the second 6-month period, and it was observed that a loss of Rs.3,580,650 was incurred due to the rejection of the bid of monthly charge of Rs.1,755,000 for 30,000 square feet. Furthermore, although the Cabinet approval given to rent a warehouse for a period of one year had been ended on 14 December 2022, the future need of this warehouse, the fact that the shipping company had decided not to reimburse the rent after 06 September 2022, etc., were not addressed.
- This was not only storage but also requirements such as grouping of stored materials, separation of materials that can be taken back to the environment and safe parking of equipment and vehicles, were there. So considering the limit of 25,000 square feet as the minimum requirement, the evaluation process was carried out focusing on more categories. According to the agreement of the Central Environmental Authority and the agreement of the Insurance Agency, the Cabinet has given approval to acquire this warehouse on rental basis and to extend the period .
- Action should be made to follow the procurement process as per the requirement.
- (h) A vehicle owned by the Authority had been repaired using Japan gearbox on 23 June 2021 at a cost of Rs.381,450. However, the vehicle couldn't drive on a gearbox fault. The repair was not certified by a technical officer and the old gearbox was also not delivered to the store . Although the car is covered by a warranty of 30,000 km after this repair , the car was handed over to the said institution and without proper repairs, a car was taken on a rental basis from 21 June 2021 and an amount of Rs.3,741,685 had been paid for it until 12 March 2023. The responsible officers had not been
- The advisory service of a technical officer or automotive engineering training institute could not be obtained due to the Covid 19 situation and the complete shutdown of the country. Due to calling all the employees of the authority to work for the duties of Mv X – Press Pearl ship accident and providing them with transportation facilities , a reserve vehicle could not be provided to the chairman. As per the approval of the board
- Action should be taken to conduct a formal investigation regarding this repair and restore the vehicle for a better condition and consider the necessity of renting the vehicle and disciplinary action should be taken against responsible officers in case of deviations.

identified and no action was taken against them. of directors and the procurement committee, arrangements were made to obtain a vehicle on rental basis. .

3.5 Idle or underutilized property, plant and equipment

The following observations are made.

	Audit Observation	Management comment	Recommendation
(a)	There were 3,110 no of Sinhala and Tamil magazines, and 15,387 no of Samudura newspapers incurring a cost of Rs.709,809 for printing by the Authority from the year 2017 to the year 2020 were kept undistributed in the warehouse.	These magazines and books could be used for future exhibitions and other needs .	Action should be taken to identify the needs, print and distribute .
(b)	A dinghy boat worth of Rs.672,000 purchased in 2011 and a freezer worth of Rs.255,000 purchased in 2021 were stored in the institution without being used.	The dinghy boat was identified for disposal by the Board of Survey and the engine of the boat was handed over to the Batticaloa Regional Office. A freezer is kept in the main office to store animal parts and water samples collected in connection with the M V X – Press Pearl shipwreck. It is planned to be sent to the Southern Province Laboratory in the near future.	The necessity and usability of these equipments should be checked and arranged to be used or disposed and kept safe until then.

3.6 Human Resource Management

	Audit Observation	Management comment	Recommendation
(a)	There were 30 vacancies including the post of general manager and 10 senior level posts, out of total 230 approved staff as at 31 December 2022 .	Requests were made in writing to the Prime Minister Secretariat and the President Secretariat through the line ministry to recruit all the vacant posts by 31 December 2022 .	The number of posts should be revised or arranged in such a way that officials could be recruited for the vacant posts or the internal control system could be strengthened considering the existing service requirement .

- (b) The officer appointed to perform the duties of the post of Manager (Admin & Finance) was Assistant Manager (Finance) in his permanent post, had also signed the documents as the accountant.
- The comment is not correct.
- Position title should be used as per the approved Scheme of Recruitment procedure .