



Let us be  
Committed to  
Creating a Healthy  
Coastal and Marine  
Environment for  
Posterity

---



## **Annual Report 2017**

**Marine Environment  
Protection Authority**

**Ministry of Mahaweli Development  
and Environment**



## CONTENTS

<b>1</b>	<b>Background</b>	
	1.1 Introduction	11
	1.2 Responsibility and Functions of the Authority	11-13
<b>2</b>	<b>Administrative Report</b>	14-16
<b>3</b>	<b>Report of the Audit and Management Committee</b>	17-18
<b>4</b>	<b>Operational Review</b>	19-34
<b>5</b>	<b>Service and Responsibility of Administrative, Human Resources Development, Internal Audit, Planning, Finance and Legal Divisions</b>	
	5.1 Administrative Division	35
	5.2 Legal Division	35
	5.3 Internal Audit Division	35-36
	5.4 Human Resources Development Division	36-39
	5.5 Planning Division	40
	5.5 Finance Division	40-42
<b>6</b>	<b>Accounting Policies, Financial Statements and Notes of the Authority</b>	
	6.1 Accounting Policies	43-45
	6.2 Statement of Financial Position as at 31.12.2017	46
	6.3 Statement of Financial Performance for the Year ended 31.12.2017	47
	6.4 Statement of Changes in Net Assets and Equity for the year ended 31.12.2017	48
	6.5 Cash Flow Statement for the Year 2017	49
	6.6 Notes to Financial Statements	50-66
	6.7 Statements of Financial Position for the Years 2013 to 2017	67-68
	6.8 Statement of Financial Performance for the Years 2013 to 2017	69
<b>7</b>	<b>Report of the Auditor General</b>	70-83



The Marine Environment Protection Authority was established under the former Marine Pollution Prevention Act No. 59 of 1981. The new Marine Pollution Prevention Act No. 35 of 2008 was enacted for strengthening the legal powers vested in the Marine Environment Protection Authority for acting to prevent, mitigate and control marine pollution and for implementing international Conventions on marine pollution applicable to Sri Lanka and it was brought into effect on 01 January 2009.

## **Corporate Information**

### **Name of the Authority**

## **Marine Environment Protection Authority**

### **Legal Statues**

A regulatory authority established under the Marine Pollution Prevention Act No. 35 of 2008

### **Registered Address and Head Office**

Marine Environment Protection Authority

No. 177, Nawala Road,  
Narahenpita, Colombo 05.

TP: 011 2554006/011 2554373

Fax: 011 2556505/011 2554173

E-mail : [info@mepa.gov.lk](mailto:info@mepa.gov.lk) Web: mepa.gov.lk

### **Board of Directors**

#### **Chairman**

01. Rear Admiral (Retired) Rohana Perera ,  
Appointed by Minister

#### **Directors**

02. Mr. R.R.R.A. Rupasinghe  
Additional Secretary, Minister of Mahaweli  
Development and Environment

03. Mr. N.L.M.B. Liyanage  
Parliament Secretary to the President  
(Appointed by Minister)

04. Mr. A.W. Senevirathne  
Director General, Department of Merchant  
Shipping

05. Mr. S.I.M. Rosa  
Director, Department of National Budget

06. Mr. Mahendra Perera  
(Member appointed by the Minister)

07. Mr. Poshitha Perera  
Director, Ministry of External Affairs

08. Mrs. Sepalika Wickramasinghe  
Director, Ministry of Fisheries

09. Commodore Mr. P.D.S. Dias  
Director, Sri Lanka Navy

10. Dr. P.B. Turney Pradeep Kumara  
General Manager



## **The Management Team of the Authority**

<b>Designation</b>	<b>Name</b>	<b>Qualification</b>
Chairman	Rear Admiral (Rtd) Rohana Perera - RSP, VSV, USP	
General Manager	Dr. P.B. Teney Pradeep Kumara	B.Sc. Special (Zoology), Ph.D.
Acting Deputy General Manager(Operations)	Mr.A.J.M.Gunasekara	BSc,MSc (NRM),MSc.(Maritime Affairs)
Manager Legal	Miss. A. Kariyawasam	LLB, M Sc (Maritime Law and Policy )
Accountant	Mr. D.R.C.Jayawardana	B.Com.SP,MBus (Accounting)/ LICA
Deputy Managers (Western & North Western Province)	Mrs. T.S.Ranasinghe	B Sc, M.Sc.(Env.Sc) M.Sc.(Maritime Affairs)
Deputy Managers (Southern Province)	Mrs.R.P.Ranaweera	B Sc. SP(Hons), M.Sc.(NRM)
Acting Assistant Managers ( Nort and Eastern Province)	Mr. T.Shripathy	B Sc
Assistant Managers (Provincial)	Mr. H.T.N.I. Piyadasa	B.Sc, M.Sc.(NRM), M Sc. (Maritime Affairs)
Assistant Manager (Ship Surveys)	Mr. R.N. Priyadarshane	B.Sc, NDES
Assistant Manager (Human Resources)	Mrs. W.H.K. Hitibandara	B.Sc
Assistant Manager (Planning)	Mr. K.P.K.T.U. Fernando	B Sc(Hons), PGD (Applied Statistics)
Assistant Manager (Operations)	Mr.T.G.I.P. Amaranayeka	B.Sc. SP(Hons),MSc(DAMm)
Internal Auditor	Mr. W.A.Pubudu Udana	EDBA(Col),AMA(CMASL),ICBA,SMAAT,Intermediate (CASL), CBA(CASL)
Assistant Manager (Administration)	Mr. S.M.C. Kumarage	B.B.Mgt. (Sp.)(HRM)
Administrative Officer	Mrs. G P Nilanjani	BA(Hons/Sp)
Media Officer	Mr. Saumya Ekanayake	BA (Hons/Sp) Dip.Masscom, Dip Television
IT Officer	Mr. A.M. Nehmathullah	Bsc(Hons) Technology & E Commerce, MCTS

## Provincial Offices and District Offices of Marine Environment Protection Authority

### 1 Western and North-Western Provincial Office and Colombo District Office

No:177,NawalaRoad,Narahenpita,Colombo05.  
TP: 011 2554078/071 3462298  
Fax: 011 2556505/011 2554173

### 2 District Office – Kalutara District Marine Environment Protection Authority,

No:28, Gagabada Road,Kalutara.  
TP:034 2221790/071 2666456  
Fax: 034 2221790

### 3 Southern Provincial Office and District Office, Galle

Marine Environment Protection Authority,  
No:426/B, Colombo Road, Dadalla,Galle.  
TP: 091 2233549/091 2233547/071 8214184  
Fax: 091 2233549

### 4 District Office – Matara District

Marine Environment Protection Authority,  
18 Wilmott Balasuriya Avenue, Nupe, Matara.  
TP: 041-2234250/071 4926849  
Fax: 041 2234250

### 5 District Office – Hambantota District

Marine Environment Protection Authority,  
46 Second Floor, Administrative Complex,  
Siribopura, Hambantota.  
TP: 047 2256372/071 3624651  
Fax: 047 2256372

### 6 District Office – Ampara District

Marine Environment Protection Authority,  
Pradeshiya Sabha Building,  
Village Council Road, Thambiluvill  
TP: 067 2265416  
Fax: 067 2265416

### 7 Eastern Provincial Office and District Office, Trincomalee District

Marine Environment Protection Authority,  
4<sup>th</sup> Mile Post, Trincomalee.  
TP:026 2050805/071 8383363  
Fax: 026 2050805

### 8 District Office – Jaffna District

Marine Environment Protection Authority,  
District Secretariat, Jaffna.  
TP: 021 2212663  
Fax: 021 2212663

### 9 District Office – Puttalam

Marine Environment Protection Authority,  
Nuge Sewana – Part B, Regional Resource  
Development Authority building, Pabbala,  
TP:032 2222865/071406600  
Fax: 032 2222865

### 10 District Office – Gampaha District

Marine Environment Protection Authority,  
704/9A Second Kurana, Colombo Road,  
Negombo.  
TP:031 2228606/071 8325678  
Fax: 031 2228606

### 11. District Office – Mannar District

Marine Environment Protection Authority,  
District Office, Mannar  
TP: 023 2251758  
Fax: 023 2251758

### 12. District Office – Batticaloa District

Marine Environment Protection Authority,  
No:03, Pillayar Kovil Road,  
First Cross Road,  
Kallady, Batticaloa  
TP: 065 2224979

## **Message from the Chairman**

It is a pleasure to give this message to the Annual Report for the year 2017.

The Marine Environment Protection Authority established by the Marine Pollution Prevention Act No. 35 of 2008 is the regulatory authority that works to prevent, mitigate and control marine pollution in the marine region of Sri Lanka.

The National Marine Environment Symposium, which was aimed at stimulating a dialogue in the society towards saving the marine environment from the threats posed to it locally and globally, obtaining proposal for and identifying and resolving the environmental problems prevailing at present, was held for the third time in the year 2017 covering all the aspects of the field of marine environment.

Formulating national strategies for the prevention, control and management of marine pollution which occurs due to the fishing industry and associated activities has been conducted with the intervention and guidance of the Authority. As such, the proposed strategies are to be implemented jointly with the Ministry of Fisheries, the Department of Fisheries and the Fishery Harbours Corporation.

As a pilot project under the programmes implemented to bring about a clean coastal belt around Sri Lanka, the covering of the drains system through which waste water flows into the ocean was conducted using the funds of the authority. This gave the opportunity to gather waste, which had

thitherto flowed directly to the ocean, and dispose it properly in the ocean. This methodology was proposed to be implemented by all District Offices throughout Sri Lanka, with lessons learned from the pilot project.

From the capital provision of 90 million rupees allocated for the year 2017 as per the Action Plan, 84 million rupees was spent during the year with a physical progress of 93% and a financial progress of 67%. The reduction of the financial progress was mainly caused by the non transfer or delay of Treasury allocations.

The Authority was able to mitigate the harm already caused and prevent the damage which could have occurred by several oil spills that occurred in 2017 and control the situation by obtaining assistance of the party involved.

I wish to place on record with gratitude the leadership and guidance received from His Excellency Maithripala Sirisena, President and Minister in charge of the subject, and the advice and support given by the Deputy Minister and the Secretary to the Ministry as well as the assistance extended by the Board of Directors, the General Manager, the Deputy General Manager and the staff for the prevention, control and management of marine pollution activities by the Authority in the year 2017.

Rear Admiral (Retired) Rohana Perera, *RSP, VSV, USP*  
Chairman

## Message from the General Manager

It is a pleasure to give a message to the Annual Report for the year 2017.

It was possible to implement the marine environment protection activities in a more methodical and proper manner, overcoming the challenges that came face the Authority in the year 2017. The Authority laid the foundation to implement a strategic and integrated methodologies in protecting the marine environment and to establish the mechanism necessary to put it into action effectively in the field in the year 2017.

I wish to point out that the awareness, dedication and rallying on the part of the Sri Lankan society is essential at this juncture when we are engaged in the very serious and responsible task of bequeathing an optimum marine environment to the posterity by identifying sources of marine environment pollution, building a dialogue in the society regarding the importance of protecting the marine environment and managing the motivation caused through social media towards the protection of marine environment in view of the rapid growth in tourism and special attention drawn towards marine environment in formulating national policies and trends in national economy.

The operational activities of the Authority have gradually expanded since its inception, and it was possible to be network and implement them covering the whole island. The Authority is still exploring novel

methodologies and strategies to maintain the coastal marine environment free of pollution through sustainable means, recruit the staff that was vacant and increasing the training opportunities for officers.

I wish to make this an opportunity to thank the His Excellency Maithripala Sirisena, President and Minister of Mahaweli Development and Environment, for his guidance and support in overcoming the challenges faced in protecting the marine environment and manage them oit ensure the safety of the marine environment, Hon. Anuradha Jayarathna, Deputy Minister, Secretary to the Ministry and his staff, the Chairman and the Board of Directors, and the comrade members of the staff who work hand in hand with me in shouldering the massive responsibility of protecting the marine environment.

Dr. P.B. Tourney Pradeep Kumara  
General Manager/ Chief Executive Officer



## **Vision**

"Creating a pollution free marine environment around Sri Lanka for the sustainable development and the well being of its people and the economy"

## **Mission**

"Be an agency with skills, competence, organizational structure and infrastructure framework necessary to prevent, control and manage marine pollution in Sri Lanka's environment through effective enforcement of regulations, implementation of relevant International Conventions, and coordination and mobilization of stakeholders and other resources, for sustainable management of marine environment for present and future generations.

## 1. Background

### 1.1 Introduction

As an island, Sri Lanka is located at a strategically important place in the Indian Ocean. According to the international laws, Sri Lanka is entitled to tap resources in a vast marine region eight times the size of its land area. International shipping routes linking the orient and the occident run along the ocean region belonging to our country. The territorial waters belonging to Sri Lanka is rich with many resources, which are gradually polluted due to navigation of ships and human activities on land.

As such, the Marine Pollution Prevention Authority was established in terms of the Marine Pollution Prevention Act No. 59 of 1981 in order to maintain our oceanic resources free of pollution. The new Marine Pollution Prevention Act No. 35 of 2008 was enacted for strengthening the legal powers vested in the Marine Environment Protection Authority for acting to prevent, mitigate and control marine pollution and for implementing international Conventions on marine pollution applicable to the Government of Sri Lanka and it was implemented with effect from 01 January 2009. According to this Act, the name of the Authority was changed as Marine Environment Protection Authority.

Developing Sri Lanka as a naval hub is one of the main objectives as per the vision of the new government which is came in to the power in 2015. In the presence of this

objective, construction of new harbors and improvement of existing harbors is also done. In addition, programmes are being formulated to tap the marine resources. Therefore, the contribution on the part of this Authority is necessary for minimizing the pollution that can occur through development measures and for maintaining the sustainability of these industries.

Accordingly, this Authority has been implementing many programmes as the institution assigned to minimize, mitigate and management of pollution of marine Environment.

### 1.2 Responsibilities and Functions of the Authority

#### 1.2.1 Functions of the Authority

- (a) To effectively and efficiently administer and implement the provisions of the Act and the Regulations made thereunder.
- (b) To formulate and execute a scheme of work for the prevention, reduction, control and management of pollution arising out of ship-based activity and shore based maritime related activity in the territorial waters of Sri Lanka or its foreshore or the coastal zone of Sri Lanka.
- (c) To conduct research in collaboration with other departments, agencies and institutions in both government and private sector for the purpose of prevention,

reduction, control and management of pollution arising from any ship-based activity or shore-based maritime related activity in the territorial waters or any other maritime zones of Sri Lanka or its foreshore or the coastal zone of Sri Lanka.

(d) To take measures to manage, safeguard and preserve the territorial waters or any other maritime zone of Sri Lanka its foreshore and the coastal zone of Sri Lanka from being polluted by oil, harmful substances or any other pollutant.

(e) To provide adequate and effective reception facilities for oil, harmful substances or any other pollutant.

(f) To recognize and recommend adherence to all international conventions and relevant protocols dealing with marine pollution which the government of Sri Lanka has or may ratify, accept, accede or approve.

(g) To formulate and implement the national oil spill contingency plan.

(h) To oversee, regulate and monitor the conduct of the contractors service sub-contractors, and other persons conducting or engaged in exploration of natural resources of natural resources associated with petroleum or other related activities

(i) To create awareness amongst various community groups on the need to preserve the marine environment.

(j) To do all such other acts or things as may be necessary for the discharge of all or any of the above functions.

### **1.2.2 Powers of the Authority**

(a) To effectively safeguard and preserve the territorial waters or any other maritime zone of Sri Lanka or its foreshore or the coastal zone from any pollution arising out of any ship based activity or shore based maritime-related activity.

(b) To conduct investigations and inquiries and to institute legal action in relation to any pollution, arising out of any ship based activity or shore based maritime-related activity.

(c) To control all sea transport of oil and bunkering operations that are carried out in the territorial waters or any other maritime zone of Sri Lanka or its foreshore or the coastal zone for the purpose of prevention of pollution.

(d) To acquire, hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any movable or immovable property;

(e) To employ such officers and servants as may be necessary for the purpose of discharging the functions of the Authority;

(f) To enter into and perform directly or through any officer or agent authorized in that behalf, all such contracts as may be necessary for the discharge of the functions of the Authority;

(g) To appoint any person by name or office for the purpose of conferring all or any of the powers conferred on the Authority under the Act;

(h) To open, operate and maintain accounts in any bank or financial institution approved by the Board;

(i) To borrow such sums of money as may be necessary for the purpose of discharging the functions of the Authority;

(j) To accept and receive grants, donations and bequests of property both movable and immovable from sources in Sri Lanka and abroad and utilize them for the purpose of discharging the functions of the Authority;

(k) to make rules in respect of the management of the affairs of the Authority;

(l) To charge fees from any person or body of persons for any services provided by the Authority;

(m) To levy fees or charges in respect of all ships calling at Sri Lankan ports for the services provided by the Authority; and

(n) To do all such other acts or things as are necessary for the proper discharge of the functions of the Authority or are incidental to any of the powers specified in this Act or conferred on or assigned to the Authority

## 2. Administration Report

The Board of Directors guided and monitored the operational activities carried out for achieving the objectives expected through the implementation of the Corporate Plan 2016-2020 and the Annual Action Plan that were prepared aiming at the objectives of the Marine Pollution Prevention Act No. 35 of 2008. The Board of Directors further believes that by adopting good governance principles, long lasting benefits can be brought to stakeholders and the authority can be perform properly. The Board of Directors of the Marine Environment Protection Authority comprises ten (10) members.

The Administration Report has prepared base on the principles of corporate governance and the activities of the year under review in accordance with the guide for good governance published by the Chartered Accountants of Sri Lanka and principles and requirements of other administrative guiding issued by the Treasury and other relevant Authorities.

The attention of the Board of Directors was focused day-by-day towards improving the internal controls where necessary for ensuring that the principles of corporate governance are followed by responsible and transparent manner. The internal control structure is comprised of the Board of Directors, Audit and Management Committee, being its sub-committee, and a qualified senior Management team. The following Administrative Structure shows the manner in which internal control units

are used effectively through restructuring processes and methodologies.

### 2.1 Responsibility and Role of the Board of Directors

Using the capacities and decision making power that it possesses in the course of policy making and evaluation for the purpose of achieving the objectives specified in the Marine Pollution Prevention Act is one of the main responsibilities of the Board of Directors. The role of the Board of Directors is to implement strategies to achieve the long-term objectives. Technical and consultancy services had to be obtained from the experts in the field when necessary in executing these tasks.

During year 2016-2020, It is the responsibility of the Board of Directors to practice good governance principles in order to achieve the targets expected by the Combined Plan, the Action Plan and the Budget Estimate.

The Board of Directors has appointed the Audit and Management Committee as a sub-committee to independently perform scrutinizing and monitoring to ensure effective and efficient performance of management and operational activities. This Committee mainly comprises non-executive Directors. This report contains the responsibilities and roles of the Audit and Management Committee.

## 2.2 Composition of the Board of Directors

The Board of Directors was comprised of 10 members as at 31.12.2017. Eight of them are non-executive Directors while the Chairman and the General Manager function as executive Directors

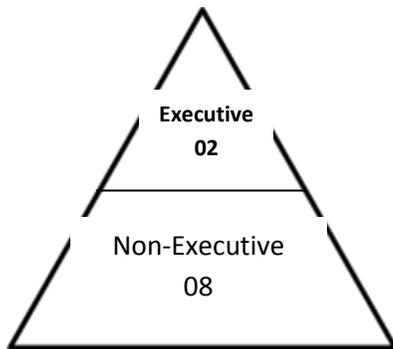


Figure 01

Mr. Rear Admiral Rohana Perera functioned as Chairman from the date of 05.01.2016 and he provided facilities and guidance for the proper conduct and smooth operation of the affairs the Board of Directors.

The executive and non-executive composition of the Board of Directors was kept in accordance with the provisions of the Marine Pollution Prevention Act No. 35 of 2008. Six of the non-executive Directors serving the Board of Directors are those representing four key Ministries, Navy Commander and the Director General of the Merchant Shipping Department. As such, Directors have been appointed to cover all the subject areas relevant to the scope of the Authority and these non-executive Directors perform a great role in bringing about coordination between those institutions.

## 2.3 Appointments and Retirements in the Board of Directors

During the financial year 2017 that is under review, the board appointed by the finance ministry replaced with S.M.I. Rosa and the representative of Navy Commander Ginadasa replaced by the commander dias. This appointed was made based on the requirement of appointing authority. This appointment was not effected to the board activities.

## 2.4 Meetings of the Board of Directors

During the year 2016, 13 Meetings of the Board of Directors were conducted. Necessary steps had been taken to send to the Board of Directors in time the Board Papers and other information necessary for making effective and efficient decisions.

## 2.5 Secretary to the Board of Directors

The Manager (Legal) of the Marine Environment Protection Authority functions as the Secretary to the Board of Directors. The Secretary to the Board of Directors provided the Board of Directors with necessary information in time and accurately adapting to the principles of good governance and legal requirements and managing more efficiently, in addition to keeping the records of the Board of Directors.

## 2.6 Records on the Meetings of the Board of Directors of the Marine Environment Protection Authority in 2017

	<b>Name</b>	<b>Position Held by the Board of Directors</b>	<b>No. of Meetings of the Board</b>
01	Rear Admiral (Retired) Rohana Perera	Chairman (Member appointed by the Minister)- Executive Director	13/13
02	Dr. P.B. Turney Pradeep Kumar	General Manager Executive Director	13/13
03	Mr. R.A.R.R. Rupasinghe	Non- Executive Director (Member appointed by the Minister)	07/13
04	Mr. A.W. Senevirathna	Non- Executive Director (Member appointed by the Minister)	06/13
05	Mr. N.L.M.B.Liyanage	Non- Executive Director (Member appointed by the Minister)	09/13
06	Mr. G. Mahendra Perera	Non- Executive Director (Member appointed by the Minister)	12/13
07	Mr. Poshitha Perera	Non- Executive Director	12/13
08	Mrs. Sepalika Wickramasighe	Non- Executive Director	06/13
09	Commodor A.K.M.Jinadasa	Non- Executive Director	09/13
10	Mrs. Anoma Nandani	Non- Executive Director	04/13
11	Comodor P.D.S.Dias (on behalf of commodore A.K.M.Jinadasa)	Non- Executive Director	04/13
12	Mr. S.I.M.Rosa (on behalf of Mrs.M.Anoma Nandani)	Non- Executive Director	03/13

## 2. Report of the Audit and Management Committee

The Audit and Management Committee comprises three non-executive Directors, Mrs. Anoma Nandani representative of the Treasury, held its chair and Mr. R.R.A.R. Rupasinghe, Additional Secretary to the Ministry of Environment, and Mr. N.L.M.B. Liyanage appointed Member of the Board of Directors, were the Members of the Committee. In addition, Audit Superintendent in charge of the Ministry of Environment and Chief Internal Auditor of the Ministry of Environment attended the Meetings of the Audit and Management Committee as main observers. The General Manager and the Accountant as well as officers holding other relevant positions appeared before the Committee whenever necessary to give clarifications upon being summoned by the Audit and Management Committee.

The internal auditing activities were carried out by the Internal Audit Division. The operations within the purview of audit have been planned to be implemented within the year covering operational, financial, administrative and legal Divisions. In addition, the Auditor General's Department subjected the deficiencies existing in terms of operations, administration and finance as well as shortcomings in internal controls to evaluation, side by side with auditing the Financial Statements.

Measures were adopted to make the necessary rectifications by discussing the internal audit report with the management. The audit was planned and implemented to obtain an assurance that the affairs of the

Authority are conducted in accordance with the internal Circulars of the Authority, the Financial Regulations, the Establishments Code and other regulations. All the financial, administrative and operational activities including the preparation of the Financial Statements of the Authority, preservation and maintenance of the assets of the Authority and maintaining the liquidity of the Authority were subjected to audit in this endeavor. The Audit and Management Committee inspected the Financial Progress Reports prepared by the Accountant and submitted recommendations to the Chairman and the General Manager pertaining to the action that should be taken regarding it.

The Audit and Management Committee discussed with the Auditor General's Department their observations, conclusions and recommendations at its meeting. In addition, the Audit and Management Committee evaluated the facts unveiled by the internal audit reports and the effectiveness of the auditing methodologies and provided the instructions and guidance necessary to minimize the deficiencies. The Audit and Management Committee conducted meeting four times during the year.

**Records on the Meetings of the Audit and Management Committee of the  
Marine Environment Protection Authority in 2017**

	<b>Name</b>	<b>Position Held in the Audit and Management Committee</b>	<b>No. of Meetings of the Audit and Management Committee</b>
01	Mrs. Amona Nandani	Chairman	02/04
	Mr. S.I.M.Rosa	Chairman	02/04
02	Mr. N.L.M.B.Liyanage	Member	01/04
03	Mr. R.A.R.R. Rupasinghe	Member	03/04
04	Mr. L.D.N. Kumarasiri	Observer (Ministry of Mahaweli Development and Environment-Chief Internal Auditor)	02/04
05	Mr. K.K.S.Jayakody	Observer – Department of Auditor Genral (Audit Superintend)	04/04
06	Mrs. E.D.Kumudu	Observer (Ministry of Mahaweli Development and Environment-Chief Internal Auditor)	01/04

## 4. Review of Operational Activities

### 1. Improving the marine environment control methodologies

#### 1.1 The sea water quality testing programme

The Regional Offices established by the Marine Environment Protection Authority in coastal Districts carry out water quality tests at selected sea bathing places. Water samples are tested for identifying the quality and extent of pollutants based on physical, chemical and bio measurements. Here temperature, turbidity and conductivity are tested as physical measurements. At the same time, the acidity/ basicity, nitrate as well as phosphate composition are chemical measurements. Physio-chemical such as extent of dissolved oxygen (DO), bio-oxygen demand (BOD), bio-chemical demand (COD) and microbiological data such as total coliform bacteria, coliform bacteria in faecal matter (fecal coliform) are counted monthly using water samples.

Table 1: Bathing sites at which Water Quality is Tested

Regional Office	Sea Bathing Place Tested
Colombo	Mount Lavinia, Wellawatta
Negombo	Negombo Beach Park
Chilaw	Chilaw Beach Park, Wennappuwa
Trincomalee	Marble Beach, Pigeon Island, Nilaweli Beach, Trincomalee
Ampara	Arugambay
Hambantota	Pigeon Coast
Matara	Mirissa
Galle	Unawatuna
Kalutara	Moragalla
Jaffna	Charty, Casurina, Thondamanaru

Mannar	Thalai Mannar, Pes alai, Keeri
Batticaloa	Pasikuda

The testing of water samples for the above-mentioned parameters is very important in studying short-term water quality changes while testing for total coliform, fecal coliform and E. coli count, which are main parameters for measuring pollution of water by fecal material, is crucial since it is a clear indicator to show the possibility for the presence of disease causing bacteria. The data obtained from these water quality tests are crucial for improving the bathing places as well as for raising people's awareness while ocean bathing places are rated according to the findings of these tests.

Table 2: Bathing Site Water Quality Index

Quality	Indicator	Class
Very Poor	<45	VI
Poor	46 - 60	V
Average	61 - 69	IV
Good	70 - 79	III
Very Good	80 - 90	II
Excellent	91 - 100	I

Table 3: Classification of Marine Bathing Places in Sri Lanka

District	Value of Indicator	Quality	Class
Kalutara	100	Excellent	I
Galle	70	Excellent	III
Matara	100	Excellent	I
Hambantota	90	Very Good	II
Ampara	100	Excellent	I
Batticaloa	100	Excellent	I
Puttalam	70	Good	III
Gampaha	66.9	Average	IV
Colombo	59.96	Poor	IV
Trincomalee	100	Excellent	I
Jaffna	100	Excellent	I
Mannar	100	Excellent	I

Based on the findings from the above-mentioned studies, the Marine Environment Protection Authority has conducted various programmes to minimize marine pollution for enhancing the water quality. Preparing the national policies, strategies and the action plan for minimizing pollution associated with fishery industry, preparing Coastal Environmentatl Profile, forming Coastal Management Committees, implementing coral reefs rehabilitation programmes as well as placing waste bins in the coastal zone, issuing

licences for controlling the disposal of waste in the sea, issuing licences for minimizing the pollution that takes place when fuel is pumped from ships and monitoring the places at which waste is dumped and water courses fall into the sea are a few such programmes.

### 1.2 Combating the Pollution that Occurs in the Fishery Industry

Preparing the National Policies, Strategies and the Action Plan for Minimizing Pollution Associated with Fishery Industry

“The final draft of the “National Policies, Strategies and the Action Plan for Minimizing Pollution Associated with Fishery Industry” and the Cabinet Paper seeking the approval of the Cabinet of Ministers for it have been prepared and sent by the Ministry of Mahaweli Development and Environment to the Ministry of Fisheries and Aquatic Resources.

### 1.3 Issuing Licences for Bunkering 2017

Licences have been obtained for 10 ships for bunkering while 03 firms have obtained licences for bunkering operations using tankers trucks (Bowsers) for the year 2017. Further, Lanka Indian Oil Company has also got registered as an oil supplier by ships and oil tanks registered for bunkering

**Firms Registered for Bunkering Operations – 2017 (Companies and Ships)**

	<b>Registered Firms</b>	<b>Address</b>	<b>Registration No.</b>	<b>Ships Name</b>
1	Moceti International (Pvt) Ltd	Thurban Wing, No. 400, Deans Road, Colombo 10	2017/BUN/01	MT LMS LAXAPANA
2	Lanka Maritime Services Ltd	Thurban Wing, No. 400, Deans Road, Colombo 10	2017/BUN/02	MT LMS DUNHINDA
3	Lanka Bunkering Services (Pvt)Ltd	No. 46/5, Robert Senanayake Building, Nawam Mawatha, Colombo 2	2017/BUN/03	MT SEAFALCON
4	Lanka Marine Services(Pvt) Ltd	No. 04, Leyden Bastian Road, Colombo 01	2017/BUN/04	MT MADURU OYA
			2017/BUN/05	MT LM NILWALA
			2017/BUN/11	LM MAHAWELI
5	Interocean Energy (pvt) Ltd	No. 284, Vauxhall Street, Colombo 02	2017/BUN/06	MT KANDY
			2017/BUN/07	MT OCEAN GALLE
			2017/BUN/08	MT OCEAN TRINCO
			2017/BUN/09	MT SHERMAC
6	Lanka IOC PLC	Level 20, West Tower, World Trade Center, Echelon Square, Colombo 01	2017/BUN/10	MT KANDY MT SHERMAC MT OCEAN GALLE MT OCEAN TRINCO

**Firms Registered for Bunkering through Trucks (Bowers)**

	Registered Firms	Address	MEPA Registration Number	Vehicle Registration No.
1	Jayasundara Motors	No. 222, Kandalanda, Homagama	2017/BUN-RT/01	28-0679 LC 3087 41-7366 LJ- 0532 LG-0759 47-0632 LK-5865 LJ - 7069 43-2464
2	Capital Transport & Trading Company (Pvt) Ltd	No.60/A, Awissawella Road, Hewagama, Kaduwela	2017/BUN-RT/02	LY-2068 LX-2799 LY-1845 LX-2810 LY-1713 GD-4291 LY-1710 GD-3364
3	Neville Enterprises	No. 279/7, Vegga Watta Road, / Weikkiyawatta Road, Korathota, Kaduwela	2017/BUN/RT-03	LJ-1069 LK-1721 LK-3133 LK-5738 LK-6443 LK-6945 LL-0816 LL-0919 LL-4710

**Ships and Tank Farm Registered for Bunkering Activities** – Lanka Indian Oil Company, Trincomalee

Income received from registering firms for Bunkering Activities during the Year – Rs. 1,807,000.00

**1.4 Issuing dumping permits in respect of Protecting Marine Environment** Fishing is the main industry in the marine environment that is linked with tourism and human health. Land 90% of pollution to the marine environment is caused on the land while 10% in the sea. Therefore it is essential to take action to identify sources of marine pollution and minimize pollution caused by them are important in order to reduce, prevent and control marine pollution. Marine Environment Protection Authority is the regulatory institute that works to reduce, prevent and control marine pollution which occurs in both forms.

However, only one of the five regulations is associated with pollution occurring on land.

That is Marine Pollution Prevention (Disposal in Sea) Regulation No. 01/2013. The fundamental objective of the Regulation is to regulate the release of liquid and solid waste to the marine environment. This regulation requires the release of waste to the coastal zone only after refining it and even then minimizing the release of waste so treated is also encouraged.

**1.4.1 Licencing and Revenues**

Summary of Licences for dumping at Sea as at 31.12.2017.

Description	Number
Licences issued for the year 2017	177
Licences provided as at 31.12.2017	152

Comparison of 2016 and 2017:

Year	number of licences	Revenue
2016	95	2,908,232.88
2017	177	3,795,767.12
Progress	86.3%	30.51%

## 2. Improving the Methodologies of Combating Marine Pollution

### 2.1. Preparing for the Coastal Environment Profile

This programme maps and surveys all the resources and sources of pollution in the coastal environment.

### 2.2 Monitoring and Improving Bathing Places

Action is taken to monitor and improve sea bathing places where activities attractive to tourists such as bathing, swimming, diving, snorkeling, sightseeing by boat etc take place.

Significant benefits are accrued to the Sri Lankan economy through activities associated with this. Physical (Temperature, Turbidity, Total suspended solids), Chemical (  $P^H$ , Conductivity, Salinity, Dissolved Oxygen, Biological Oxygen Demand, Chemical Oxygen Demand, Oil & Grease) and microbial (Total Coliform, Fecal Coliform) are the parameters that will be taken into consideration in this regard.

The objective of this programme is to plan and implement management systems relevant for reducing the environmental pollution that is caused by waste disposed in the sea in those areas.

### 2.3 Establishment of Coast Management Committees

The main objective of this programme is to develop the coastal belts of Sri Lanka to the level of those internationally recognized and make them famous tourism zones in south Asia. The action necessary to obtain international “Blue Flag” certification for the Unawatuna coastal belt in the Galle District and the Moragalla coastal belt in the

Kalutara District is put into effect obtaining the support from these Committees.

### 2.4 Safeguarding Sri Lanka Marine Environment

#### 2.5 Wanaropa Programme

The Wanaropa National Programme was put into action with the objective of achieving the target of raising the forest cover of Sri Lanka to 32% by 2018. Side by side with this National Programme, saplings were supplied to schools having space in which Marine Environment Groups have been established by the Colombo Regional Office. Accordingly, saplings were distributed to the St. Anthony’s Girls’ College, Presbyterian Girls’ College in Dehiwala and the De Lazalle College.



Photo taken on the occasion on distributing sapplings to the Presbyterian Girls' College and the De Lazalle College

## 2.6 Beach Cleaning Programme



A beach clean-up programme was conducted on the request of AIESES by the University of Kelaniya.

The main objective of this programme was to raise awareness on the functioning of the Marine Environment Protection Authority, importance of the marine environment and the environmental damage caused to the marine environment by non-decomposing waste as well as to give an understanding to the international community about the role of the Authority. The programme was conducted at the coastal belt in Wellawatta with the participation of 30 foreign university students.



A few photos captured during the coastal clean-up prg

## 2.7 Cleaning the Coastal Zone and Distributing Waste Bins

A methodical course of action is necessary to minimize disposal of garbage within the coastal zone. As such, 03 waste bins were provided to the people in Wedikanda area in Ratmalana as an initial step towards proper disposal of waste.

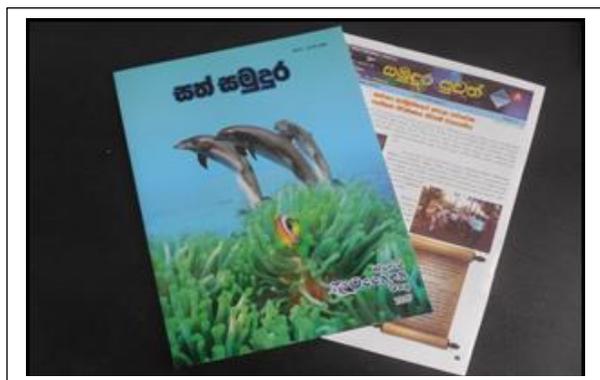


A few photos taken on the occasion of installing waste bins

### 3. Raising Awareness of Marine Environment Pollution and its Effects

#### 3.1 Raising Awareness on Marine Environment

##### 3.1.1 Publishing the Magazine Named Sath Samudura



To mark the World Environment Day 2017, 3,000 copies of *Sath Samudura* annual magazine were printed. Copies of this magazine were distributed among university students, schoolchildren, government officers and the community and their awareness on the ocean was raised. The amount spent for this purpose was Rs. 705,000.00.

##### 3.1.2 Samudura Puwath Magazine

###### Printing of Samudura Puwath Magazine

8,000 copies of the quarterly *Samudura Puwath* (literally meaning ‘ocean news’) were printed in each of the three quarters it was published, making up a total of 24,000 copies. It cost Rs. 193,200.

##### 3.1.3 Make aware of School Marine Goups

###### Make Aware of School Marine Goups (Awareness for School Marine Groups)

The marine environment is gradually being polluted due to human activities. As a step to raise awareness about this, School Marine Groups were established at coastal schools. The objective of this programme is to make schoolchildren aware of the importance of the marine environment and the pollution that it is undergoing at present, thereby creating an environment-friendly generation of students. 08 School Marine Group awareness programmes were conducted in this year. Schoolchildren were educated on the marine environment, means of pollution and prevention of marine pollution at these programmes.

Table 03: Schools where Awareness Programmes were Conducted

	School Name
01	Koralawella Maha Vidyalaya, Moratuwa
02	St. Anthony’s Girls College, Mutwal
03	De Lazalle College, Mutwal
04	Sri Medhananda Vidyalaya, Mutwal
05	St. Mary’s College, Mattakkuliya
06	Presbyterian Girls College, Dehiwala
07	Uyana Kanishta Vidyalaya, Moratuwa



A few photos taken at an awareness programme for School Marine Environment Groups held at Uyana Kanishta Vidyalaya, Moratuwa

### 3.2 Organizing and Conducting Programmes to Mark International Days

#### 3.2.1 World Oceans Day

June 8<sup>th</sup> has been declared The World Oceans Day to be celebrated each year on June 8<sup>th</sup> since 2009 according to a decision made at the Rio De Janeiro Conference conducted by the United Nations with the objective of enlightening the world community of the importance of the marine environment. As such, our Authority celebrated the World Oceans Day together with the world community, as in the previous years. Accordingly, the Marine Environment Protection Authority organized a people's awareness programme to celebrate the World Oceans Day on 07 June 2017. Mr. Udaya R. Senevirathne, Secretary to the Ministry of Mahaweli Development and Environment, participated in the Programme as the Chief Guest.



A moment from the ceremony conducted

This time, a march was conducted from the Vihara Maha Devi Open Air Theatre to the Galle Face as an awareness programme under the theme “Our Ocean is Our Future” with the participation of officers from the Sri Lanka Police, the Sri Lanka Navy, the Sri Lanka Army, the Sri Lanka Ports Authority, the Ministry of Mahaweli Development and Environment, the Mahaweli Authority of Sri Lanka, the Central Environmental Authority, the Disaster Management Centre, the Department of Coast Conservation and Coastal Resources Management, the Atomic Energy Authority, the Department of Fisheries and Aquatic Resources, the Wild Life Conservation Department, Colombo Dockyards, the National Aquatic Resources Research and Development Institute and non-governmental organizations. In addition, over 1,600 university students and schoolchildren attended the event.



Parallel to the awareness raising march, a coastal clean-up programmes were also conducted on the coastal belts at Wellawatta, Mattakkuliya and Crows Island.

Through programmes such as these people can be enlightened on the importance of the marine environment and get them to participate actively as citizens in protecting the marine environment.

### 3.2.2 2017 Ceremony to Mark the National Marine Resources Protection Week and Coastal Clean-Up Day - 2017

It has become essential to formulate a methodical course of action to enlighten and practically involve all people in safeguarding the sustainability of coastal and marine ecosystems as well as industries associated with them. As such, the Cabinet of Ministers declared the third week of every September commencing from the year 2016 to be the “National Marine Resources Protection Week” in line with the ‘Blue-Green Concept of President His Excellency Maithripala Sirisena while the third Saturday of each September is celebrated as the International Coastal Clean-Up Day.

Accordingly the National Coastal Clean-Up Programme organized by the Marine Environment Protection Authority was implemented from 15<sup>th</sup> to 22<sup>nd</sup> September covering all the 14 coastal Districts. Its main national programme was conducted at Crow Island coastal belt in Mattakkuliya from 7.00 a.m. onwards on 15<sup>th</sup> September 2017 with the participation of Hon. Anuradha Jayarathna, Deputy Minister of Mahaweli Development and Environment, Hon. Isura Devapriya, Chief Minister of the Western Province, and Mr. Poojith Jayasundara, Inspector General of Police. It was attended by government officials, members of non-governmental organizations, schoolchildren and university students.

Side by side with this, beach clean-up programmes were implemented throughout the week with the participation of 16,500 people at 75 places covering all the 14 coastal Districts.

	District	Length of Coast Cleaned (km)	Number of Participants
01	Colombo	15	2675
02	Kalutara	12	850
03	Gampaha	15	1210
04	Puttalam	16	950
05	Jaffna	14	850
06	Mulativu	10	500
07	Trincomalee	21.5	1400
08	Batticaloa	47	2300
09	Ampara	11	1000
10	Galle	28	1975
11	Matara	15	1110
12	Hambantota	9	850
13	Mannar	16	800
14	Kilinochchi	12	350

It was possible to conduct two clean-up programmes to clean under water in the sea at Alles Park and Pigeon Island in the Trincomalee District for the first time in Sri Lanka this year. Parallel to the National Marine Resources Protection Week, programmes to enlighten people on combating dengue were conducted in every District with the cooperation of District Officers of Health.

Arrangements were made to properly dispose the refuse that accumulated at these programmes. As such, action was taken to send the recyclable waste to relevant places and to dispose of the unrecyclable matter with the assistance of the respective Local Government institutions.



An occasion of a clean-up in the coastal belt in Hambantota



A glimpse from the dengue awareness programme held in Galle District

The main objective of implementing this programme is to draw the attention of people towards the protection of marine environment and thereby prevent the coast from being dirtied.

An analysis on the composition of the waste so collected was also done and the ability to establish a valuable database regarding the waste accumulating along the coastal belt around Sri Lanka is also a successful result gained from this programme.

### 3.3 Knowledge sharing and Awareness Programme on Marine Environment Pollution

#### 3.3.1 The Third National Marine Environment Symposium - 2017

The Marine Environment Protection Authority conducted the third National Marine Environment Symposium was conducted at the Bandaranaike Memorial International Conference Hall on 17<sup>th</sup> October 2017 with the participation of scientists, researchers, lawmakers and officers of non-governmental organizations with a view to creating a dialog on the threats locally and globally posed to the marine environment and regarding measures to be taken for its protection. Parallel to this, the expert group forum was also held at the same venue on 16<sup>th</sup> October.



Flashbacks from Marine Environment Symposium

This was attended by the Central Environmental Authority, the Disaster Management Centre, the Coast Conservation and Coastal Resources Management Department, the University of Kelaniya, the University of Moratuwa, the Ocean University, the Open University, the University of Ruhuna, the Sri Lanka Police, the Coast Conservation Department, the Atomic Energy Authority, the Sri Lanka Ports Authority, the Fisheries and Aquatic Resources Department, the Ministry of Mahaweli Development and the Environment, the Wild Life Conservation Department, the Colombo Dockyards Private Ltd, the International Naval and Engineering School in Colombo, the Sri Lanka Navy and the National Aquatic Resources Research and Development Department.

The Third National Marine Environment Symposium commenced under the auspices of Prof. Devaka Weerakoon. Presented at the Symposium were 14 academic papers and 03 poster presentations submitted by various organizations and scientists. The topics for the Scientific Session consisted of living and non-living marine resources, prevention of marine pollution and associated techniques, tourism and marine environment and effect of fishery industry on marine ecosystems.

Conducting such programmes will work as an encouragement to scientists to conduct new researches while the findings provide a good backing towards the protection of marine environment.

At the same time, the discussions held by a assemblage of proficient persons in the field has produced proposals for plans for the advancement of the marine environment in the future.

### 3.3.2 Sri Lanka NEXT 2017 - Expert Dialogue Forum

The Ministry of Mahaweli Development and Environment conducted the Sri Lanka Next-2017, Expert Dialogue Forum at the Bandaranaike Memorial International Conference Hall, to coincide with the 'Sri Lanka NEXT 2017 – Towards a Blue-Green Economy' on 16<sup>th</sup> October 2017 at the same venue.

Eminent academics of Sri Lanka conducted five guest lectures at the event. These lectures, where Dr. Ranjith Mahindapala was the moderator, were delivered along the following themes:

1. Changes Occurring in marine ecosystems in the face of climate change
2. Towards a Blue Economy through Fishery Industry
3. Opportunities that could be Gained from the Marine Environment Associated with the Continental Shelf in the Bay of Bengal
4. Marine Environment Pollution Originating from Ships
5. Towards a Blue Economy through Tourism

This programme was attended by about 100 persons made up of government officers, university teachers, officers of non-governmental organizations and university students. The expenditure of the programme was Rs. 1,023,861.60.



conducted for schoolchildren and fishermen community from Kalamulla on 1<sup>st</sup> July 2017 and from Kalutara on 4<sup>th</sup> July 2017. Leaflets were also distributed in addition to the lectures conducted at the event.

### 3.3.4 Establishing "Aqtropica" Environmental Resource Centre

There are many mangrove and estuarine ecosystems in the coastal zone in the Kalutara District. A Limited assortment of resources are available for obtaining information about these important marine ecosystems. Therefore, the Kalutara District Office established the Aqtropica Environmental Resources Centre at the Holy Cross College in Payagala in the Kalutara District. This Centre is open for anyone who is interested in obtaining information on environment including researchers and schoolchildren.



### 3.4 Sisu Saviya Project to Save the Ocean

A medicinal herb garden was established at the Uyana Kanista Vidyalaya in Moratuwa under the "Sisu Saviya Project to Save the Ocean".



Its main objective is to increase the "forest cover" within the coastal zone and turning the zone to a green zone. The school was provided with herb saplings necessary for the medicinal herb garden and implements such as hoes, rakes and water sprinklers necessary for maintenance work as well as compost bins necessary for the proper management of waste.

### 3.3.3 Conducting Awareness Programmes for Fishermen's Community

Raising the awareness of various stakeholders is of utmost importance for the control of marine environment pollution. As such, awareness programmes were



A few photos taken when the students of Uyana Kanista Vidyalaya were preparing the herbal garden

### 3.5 Repair of Notice Boards to make aware of Coastal Population

The repairing of notice boards for enlightening the people living on the coast was carried out in the year 2017. It involved printing stickers for the 05 notice boards in Sinhalese and English languages.

### 4. Implementing National Oil Spill Contingency Operational Plan Efficiently

According to the Powers and Functions laid down in the Marine Pollution Prevention Act No. 35 of 2008, the Marine Environment Protection Authority has the responsibility to implement the National Oil Spill Contingency Operational Plan when a sudden oil spill takes place in the territorial waters of Sri Lanka. Three meetings were held for the Incident Management Team at the Head Office of the Marine Environment Protection Authority in the year 2017.

A workshop was conducted on 30<sup>th</sup> March 2017 at the Mahapola Training Institute of the Sri Lanka Ports Authority with the objective of providing the knowhow to manufacture booms

necessary for removing oil in order to mitigate the harm in a sudden oil spill. Members of institutions relevant to the Incident Management Teams attended it.



Highlights of the Workshop – Manufacturing booms using natural materials



#### Highlights of the Workshop

As there exists the need for a national policy on the use of oil dispersants used to mitigate the effect of an oil spill, a workshop was conducted at the Centre for Banking Studies in Rajagiriya on 30<sup>th</sup> June 2017 to formulate such a policy.

A workshop was conducted at the Centre for Banking Studies in Rajagiriya on 14<sup>th</sup> July 2017 with a view to updating the National Oil Spill Contingency Operational Plan. Officials of the Marine Environment Protection Authority and officers assigned with the responsibilities under the National Oil Spill Contingency Operational Plan participated in it.

A 4-day workshop was conducted from 15<sup>th</sup> to 18<sup>th</sup> August in order to enhance the capacity of the parties who should respond to an oil spill. It consisted of a 3-day awareness programme held at the Sri Lanka Foundation Institute and a practical workshop at the Dick-Ovita Fishery Harbour. Novice officers of the Marine Environment Protection Authority and officers from institutions associated with the National Oil Spill Contingency Operational Plan attended it.

A 3-day workshop was conducted at the Vihara Maha Devi Human Development Centre on 20<sup>th</sup>, 21<sup>st</sup> and 22<sup>nd</sup> of November

2017 with the main objective of empowering the team, comprising field officers of the Marine Environment Protection Authority who act in a sudden oil spill, with knowledge and knowhow to respond in an oil spill.

A 1-day workshop was successfully conducted at the Head Office of the Marine Environment Protection Authority on 8<sup>th</sup> December 2017 for officers of the Marine Environment Protection Authority belonging to the Incident Management Team established according to the National Oil Spill Contingency Operational Plan in order to educate them on the Incident Command System.

The training programme styled SPILLEX 2017, which is conducted on action in a sudden oil spill that occurs in the ocean was conducted this year as it was in the previous year. Practical programmes were also conducted by the Marine Environment Protection Authority at the Sri Lanka Ports Authority premises and in the ocean associated with Wellawatta area regarding the programme to be implemented to respond to a chemical spill that occurs for the first time, on how to respond to a fire that may occur in a ship at sea and on how to evacuate passengers from ships in distress. Under this programme, the training programme for acting in a sudden oil spill was conducted at the Sri Lanka Ports Authority premises, at the Galle Face and in the ocean associated with Wellawatta on 15<sup>th</sup> December. The main centre of operations pertaining to the programme was the Disaster Management Centre. Officials of the Marine Environment Protection Authority and officers assigned with responsibilities under the National Oil Spill Contingency Operational Plan were given a good training on how to act in incidents in a practical manner.



Highlights of the Training Programme Conducted at the Disaster Management Centre





responsibilities are. With that objective at the forefront, the District Offices conduct awareness programmes.

As such, an awareness programme was conducted at the Nilwala Hotel on 12<sup>th</sup> November 2017 for 35 officers in the Beruwala, Kalutara and Panadura Divisional Secretariat Divisions.



An awareness programme was conducted for Grama Niladharis in the coastal areas of the Galle District in order to establish a course of action to bring about mutual understanding between institutions responsible for the National Oil Spill Contingency Operational Plan in terms of legal and institutional aspects.



### Highlights of the Practical Pre-Training Programme

It is more appropriate to conduct programmes to enlighten officers of institutions involved in responding to a sudden oil spill which could occur in coastal Districts and to explain to them what their

## **5 Service and Responsibility of Administration, Legal, Human Resources Development, Internal Audit and Financial Divisions**

### **5.1 Administration Division**

Management of the overall personnel of the staff of the Marine Environment Protection Authority from commencement to termination of service and facilitating the functioning of other Divisions are the responsibility of the Administration Division. The Administration Division functions under the guidance of the General Manager, who is the Chief Executive Officer of the Authority.

### **5.2 Legal Division**

1. The Authority has filed a Criminal case in the Colombo High Court against M T Laxapana, a vessel belonging to Lanka Maritime Services, for the marine environmental pollution caused while exchanging of fuel in the Port of Colombo. Acting under Section 26 of Marine Pollution Prevention Act No 35 of 2008, legal action was taken in September 2016 and a fine of LKR 08 Million was obtained by the Authority from the responsible party.

2. Also, a civil case was filed against the Ceylon Petroleum Storage Terminals Limited (CPSTL) under Section 34 of the Act in the District Court of Colombo for the recovery of damages for the Marine Environmental pollution occurred in Lunawa Thaldiyawatta Lagoon in December 2015 resulted from an oil leak from a pipeline belonging to CPSTL.

3. Legal action was initiated for violating the regulations promulgated under the above Act. Legal action was taken against the Sri Lankan representative of the vessel M.V. WEHR SCHULAU, which was anchored in the Port of Colombo in August 2017 for violating Marine Environmental Protection (Waste Reception Facilities) regulations.

4. Legal action was taken against a hotel in Tangalle through Angunakolapelessa Magistrate's Court for a marine pollution caused by discharging waste water in March 2017. Action has been taken under regulations promulgated as per Section 27 of the above Act (Issuance of Permits for dumping at sea) Regulations and the matter is proceeding through the Attorney General.

### **5.3 Internal Audit Division**

When looking at the other Divisions of the Authority, it can be shown that the Internal Audit Division is in a unique position.

The Internal Audit Division has been established to function under the guidance and direct supervision of the Chairman of the Authority. The Internal Audit Division functions according to the Audit Plan and Audit Programme, which are prepared annually, and conducts surveys on the effective functioning of the Finance, Operations, Administration and Legal Divisions of the Authority. Internal Audit Reports prepared based on the observations

and finds of these surveys are submitted for the attention and decision of the Chairman.

The following tasks are involved in this regard:

1 Scrutinizing the internal control methodology established for the prevention of malpractices and frauds.

2 Scrutinizing the financial control methodology to ascertain whether any financial activity is carried out in an honest and fair manner.

3 Monitoring whether the duties and functions assigned to the employees are carried out efficiently and effectively.

4 Monitoring whether the fixed assets of the Authority that are used for operational and administrative activities of the Authority are used efficiently and effectively.

5 Monitoring whether the activities are in accordance with the state policies, laws and rules, and the internal rules of the Authority.

6 Conducting special investigations where necessary.

According to the Internal Audit Programme, not only the main Divisions but also Regional Offices are subjected to audit. Conducting an audit and management meeting every quarter is one of the main functions among the audit activities of this Division. This Committee can be termed as a consultative committee of the Board of Directors. The Committee held four meetings during the year 2017 and submitted its minutes to the Chairman, the

General Manager and relevant Divisions for necessary action.

#### **5.4 Human Resources Development Division**

The responsibility of the Human Resources Development Division is to train all members of the staff of the Marine Environment Protection Authority to enhance their capacity and ability. The Division functions under the sole guidance of the General Manager, who is the Chief Executive Officer.

Responsibilities of the Division:

1. Identifying the training needs for the enhancement of the capacity and ability of the staff of the Authority, identifying resource persons for training, preparing the local/foreign training plans and directing members of the staff to the identified training courses.

2. Monitoring whether the members of staff who follow training are obtaining the training properly or whether shortcomings exist and formulating and implementing strategies to overcome such shortcomings.

3. Evaluating the Annual Progress Reports of the staff.

4. Making arrangements to grade and promote employees.

5. Providing information sought by external parties and the line Ministry on staffs and institutional functions, subject to the approval of the General Manager.

6. Conducting staff welfare activities.

## Annual Report 2017

### Participation List of Local Training - 2017

	Name	Designation	Course	Duration	Institute
1	Mr.P.L.A.M.C Wijewarnasuriya	Marine Environment Officer	Workshop on handling and usage of scientific Instrument for laboratory staff in testing laboratories	2017-01-20	Sri Lanka Association of Testing
	Miss S.A.N.H. Serasinghe, Miss. H.P.T.U. Yasarathne, Mrs. H.P.A.Chathurangi	Assistant Marine Environment officer			
2	Mr.D.R.C Jayawardana	Accountant	Microsoft office Excel Macro	2017-01-26/27	Chartered Institute of Sri Lanka
3	Mr.W.D.K Madusanka ,Miss.U. L.J.A. Priyanwada, Mrs. R.M.A.V.Rathnasinghe	Management Assistant	Tamil Language Course	06 months	Department of official language
4	Mr.H.A.I.Suranga	Secretary	motivation training programme	2017-02-22/23	National Institute of Labour Studies
	Miss M.M.D. Muramudali, Mr.B.N.D. Perera, Mr.K.G.Y.L.Kulasuriya, Miss,R.P.D Rajapaksha, Miss M.M.J.D. Manthilake, Mrs. R.A.U. Rangani	Management Assistant			
5	Miss T.M.H.D.Thennakoon,, Mrs S.M.D.Athukorala	Assistant Marine Environment officer	Employer effective management	2017-02-27/28	National Institute of Labour Studies
	Mr.H.A.I.Suranga	Secretary			
	Mr.W.D.K Madusanka, Mrs. R.M.A.V.Rathnasinghe	Management Assistant			
6	Mr.D.R.C Jayawardana	Accountant	Corporate Environmental Sustainability through Greening the Industries	2017-03-10	National Cleaner Production Centre
	Mr.K.P.K.I.U.Fernando	Assistant Manager (Planning)			
7	Mr.S.P.S Bandara, Miss B.G.N.T. Perera, Miss M.T.R.J.Kumarasiri Mrs. R.A.U. Rangani, Mrs. R.M.A.V.Rathnasinghe, MissG.W.D.M.Karunarathne Mrs K.G.D.K. Dissanayake	Management Assistant	Induction training	2017-04-03/05	Skill Development Fund
8	Mr. H.T.N.I.Piyadasa	Assistant Manager (Province)	Helicopter Underwater	2017-05-16/17	Sri Lanka Air Force
	Mr. T. Shripathy	Assistant Manager (Covering)	Escape Training		
	Mr.P.L.A.M.C Wijewarnasuriya	Marine Environment Officer			
9	Dr. P.B. Terny Pradeep Kumara	General Manager			
	Mr.J.N.D.B.Jayaweera	Deputy General Manager			
	Mr.A.J.M.Gunasekara	Manager (Operation)			
	Miss A Kariyawasam	Manager(Legal)			
	Mr.R.C.J. Rajapaksha	Manager (Planning)			
	Mr.D.R.C Jayawardana	Accountant			
	Mr. H.T.N.I.Piyadasa	Assistant Manager (Province)			
	Mr.K.P.K.I.U.Fernando	Assistant Manager (Planning)			
	Mr.S.M.C Kumarage	Assistant Manager (Admin)			
	Mr.T.S. Ranasinghe	Assistant Manager (W/Nw)			

## Annual Report 2017

	Mrs.W.H.A.S.K. Hitibandara	Assistant Manager (HRD)			
	Mr.R.N. Priyadarshna	Assistant Manager (Ship Servay)			
	Mr. T. Shripathy	Assistant Manager			
	Mrs.G.P. Nilanjani	Administration Officer			
	Mr.W.I.K Wijesinghe, Mr. R. Rajiharan, Mr.P.L.A.M.CWijewarnasuriya Mr.C.D.W. Senevirathne, Mr.M.T.K. Delpachithra, Mr.W.I.H.K.Wijerathne, Mr.S.L. Wikaramasinghe	Marine Environment Officer	two days training programme	2017-07-031/ 2017-08-01	CHE Adventure
	Mr.Y.P. Kumara, Mr.S.A.A. Prasad, Mr.B.N. Cooray, Mrs, Achini Wathsala Kumari, MrB.A. Dahanayake, Mrs.H.P.T.U Yasarithne, Mrs. S.M.D. Athukorala, Mrs.A.M. Gammampila, Mrs T.M.H.D. Thennakoon, Miss M.M. Subasinghe, Mrs T.K.D.U. Gunasena, Mr H.A.S.D. Perera, Mrs. B.M.M. Rajapaksha, Mr. D.M.R.Sankalpa, Mrs S.A.N.H. Serasinghe	Assistant Marine Environment officer			
10	Mr.L.L.R.B.DeSilva,Mr.P.L.A.M.CWijewarnasuriya	Marine Environment Officer	Operation of Metadat portal	2017-06-14/15/16	Ministry of Disaster Management
11	Comodor (Malima) Jayaweera	Deputy General Manager	Environmental Sensitivity Index Project	2017-08-21/22	Sri Lanka Navy
	Mr. L.L.R.B.DeSilva	Marine Environment Officer			
12	Mr. W.C.R.Kumara,Mr.L.W.U.L. Lenegala Mr.B.N. Cooray,Mr. L.H.A.H.S. Hettiarachchi,Mr.,P.N.L. Dayarathne	Deiver	safty and effective driving workshop	9/26/2017	PRAG Institute
13	MrsW.H.A.S.K.Hitibandara	Assistant Mnager (HRD)	Two days workshop on establishment code	2017-11-16/17	Sri Lanka Foundation
	Mrs G.P. Nilanjani	Administrative Officer			
	Mrs S.D.P.G.Samarajeewa, Miss K.D.W.S. Kumari, Mr K.D Madusanka, Mrs R.P.D.M.C. Rajapaksha, Miss U. L.J.A.Priyanwada	Management Assistant			
14	Mrs H.M.H. Umendra, Mr M.H. Maduranga, Mr. K.D.Kusal Madusanka, Mrs R.P.D.M.C. Rajapaksha	Management Assistant	two days workshop on finance management regulation	2017-11-23/24	Sri Lanka Foundation
15	Mr K.G.Y.L Kulasuriya, Mr. B.N.D Perera, Mrs B.M.D. Muramudali	Management Assistant	Days workshop on Office Management	2017-12-07/ 08	Sri Lanka Foundation
16	Mr.L.L.R.B.Silva, Mr.P.L.A.M.C.Wijewarnasuriya, Mr C.D.W.Senevirthe, Mr S.L.Wikaramasinghe	Marine Environment Officer	GIS training Programme	2017-12-18 - 23	University of Peradeniya
	Mr H.P.N.K. Senevirthne, Mr E.P. D. N. Thilakarithne, Miss M.M. Subasinghe, Mrs S.M.C. Athukorala	Assistant Marine Environment officer			

## Annual Report 2017

### Participation List of Foreign Training - 2017

	Name	Designation	Period	Programme	Country
1	Dr.P.B.T.P.Kumara	General Manager	2017-01-12/13	Annual Meeting of PACE Project	Sweeden
2	A.Kariyawasam	Manager (Legal)	2017-04-26 - 28	104th Sessions of Legal Committee	London
3	Dr.P.B.T.P.Kumara	General Manager	2017-05-09 - 11	The Advisory Group for the Marine Plastic Litter and Micro	Kenniya
4	K.Sivakumar	Marine Environment Officer	2017-05-09 - 11	The Pacific Environmental Security Forum (PESF) in the United	Aleskawa
5	Rear Admiral Rohana Perera	Chairman	2017-07-03 - 07	Marine Environment Protection Committee (MEPC) Meeting –	London
6	S.L.Wickramasinghe	Marine Environment Officer	2017-07-07 - 28	2017 Seminar on Marine Geological Survey and Coastal	China
7	C.D.W.Senevirathne	Marine Environment Officer	2017-08-14 - 25	IAEA/RCA Regional Training Course on Sampling and Basic	Indunisia
8	W.I.H.K.Wijerathne	Marine Environment Officer	2017-09-12 - 14	The Regional Workshop to Implement nitrogen Management for	Maldives
9	A.J.M.Gunasekara	Mnager (Operation)	2017-09-18 - 23	MTCC, Asia Regional Workshop in China	China
10	Dr.P.B.T.P.Kumara	General Manager	2017-09-21-23	The Ocean - Related Ministerial	China
11	Dr.P.B.T.P.Kumara	General Manager	2017-10-05-06	4th International Our Ocean 2017 Conference	Molta

### **5.5 Planning Division**

The planning division of Marine Environment Protection Authority was established on March 2017. This division is responsible for preparation of Cooperate Plan and Annual Plans and monitoring the progress of MEPA for the subjects within the jurisdiction of Marine Pollution Prevention Act No 35 of 2008.

Activities carrying out by planning division:

1. Maintain/update the master plan and coordinate planning efforts.
2. Provide planning recommendation to Board of Directors.
3. Provide information to Ministry of Mahaweli Development and Environment.
4. Monitoring planned activities and submit reports.
5. Facilitate interdepartmental cooperation.
6. Estimation of resources for financing of Annual Plans & five year plan.
7. Preparation, monitoring and evaluation of five year plan/annual plans.
8. Revise Annual Action Plan according to the requirements.
9. Monitoring the progress of development projects.
10. Carrying out SWOT analyzes.

### **5.6 Financial Division**

The Financial Division of the Marine Environment Protection Authority holds the responsibility for its financial management functions. The Financial Division deploys financial resources for all the economic and

financial activities that affect the Marine Environment Protection Authority and distributes financial resources for the achievement of all objectives. The main objectives of the Financial Division are to supply of financial services of the Authority in an efficient and effective manner, provide guidance for it, carry out coordination activities and control financial resources of the Authority by constant monitoring.

#### **Activities**

1. Preparing annual budget estimates
2. Preparing Financial Statements
3. Presenting reports on Financial Statements and reports on monthly budgets
4. Keeping reports for salaries and emoluments and making payments
5. Keeping projects active
6. Making all payments
7. Accounting activities on loans and advances
8. Coordination with banks
9. Coordination with the Auditor General's Department
10. Carrying out management and other activities pertaining to investments.

#### **Special Activities Conducted during the Year**

01 The Authority was able to derive an interest income of Rs.1,211,704.17 by investing balances existing in the current account in one-day call deposits.

02 The Marine Environment Protection Authority was win first place of Annual Report and Accountants award

**5.6.1 Financial Progress Report Recurrent Expenditure for the year 2017**

Object Code	Object Description	Estimate for 2017	Actual Expenditure as at 31.12.2017	Balance as at 31.12.2017
	<b>Recurrent Expenditures</b>			
	<b>Personal Emoluments</b>			
1001	Salaries and wages	94,862,556.00	95,930,469.57	(1,067,913.57)
1002	Overtime and holiday pay	2,100,000.00	1,196,390.93	903,609.07
1003	Other allowances	4,760,000.00	3,636,101.71	1,123,898.29
	<b>Total</b>	<b>101,722,556.00</b>	<b>100,762,962.21</b>	<b>959,593.79</b>
	<b>Travel Expenses</b>			
1101	Local	3,938,000.00	2,859,846.74	1,084,153.26
1102	Foreign	3,000,000.00	2,259,970.79	740,029.21
	<b>Total</b>	<b>6,938,000.00</b>	<b>5,113,817.53</b>	<b>1,824,182.47</b>
	<b>Supplies</b>			
1201	Stationery and office requisites	2,000,000.00	1,486,419.02	513,580.98
1202	Fuel	3,100,000.00	2,144,111.34	955,888.66
1205	Other	350,000.00	88,000.00	262,000.00
	<b>Total</b>	<b>5,450,000.00</b>	<b>3,718,530.36</b>	<b>1,731,469.64</b>
	<b>Maintenance Expenditure</b>			
1301	Vehicles	4,728,000.00	2,947,345.86	1,781,454.14
1302	Machinery and equipment	1,800,000.00	865,622.70	934,377.30
1303	Buildings and constructions	500,000.00	361,912.69	138,087.31
	<b>Total</b>	<b>7,028,800.00</b>	<b>4,174,881.25</b>	<b>2,853,918.75</b>
	<b>Services</b>			
1401	Transport	-	-	-
1402	Post and communication	3,108,000.00	2,674,833.94	433,166.06
1403	Electricity and water	4,140,000.00	3,411,830.84	728,169.16
1404	Tax, rents and rates to local authorities	17,241,000.00	16,310,233.22	930,766.78
1405	Other recurrent expenditures	8,150,000.00	7,152,714.87	997,285.13
	<b>Total</b>	<b>32,639,000.00</b>	<b>29,549,612.87</b>	<b>3,089,387.13</b>
	<b>Grand Total of Recurrent Expenditures</b>	<b>153,778,356.00</b>	<b>143,319,804.22</b>	<b>10,458,551.78</b>

**5.6.2 Financial Progress Report – Capital Expenditure for the year 2017**

Object	Object Description	Estimate for 2017	Actual Expenditure as at 31.12.2017	Balance as at 31.12.2017
	<b>Rehabilitation and Improvement of Capital Assets</b>			
2001	Buildings and constructions	1,000,000.00	952,175.89	18,144.53
2002	Plant, machinery and equipment	500,000.00	375,584.21	124,415.79
2003	Vehicles	1,430,000.00	1,293,268.64	136,731.36
	<b>Total</b>	<b>2,930,000.00</b>	<b>2,621,028.74</b>	<b>308,971.26</b>
	<b>Acquisition of Capital Assets</b>			
2102	Furniture and office equipment	1,650,000.00	1,239,024.79	410,975.21
2103	Machinery and equipment	3,550,000.00	2,370,926.88	1,179,073.12
2104	Building & Structure Galle building	22,380,000.00	21,900,713.47	479,286.53
	<b>Total</b>	<b>27,580,000.00</b>	<b>25,510,665.14</b>	<b>2,069,334.86</b>
2401	Training and Capacity Building ( HRD)			
	1. Provide training for the staff	1,500,000.00	1,531,974.00	(31,973.56)
	2. Purchase book and magazines	200,000.00	200,650.00	(650.00)
	3. Welfare facility development	150,000.00	56,555.00	93,445.00
	<b>Total</b>	<b>1,850,000.00</b>	<b>1,789,179.00</b>	<b>60,821.44</b>
2502	<b>Other Capital Expenditure</b>			
	1. Improvement of sea bathing sites and beaches	9,741,000.00	8,402,237.00	1,338,763.00
	2.Pollution prevention from fisheries sector	1,205,000.00	910,273.43	294,726.57
	3.Marine debris management	224,000.00	76,363.50	147,636.50
	4.Coastal and marine pollution control	3,061,000.00	3,111,030.45	(50,030.45)
	5.Studies on marine ecosystems	1,557,000.00	1,418,926.80	138,073.20
	6.Implementation of International Conventions and Amendment of the Act	1,100,000.00	976,547.50	123,453.00
	7.Minimizing the pollution caused by ships	3,270,000.00	2,968,110.08	301,889.92
	8.Establishment of an institutional framework for marine related issues	6,400,000.00	6,034,599.00	365,401.00
	9. Awareness building on marine environment	4,408,000.00	4,115,096.52	292,903.48
	10. Organizing & conducting National events	8,760,000.00	7,688,833.61	1,071,166.39
	11.Controlling of impacts of accidental oil and chemical spilling	14,714,000.00	10,880,038.23	3,833,961.77
	12.Upgrading of laboratory facilities	3,050,000.00	3,050,077.88	(77.88)
	16.1 Green Fishery	150,000.00	-	150,000.00
	<b>Total</b>	<b>57,640,000.00</b>	<b>49,632,133.50</b>	<b>7,857,866.50</b>
	<b>Total of Capital Expenditure</b>	<b>90,000,000.00</b>	<b>79,553,005.94</b>	<b>10,296,994.06</b>

## 6 Financial Statements of the Authority

### 6.1 Accounting Policies

#### 6.1.1 Corporate Information

The Marine Environment Protection Authority has been established as a statutory institution under the Marine Pollution Prevention Act No. 35 of 2008. Its Head Office is located at No. 758, Baseline Road, Colombo 09.

#### 6.1.2 Principal Activities and Nature of Operations

The principal activities of the Marine Environment Protection Authority are, prevent, control and manage marine pollution in Sri Lanka waters through effective enforcement of regulations, implementation of concerned International Conventions, coordination and mobilization of stakeholder and other resources, for sustainable management of marine environment for present and future.

#### 6.1.3. Basis of Preparation

##### 6.1.3.1 Statement of compliance

The Financial Statements of Marine Environment Protection Authority comprise Statement of Financial Position, Statement of Financial Performance, and Statement of Changes in Equity, Cash Flow Statement, Significant Accounting Policies and Notes to the Financial Statement. These statements are prepared in accordance with Sri Lanka public Sector Accounting Standards laid down by Institute of Chartered Accountant of Sri Lanka.

Marine Environment Protection Authority uses the Sri Lanka Public sector accounting standards 2011 with effect from the year 2010 for preparation and the presentation of it financial statements.

The Financial Statements are presented in accordance with SLPSAS 01 and where the SLPSAS not available in such a case generally accepted accounting principles are applied for preparation of financial statements.

**6.1.3.2.** The Financial Statements of Marine Environment Protection Authority have been prepared on a historical cost basis with generally accepted accounting principles.

**6.1.3.3.** No adjustments have been made for inflationary factors affecting to the accounts.

**6.1.3.4.** Income and Expenditure have been accounted on accrual basis

**6.1.3.5.** Liabilities are recognized in the Statement of Financial Positions when there is a present obligation as a result of past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

**6.1.3.6.** Obligations payable at the demand of the creditors or within one year of the Statement of Financial Positions date

are treated as current liabilities in the Statement of Financial Positions.

**6.1.3.7.** Obligations payable at the demand of the creditors or more than one year of the balance sheet date are treated as Noncurrent liabilities in the Statement of Financial Positions..

**6.1.4. Property, Plant and Machinery**

**6.1.4.1.** Property, Plant & Equipment has been recorded at their cost. They have been depreciated on straight line basis in order to write off their cost over their useful life. The rates used to depreciate them are as follows;

Assets	Depreciation Rate
Motor Vehicles	20%
Computers and related Equipments	15%
Office Equipments	15%
Furniture and office Equipments	10%
Lab Equipments & Other technical Equipments	10%
Books	10%

**6.1.4.2** Depreciation of properties, plant and equipment begins when they are available for their intended use and depreciate on straight line basis over their useful life.

**6.1.5 Income**

The main income of the authority is grants received from Government of Sri Lanka. In addition, there is a small operational income generated by the authority by issuing licenses.

1. Issuing License for Natural resource exploration activity.
2. Issuing License for Bunkering Operations
3. Approving Oil Spill contingency plan.
4. Issuing License for activities connected with waste reception Service

**6.1.5.1 Income generated by the Authority**

The income generated by the authority is recognized on accrual basis.

**6.1.5.2 Grants received from the General Treasury**

The authority receives two types of grants namely capital and recurrent. The accounting policy adopted for accounting for these grants based as follows

**6.1.5.3 Capital Grants**

**6.1.5.4** Government grants received for acquisition or construction of property, plant & equipment are recognized as income over the period of useful life of such property plant & equipment..

**6.1.5.5** Grants received for activities connected with prevention of Sri Lankan Marine pollution naturally generate intangible assets. But it does not meet the recognition Criteria laid down in Intangible Assets therefore the Expenditure relation to the Marine pollution prevention activities are recognized as income in the year in which such activities are performed.

**6.1.5.6 Recurrent Grants**

Recurrent grants are recognized as income in the year in which they are received.

### **6.1.6 Employee Benefits**

#### **6.1.6.1 Define Contribution Plan.**

Obligation to define contribution plan are recognized as an expenses in the income statement as incurred. The MEPA contribute 15% and 3% of gross emoluments of Employees to Employees Provident Fund and Trust Fund respectively.

#### **6.1.6.2 Define Benefit Plan**

Gratuity is a define benefit plan. The MEPA is liable to pay gratuity in terms of the relevant statute. In order to meet this liability , a provision is carried forward in the Statement of Financial Positions, equivalent to an amount calculated based on a half month's salary plus cost of living allowance multiply by each completed year of service, commencing from the completed first year of service.

Provision is made for retirement gratuity for all employees in respect of gratuity payable under the payment of gratuity Act No. 12 of 1983. This item is grouped under noncurrent liabilities in the Statement of Financial Positions.

### **6.1.7 Comparative information**

Where necessary, comparative figures have been rearranged to conform to the current year's presentation.

### **6.1.8 Events occurring after balance sheet date**

All material post Balance Sheet events have been considered and where appropriate adjustment or disclosures have been made in

respective of note to the Financial Statement.

### **6.1.9 Cash flow Statement**

Cash Flow Statement has been prepared using the indirect method

### **6.1.10 Functional and presentation Currency**

These financial Statements are presented in Sri Lankan Rupees, which is the MEPA's functional currency.

- **Inventories**

The inventories used during the year transfer to the Statement of Financial Performance based on their cost. The balance stocks at the end of the year value at cost or NRV whichever is lower.

- **Library Books**

Library Books has been recorded at their cost. They have been depreciated on straight line basis in order to write of their cost over their useful life.

- **Chemicals and Glassware Stocks**

In the case of chemicals and glassware the policy adopted by the authority is to charge total purchase cost of Chemicals and Glassware to the P&L during the year the transaction happened.

This method is adapted due to the practical difficulties in calculation of exact amount of chemicals at the end of year, and some glass ware need to be replaced during the short a period of time. However the Laboratory maintains Stocks ledgers for both Chemicals and the Glassware for recording purpose.

## 6.2 Statement of Financial Position

### Marine Environment Protection Authority

#### Statement of Financial Position

As at 31<sup>st</sup> December 2017

<u>Assets</u>	Note	2017	2016
<b><u>Current Assets</u></b>		Rs.	Rs.
Cash in hand	10	8,985,447.03	30,024,657.89
Debtors	11	972,183.09	48,999.00
Deposits	12	2,959,000.00	2,596,000.00
Pre-Payments	13	2,063,022.50	2,204,656.60
Short Term Investment (Treasury Bills)	29	11,586,643.28	15,816,119.87
Staff loans recoverable	14	9,847,296.72	5,267,412.05
Inventory	28	4,626,177.25	4,182,303.30
<b><u>Non-Current Assets</u></b>			
Property, Plant & Equipment	09	141,729,762.47	112,613,398.34
Intangible Assets	23	1,903,942.41	2,209,336.50
<b>Total Assets</b>		<b>184,673,474.75</b>	<b>174,962,884.45</b>
<b><u>Liabilities</u></b>			
<b><u>Current Liabilities</u></b>			
Accrued Payables	15	43,173,221.37	23,001,605.99
Income pre-received	24	1,974,856.70	2,398,767.00
<b><u>Non-Current Liabilities</u></b>			
Distress loan funds	16	13,495,377.97	7,443,919.99
Provision for Gratuity	17	19,676,724.00	13,736,758.00
<b>Total Liabilities</b>		<b>78,320,180.04</b>	<b>46,581,050.18</b>
<b>Net Assets</b>		<b>106,353,294.71</b>	<b>128,381,834.27</b>
<b><u>Equity</u></b>			
Government Grants and Capital (Deferred Grants)	18	87,218,575.98	80,308,318.58
Capital Expenditure on work in progress	20	56,415,130.47	34,514,417.00
Capital Grant to be utilized	26	826,941.80	12,048,760.59
Capital Input for Stocks	25	3,858,594.00	3,858,594.00
Accumulated Surplus (Deficit)	22	13,186,647.35	17,416,123.94
Accumulated Surplus/Deficit	21	<b>(55,152,594.10)</b>	<b>(19,764,379.11)</b>
<b>Total Equity</b>		<b>106,353,294.71</b>	<b>128,381,834.27</b>

## 6.3 Statement of Financial Performance

### Marine Environment Protection Authority Statement of Financial Performance for the Year Ended 31 December 2017

<b>Income</b>	Note	2017 Rs.	2016 Rs.
Treasury Grants	1	136,377,136.52	196,990,302.56
Registration and Licence fees	2	35,824,761.42	17,430,909.42
Other revenue	3	1,272,940.65	5,029,616.86
<b>Total revenue</b>		<b>173,474,838.59</b>	<b>219,450,828.84</b>
<b>Expenditures</b>			
Salaries and wages	4	107,184,813.71	96,641,764.42
Supplies and consumables	5	7,893,411.61	8,747,684.32
Other recurrent expenditure	6	34,634,645.40	29,518,560.70
Grant and other transfers	7	42,784,424.18	71,654,455.72
Financial expenses	8	28,785.00	54,533.78
Depreciation of fixed assets	9	16,560,673.00	15,800,198.02
<b>Total Expenses</b>		<b>209,086,752.90</b>	<b>222,417,196.96</b>
<b>Surplus/ (Deficit) for the period</b>		<b>(35,611,914.31)</b>	<b>(2,966,368.12)</b>

## 6.4 Statement of Changes in Equity

### Marine Environment Protection Authority Statement of Changes in Equity for the Year ended 31<sup>st</sup> December 2017

	Differed Grants	Grant Related to Inventories	Capital Grant to be utilized	Capital Grant Related to Building WIP	Marine Environment Protection Fund	Accumulated Surpluses/(Deficits)	Total
	Rs.	Rs.	Rs.	Rs.	Rs..	Rs..	
Balance as at 01/01/2017	80,308,319.34	3,858,594.00	12,048,760.59	-	17,416,123.94	(19,764,379.11)	93,867,418.76
<u>Changes in Accounting Policy</u>				34,514,417.00			34,514,417.00
Reversal of Expence chg to P&L			145,305.96			223,699.32	369,005.28
Cash Transfer to Grant Account							-
Restated Balance as at 01/01/2017	80,308,319.34	3,858,594.00	12,194,066.55	-	17,416,123.94	(19,540,679.79)	128,750,841.04
Capital Grants Received	70,270,486.63	-	-	-	-	-	70,270,486.63
Trasfer to Capital Grant to be utilized	-	-	-	-	-	-	-
Trasfer from Capital Grant to be utilized	-	-	(7,763,085.90)		-	-	(7,763,085.90)
Trasfer to the teasury/Loan Fund			(3,604,038.85)		(5,762,064.00)		(9,366,102.85)
Trasfer from Capital Grant Related to Building WIP	(21,900,713.47)			21,900,713.47			-
Interest income received	-	-	-		1,532,587.41	-	1,532,587.41
Capital Grants Transferred to Income	(41,459,516.52)	-	-		-	-	(41,459,516.52)
Surplus/(Deficit) for the year						(35,611,914.31)	(35,611,914.31)
Balance as at 31/12/2017	87,218,575.98	3,858,594.00	826,941.80	21,900,713.47	13,186,647.35	(55,152,594.10)	106,353,295.50

## 6.5 Cash Flow Statement

### Marine Environment Protection Authority Cash Flow Statement for the year 2017

	2017	2016
<b>Cash Flow from Operational Activities</b>		
Excess of Income over Expenditure	(35,611,914.31)	(2,966,368.12)
<b>Adjustments for</b>		
Depreciation	16,560,673.00	15,800,198.02
Loss of Disposal assets	(42,563.54)	-
Provision for Gratuity	6,421,851.50	3,515,027.15
Reversal of expenses chg to P&L	223,699.32	4,298.14
Gratuity Payments	(481,885.50)	(709,519.15)
Income Recognized (From grants received in previous years)	(41,459,516.52)	(83,990,308.56)
<b>Operating Surplus/Deficit Before working Capital changes</b>	<b>(54,389,656.05)</b>	<b>(68,346,672.52)</b>
<b>Working Capital Changes</b>		
(Increase) / decrease in Deposits	(363,000.00)	(505,000.00)
(Increase) / decrease in Prepayments	141,634.10	(538,169.58)
(Increase) / decrease from Debtors	(923,183.19)	11,152.62
Decrease/ increase in current liabilities	20,171,616.18	13,591,939.62
Decrease/ increase in Inventories	(443,873.95)	235,490.20
<b>Net Cash flow from operating Activities</b>	<b>(35,806,462.91)</b>	<b>(55,551,259.66)</b>
<b>Investment Activities</b>		
Invesment In Treasury Bills	(11,586,643.28)	(15,816,119.87)
Treasury Bills Maturity	15,816,119.53	14,750,372.00
Acquisition of property plant & Equipment	(23,492,254.92)	(30,329,642.96)
Building WIP	(21,900,713.47)	(34,514,417.00)
Interest form Treasury Bills	1,532,587.41	1,065,749.26
Interst form staff loan	289,393.98	202,140.56,
Increase/decrease in staff loan recoverabale	(4,579,884.67)	(460,932.96)
Income Prereceived A/C	(423,910.30)	1,625,684.81
cash recived from Coast Guard Department	145,305.96	-
Sale proceed of disposal of assets	63,888.88	-
Fund transfer to trasury	(3,604,038.85)	-
<b>Net Cash flow generated from Investment Activities</b>	<b>(47,740,149.73)</b>	<b>(63,477,166.16)</b>
<b>Financing Activities</b>		
Government grant for Capital expenditure	62,288,070.73	119,871,458.96
Bank charges – People’s Bank	-	-
<b>Net cash from Financing Activities</b>	<b>62,507,400.73</b>	<b>119,871,458.96</b>
<b>Net increase/decrease in cash and cash equivalent</b>	<b>(21,039,211.91)</b>	<b>843,033.14</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>30,024,657.89</b>	<b>29,181,624.75</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>8,985,447.03</b>	<b>30,024,657.89</b>

## 6.6 Notes to the Financial Statements

### Marine Environment Protection Authority Notes to the Financial Statements

Note 01	Transfer other Government Entities	
	2017	2016
Treasury Recurrent Grant	94,917,620.00	112,999,994.00
Capital Grant transfer to income-Current year	24,877,518.24	68,190,110.62
Capital Grant transfer to income-From differed Grant	16,581,998.28	15,800,197.94
	<b>136,377,136.52</b>	<b>196,990,302.56</b>

Note 02	Fees, Penalties and Permit Fees	
	2017	2016
Waste Reception Service -Registration Fees	3,767,700.00	3,446,000.00
Waste Reception Service -Permit Fees	19,612,151.00	9,742,594.35
Waste Reception Service - Application Fees	42,000.00	46,500.00
Bunkering Application Fee	13,000.00	12,000.00
Bunkering Registration	1,725,000.00	1,650,000.00
Road Tankers Registration - Bunkering	69,000.00	81,000.00
Noscop Application fee & Approval fee	32,958.37	50,000.00
Dumping Regulation Income	2,562,952.05	2,402,815.07
Fine recived from Court Order	8,000,000.00	-
	<b>35,824,761.42</b>	<b>17,430,909.42</b>

Note 03	Other Revenue	
	2017	2016
Supplies Registration Fees	262,000.00	284,000.00
Sundry Income	195,270.46	371,655.49
Book advance interest	880.80	4,257.20
Interest Account (Short Terms Investment on Treasury Bills)	814,789.39	1,211,704.17
Sponsorships	-	3,158,000.00
	<b>1,272,940.65</b>	<b>5,029,616.86</b>

Note 04	Wages, salaries and employee benefits	
	2017	2016
Salaries & Wages	95,930,469.57	89,546,778.00
Overtime/Holiday Pay	1,196,390.93	1,382,059.27
Other Allowances	3,636,101.71	2,197,900.00
Provision for Gratuity	6,421,851.50	3,515,027.15
	<b>107,184,813.71</b>	<b>96,641,764.42</b>

Note 05	Wages, salaries and employee benefits	
5.1 Supplies	2017	2016
Stationary & Office Requisites	1,486,419.02	2,018,127.71
Fuel & Lubricants	2,144,111.34	2,099,340.33
Uniforms	88,000.00	84,000.00
	<b>3,718,530.36</b>	<b>4,201,468.04</b>
5.2 Maintenance Expenditure	2017	2016
Vehicles	2,947,345.86	3,823,626.40
Plant Machinery & Equipment	865,622.70	660,234.88
Building and Structures	361,912.69	62,355.00
	<b>4,174,881.25</b>	<b>4,546,216.28</b>

Note 06	Other Recurrent Expenditure	
6.1 Traveling	2017	2016
Domestic	2,853,846.74	2,987,826.79
Foreign	2,259,970.79	3,059,424.29
	<b>5,113,817.53</b>	<b>6,047,251.08</b>
6.2 Contractual Services		
Telecommunication/Postal Charges	2,674,833.94	1,848,999.03
Electricity & Water	3,411,830.84	3,479,993.94
Office Rent	16,310,233.22	13,181,993.92
Others Contractual Services	7,123,929.87	4,960,322.73
	<b>29,520,827.87</b>	<b>23,471,309.62</b>

Note 07	Grant and Other Transfer Payments	
	2017	2016
Total Capital Grant for the Year	70,270,486.63	142,306,041.67
Less:		
Amount utilized to purchase of capital Assets	(23,492,254.92)	(30,329,642.96)
Building WIP	(21,900,713.47)	(34,514,417.00)
Capital To be utilized	-	(9,271,871.09)
Amount transfer to Statements of the F/ Performance	<b>24,877,518.24</b>	<b>68,190,110.62</b>

Note 08	Financing Costs	
		2016
Bank Charges	28,785.00	54,533.78
	<b>28,785.00</b>	<b>54,533.78</b>

## Annual Report 2017

Note 09	Depreciation of Property, Plant and Machinery								
Type of Assets	COST-2017				Depreciation - 2017				Written-off value
	01.01.2017	Additions	Disposal	31.12.2017	01.01.2017	Additions	Disposal	31.12.2016	
Motor Vechiles	57,676,699.63	-	-	57,676,699.63	47,236,520.95	4,892,782.27	-	52,129,303.22	5,547,396.41
Furnitures & Equipments	45,420,790.58	5,734,492.62	2,006,378.00	49,148,905.20	20,842,374.16	5,068,224.19	1,985,052.66	23,925,545.69	25,223,359.51
Intangible Assets	3,053,940.94	-	-	3,053,940.94	844,604.44	305,394.09	-	1,149,998.53	1,903,942.41
Technical Equipments	58,982,838.03	17,526,258.50	-	76,509,096.53	16,757,758.41	6,180,432.99	-	22,935,191.39	53,570,905.14
Books	1,087,688.50	231,503.80	-	1,319,192.30	232,381.89	113,839.46	-	346,221.35	972,970.95
Buuilding WIP	34,514,417.00	21,900,713.47	-	56,415,130.47	-	-	-	-	56,415,130.47
	200,736,374.68	45,392,968.39	2,006,378.00	244,122,965.07	85,913,639.85	16,560,673.00	1,985,052.66	100,489,260.18	143,633,704.89

<b>Note 10</b>	<b>Cash and Cash Equivalents</b>	
<b>Cash and Cash Equivalents</b>	<b>2017</b>	<b>2016</b>
Bank of Ceylon -Boralla-194109	4,843,745.04	26,042,550.56
Peoples Bank -Dematagoda-071100180004783	3,648,080.99	2,176,507.68
Bank of Ceylon -Boralla-	493,621.00	1,805,599.65
	<b>8,985,447.03</b>	<b>30,024,657.89</b>

<b>Note 11</b>	<b>Debtors</b>	
	<b>2017</b>	<b>2016</b>
Shanika Marine	19,973.00	8,366.00
Unsettled advanced As per list	2,254.00	2,781.38
Shehan Kuruneru	6,000.00	6,000.00
C Sapumohoti	-	2,477.52
RP Ranaweera	-	12,500.00
P B T B Kumara	111,080.00	
Foreign Ministry	345,953.62	-
C D W Senawirathna	81,038.36	-
Vismitha Marine	5,690.00	
Marino Lanka	3,075.00	
L P Titus	178,900.80	
Staff Receivables As per list	185,093.31	
Festival Advance due As per list	33,125.00	16,875.00
	<b>972,183.09</b>	<b>48,999.90</b>

<b>Note 12</b>	<b>Deposits</b>	
	<b>2017</b>	<b>2016</b>
Refundable Deposits For Rent - Galle Office	96,000.00	96,000.00
Refundable Deposits For Rent - H/O - Cold Storage	2,760,000.00	2,400,000.00
Refundable Deposits For Rent -Trinco - FoodCommissioner	7,500.00	7,500.00
Refundable Deposits For Internet Mobile Phone -2015	11,000.00	11,000.00
Refundable Deposits For Internet Mobile Phone -2009	34,500.00	31,500.00
Refundable Deposits For Water Dispenser 2009/2012	50,000.00	50,000.00
	<b>2,959,000.00</b>	<b>2,596,000.00</b>

<b>Note 13</b>	<b>Pre - payments</b>	
	<b>2017</b>	<b>2016</b>
Rent	752,547.95	772,642.01
Vehicles Maintenance Expenditure	467,059.36	644,114.01
PPE Maintenance Expenditure	344,310.60	497,172.59
Other Exep	499,104.59	290,727.99
	<b>2,063,022.50</b>	<b>2,204,656.60</b>

Note 14	Staff Loans Recoverable	
	2017	2016
Opening Loan Balance	5,267,412.05	4,806,479.09
Add:		
Adjustment for opening Balance	48,532.47	4,763.37
Loan given during the year	8,711,892.00	3,811,000.00
Total recoverable amount	14,027,836.52	8,622,242.46
Less:		
Amount recovered during the year	4,180,539.80	3,354,830.41
Balance as at 31.12.2017	<b>9,847,296.72</b>	<b>5,267,412.05</b>

Note 15	Current Liabilities	
	2017	2016
Overtime/Holiday Pay as per List/WRS	465,847.91	407,733.07
Subsistence and Treveling as per List	661,805.99	560,050.09
Electricity & Water Bill Payable as per list	216,675.25	266,693.63
Telephone Payable(as per list)	111,726.03	212,797.20
Analytical Instruments (Pvt) Limited	1,595,083.35	2,298,965.00
Prima Ceylon	51,000.00	51,000.00
China habor Engineering	1,000.00	1,000.00
SRT Security pvt ltd	-	49,290.00
Sri Lanka State Trading	24,720.02	38,800.00
EPF & ETF Payabales	5,390,895.54	-
Salary & Other Allowances as per List	7,692.62	1,532,572.97
Fuel Reimbursement as per List	-	179,642.35
Unidentified Bank Deposit	50,000.00	130,000.00
WRS Liability as per List	531,497.00	489,842.65
Other payable list	203,254.81	60,630.00
Aluv Glass Engineering (Pvt) Ltd	101,679.95	70,863.00
Cellular Arcade Security Solutions	189,061.88	189,061.88
Central Engineering Consultancy Bureau	14,546,175.56	3,928,026.23
Government Printer	2,157,066.75	655,118.75
Modern Air Con (Pvt) Ltd	70,738.57	92,842.67
Sanjeewa Motors (Pvt) Ltd	33,247.00	-
Ministry of Mahaweli Development	265,080.67	484,410.67
Stamp Duty payable	25.00	50.00
life saving association of Sri lanka	235,200.00	-
Lionchem Pvt Ltd	78,397.50	-
Marshal trading Company	469,200.00	-
Leema criation	49,990.50	-
Lnaka hightech Marine	7,209,250.00	-
Hemson International Pvt Ltd	154,059.75	-

IUCN	2,850,624.00	-
Microtech biological Pvt Ltd	45,540.00	-
Powerplus Holding PVT Ltd	323,932.58	-
Pala auto Electricals	1,290.30	-
Haladivwa Glass Place	361,950.00	-
Hiranya Promosanal	390,000.00	-
IT GallaryComputers Pvt ltd	262,500.00	-
J D M Traders	3,850.00	-
Jhon Kells Office Automation	12,577.48	-
Marlbo Trading	94,415.00	-
Mc-Land s Art & services	92,000.00	-
My Tool automobiles	5,230.00	-
Foregin Ministry	204,736.30	-
Auditor Generals Department	641,700.00	-
National Insurance Trust Fund	369,953.76	-
New Mubarak Agency	48,000.00	-
Nipuni Cleaning Services (Pvt) Ltd	118,138.70	-
Nithma IT Solutions	20,000.00	-
P. B. T. P. Kumara	474,825.98	-
PC Globe Systems (Pvt) Ltd	328,500.00	-
Pearl Marketing	4,370.00	-
Postgraduate Institute of Science	350,000.00	-
Regional Resource Development Authority	153,022.26	-
Shine Star Super Service	19,700.00	-
Sign Tech Advertising Services (Pvt) Ltd	58,063.50	-
softlogic Retail (Pvt) Ltd	3,680.00	-
Sri Lanka Insuarance Corporation Ltd	155,341.54	-
T K Prasanna	292,000.00	-
United Engineering Works	10,440.00	-
United Motors Lanka PLC	33,942.26	-
University of Ruhuna	44,279.50	-
Vijay Trading Company (Pvt) Ltd	2,850.00	-
W Anthoney Thamel	60,800.00	-
W.F.R Perera	176,393.75	-
American Premium Water Systems (pvt) Ltd	5,466.18	-
Ceylon Electricity Board	3,626.40	-
Dialog Brodbrand networks (pvt) Ltd	5,348.86	-
Government Agent - Mannar	35,000.00	-
Lanka Electricity co.(Private)LTD	5,327.60	-
Machine Operating Unit PRDA (W.P.)	2,300.00	-
Mobitel(Pvt)Ltd	10,729.91	-
Natinal Water Supply & Dranage Board	51,502.68	-
Sri Lanka ports Authority	16,634.91	-
Sri Lanka Telecom	152,266.27	-
Fisheries Habouir Corporation	-	1,431,266.45

Rent payable (as per list)	-	144,840.00
Accsees international Pvt	-	16,530.12
Business machine Pvt	-	10,350.00
Hulchem Lanka (Pvt) Ltd	-	143,750.00
R Ragu	-	18,500.00
Trinco Automobile	-	16,755.00
Quolitorn Pvt	-	44,000.00
Toyota Lanka	-	38,240.09
Alpaha Industries	-	518,536.10
Machlarance logistic	-	1,242,000.00
Mihiri Bake House	-	47,725.00
Associated Newspapers of Ceylon	-	180,663.00
DN Panditharathna	-	95,354.38
Sooriya Stationers	-	12,108.75
Boomi tech Pvt Ltd	-	6,777,500.00
Hi Tech technical	-	402,500.00
Cambridge Traders	-	3,850.00
Nahua lanka	-	6,008.34
Director General NARA	-	100,950.00
Aomic energy Board	-	37,605.00
Paye Payable	-	460.00
South Beach Resort	-	10,000.00
L A Lajith	-	2,722.80
	<b>43,173,221.37</b>	<b>23,001,605.19</b>

Note 16	Staff Loan Fund	
	2017	2016
Opening Loan Balance 01.01.2017	7,443,919.99	7,241,779.43
<b>ADD:</b>		
Interest for the Year	5,762,064.00	202,140.56
<b>Less:</b>		
Bank Charges for the year	289,393.98	-
Closing Loan Balance 31.12. 2017	<b>13,495,377.97</b>	<b>7,443,919.99</b>

Note 17	Provision for Gratuity	
	2017	2016
Opening Balance	13,736,758.00	10,931,250.00
Adjustment for OP Balance		
Provision for the Year	6,421,851.50	3,515,027.15
	20,158,609.50	14,446,277.15
<b>Less:</b>		
Gratuity payment during the year	481,885.50	709,519.15
Closing Balance	<b>19,676,724.00</b>	<b>13,736,758.00</b>

Note 18	Government Grants and Capital	
	2017	2016
Opening Balance	80,308,319.34	65,778,874.32
Reversal of charge Defferd income		
Capital Grants Received During the year	70,270,486.63	142,306,041.67
	150,578,805.97	208,084,915.99
Less		
Grant Recognized as income Note: 19 &27	41,459,516.52	83,990,308.56
Capital Grant to be utilized Annexure 01	-	9,271,871.09
Building WIP	21,900,713.47	34,514,417.00
Closing Balance as at 31.12.2017	<b>87,218,575.98</b>	<b>80,308,319.34</b>

Note 19	Accumulated Deficit	
	2017	2016
Opening Balance	80,308,319.34	65,778,874.32
Assest Purchase During the Year	23,492,254.92	30,329,642.96
Less	<b>103,800,574.26</b>	<b>96,108,517.28</b>
Defferd grant Recognized as income		
Closing Balance as at 31.12.2017	16,581,998.28	15,800,197.94
Opening Balance	<b>87,218,575.98</b>	<b>80,308,319.34</b>

Note 20	Government Grants for Building WIP	
	2017	2016
Opening Balance	34,514,417.00	-
Capital Grants Received During the year	21,900,713.47	34,514,417.00
	<b>56,415,130.47</b>	<b>34,514,417.00</b>
Less		
Recognized Assets	-	-
Closing Balance as at 31.12.2017	<b>56,415,130.47</b>	<b>34,514,417.00</b>

Note 21	Accumulated Deficit	
	2017	2016
Opening Balance	(19,764,379.11)	(16,798,010.99)
Reversal of charge Deferd income	223,699.32	-
Deficit/ surplus for the year	(35,611,914.31)	(2,966,368.12)
Closing Balance as at 31.12.2017	<b>(55,152,594.10)</b>	<b>(19,764,379.11)</b>

Note 22	Marine Environment Protection Fund	
	2017	2016
Opening Balance	17,416,123.94	16,350,374.68
Interest Income-TB	1,532,587.41	1,065,749.26
Less		
Closing Balance as at 31.12.2017	5,762,064.00	-
	<b>13,186,647.35</b>	<b>17,416,123.94</b>

<b>Note 23</b>	<b>Intangible Assets</b>	
	<b>2017</b>	<b>2016</b>
Opening Balance	2,209,336.50	1,024,049.71
Deposit Received During the year	-	1,386,945.00
	2,209,336.50	2,410,994.71
Less		
Expenditure made during the year	305,394.09	201,658.21
Closing Balance as at 31.12.2017	<b>1,903,942.41</b>	<b>2,209,336.50</b>

<b>Note 24</b>	<b>Income Perceived</b>	
	<b>2017</b>	<b>2016</b>
WRS Application & Permit Fees	487,500.00	856,000.00
Bunkering Application & Registration	312,000.00	656,000.00
Dumping regulation Application & Permit Fees	983,315.07	776,767.00
OECP Regulation	119,041.63	
Supplier Registration	73,000.00	110,000.00
	<b>1,974,856.70</b>	<b>2,398,767.00</b>

<b>Note 25</b>	<b>Grant Related to the inventories</b>	
	<b>2017</b>	<b>2016</b>
Grant received for the Year(from 2012)	3,858,594.00	3,858,594.00
Less		
Amount transfer to the P&L	-	-
Closing Balance as at 31.12.2017	<b>3,858,594.00</b>	<b>3,858,594.00</b>

<b>Note 26</b>	<b>Capital Grant to be utilized</b>	
	<b>2017</b>	<b>2016</b>
Opening Balance	12,048,760.59	25,207,173.31
Reversal of charge Expences	145,305.96	4,298.14
Amount transfer during the year	-	9,271,871.09
	12,194,066.55	34,483,342.54
Less		
Expenditure incurred during the year	7,763,085.90	22,434,581.95
Return to the treasury	3,604,038.85	-
Closing Balance as at 31.12.2017	<b>826,941.80</b>	<b>12,048,760.59</b>

Note 27	Capital Fund Reconciliation	
	2017	2016
Capital Grant for the year	61,646,100.00	89,998,400.00
Balas Water Propject funds	-	2,000,000.00
Green Fihery Harbour	-	26,420,381.78
IAS Project	219,330.00	733,589.33
Yesu Project	641,970.73	719,088.61
Trasfer from Capital Grant to be utilized	7,763,085.90	22,434,581.95
<b>Total Capital Grant</b>	<b>70,270,486.63</b>	<b>142,306,041.67</b>
Less:		
Purchase Fixed Assets	(23,492,254.92)	(30,329,642.96)
Building WIP	(21,900,713.47)	(34,514,417.00)
Trasfer to Capital Grant to be utilized	-	(9,271,871.09)
<b>Amount Transfer to P&amp;L</b>	<b>24,877,518.24</b>	<b>68,190,110.62</b>

Note 28	Capital Grant to be utilized	
	2017	2016
Opening Balance	4,182,303.30	4,417,793.50
Adjustment to opeining Balance	218,576.82	323,709.30
Stationary Stocks	521,243.97	559,199.50
Less		
Amount transfer to the P&L	295,946.84	4,182,303.30
<b>Closing Balance as at 31.12.2017</b>	<b>4,626,177.25</b>	<b>4,182,303.30</b>

Note 29	Short term Investments	
	2017	2016
Opening Loan Balance	15,816,119.87	14,750,372.00
Add		
Interest for the year	1,532,587.41	1,065,747.87
Less		
Bank charges for the year	5,762,064.00	-
<b>Closing Loan Balance</b>	<b>11,586,643.28</b>	<b>15,816,119.87</b>

**Note 30**

**Grant and Other Transfer Payments**

<b>Expense</b>	<b>Actual Expenditure</b>	<b>Transfer to Assets</b>	<b>Expenditure for P &amp;L</b>
<b>Rehabilitation and Improvement Capital Assets</b>			
2001. Building and Structures	952,175.89	697,933.39	254,242.50
2002. Plant Machinery & Equipment	375,584.21	-	375,584.21
2003. Vehicle	1,293,268.64	-	1,293,268.64
<b>Aquisition of Capital Assets</b>			
2102. Furniture and Equipment	1,239,024.79	1,237,324.79	1,700.00
2103. Plant Machinery and Equipment	2,370,926.88	2,321,441.29	49,485.59
2104. Building and structures	21,900,713.47	21,900,713.47	-
2401. Human Resources Development	1,789,178.56	255,675.00	1,533,503.56
2502. Other Capital Expenditure			
1. Improvement of sea bathing sites and beaches	8,402,237.00	3,064,275.00	5,337,962.00
2. Pollution prevention from fisheries sector	910,273.43	3,750.00	906,523.43
3. Marine debris management	76,363.50	1,500.00	74,863.50
4. Coastal and marine pollution control	3,111,030.45	-	3,111,030.45
5. Studies on marine ecosystems	1,418,926.80	2,500.00	1,416,426.80
6. Implementation of International Conventions and Amendment of the Act	976,547.00	-	976,547.00
7. Minimizing the pollution caused by ships	2,968,110.08	2,409,490.25	558,619.83
8. Establishment of an institutional framework for marine related issues	6,034,599.00	-	6,034,599.00
9. Awareness building on marine environment	4,115,096.52	32,383.80	4,082,712.72
10. Organizing & conducting National events	7,688,833.61	11,510.00	7,677,323.61
11. Controlling of impacts of accidental oil and chemical spilling	10,880,038.23	6,839,650.00	4,040,388.23
12. Upgrading of laboratory facilities and achieving accredited status (Improvement of Laboratory facilities to provide commercial service)	3,050,077.88	852,079.50	2,197,998.38
16.1 Green Fishery Harbour Project	-	-	-
Baseline assessment on invasive Project	219,330.00	-	219,330.00
YESU Project	641,970.73	-	641,970.73
Un used Capital Grant 2014/15/16	7,763,085.90	5,762,741.90	2,000,344.00
	<b>88,177,392.57</b>	<b>45,392,968.39</b>	<b>42,784,424.18</b>

31 Investment in Treasury Bills

The Authority invested Rs 15,816,119.53 in 6 Month Treasury Bills in August 2016 and it was matured in the year 2017 and the total amount (interest and the investment amount) reinvested during the year 2017. The amount of Rs 1,532,587.41 have being earned as the interest income during the period. The amount of Rs 11,586,643.28 (interest and the investment Value) reinvested in December 2017 and this amount shown under the Current assets in the Statement of Financial Position.

Out of the maturity value of investment Rs. 5,762,064.00 was transfered during the year to the Staff loan fund to accommodate additional fund requirement for distress Loan. This transfer was made by using accumulated interest earned from the year 2011 onwards. Accordingly investment value came down to Rs. 11,586,643.28 at the date of Financial Statements.

32 The authority started to invest surplus cash balance at the end of the each Day in the current account of MEPA to repurchase Treasury Bills in the daily basis. This process was continued until the end of the year and earned Rs. 1,532,587.41 as interest income. This interest income was included to the total income for the year.

33 The Authority acquired Rs 23,492,254.92 value of fixed assets during the year. These assets included furniture, office equipment, lab equipment, technical equipment, computers, etc.....

34 Gratuity Provision

1. The Basic salary and cost of living allowance used as base for Calculation of gratuity.
2. As per the Public Enterprise Circular the retirement age of public sector employee is extended up to 60 years. Accordingly the authority considers the employee will be retired at the age 60 years.
3. Based on the PED circular there should be separate bank account for gratuity (Same amount to the provision in cash value). However Authority was not opened the bank account during the year 2017, though it is scheduled to be opened during the year. This was due to the unavailability of sufficient funds. Account will be open and cash will be transferred subsequently based on the excess cash availability.

35. Capital Grant to be utilized

At the beginning of the financial year Rs 12,048,760.59 balance brought forward from the year 2014/15/16 which include some pending actions and cost saving from planned activities . Out of that Rs. 7,763,085.90 was spend for the Plan activities and the balance Rs. 826,941.80 was included in closing cash balance.

As per the advice received from the National Budget department Rs. 3,604,038.85 was returned from the Opening balance to the Treasury.

Accordingly, balance value of Rs. 826,941.80, shown under the Equity as Capital Grant to be utilized (**Proposed Expenditure Details Attached as Annexure 01**)

**36 Inventories.**

Inventories valued at net realizable value or cost whichever is lower.

There was no any indication that nets realizable value of socks less than the cost of inventories in relation to the oil dispersant. The technical department on the view that this stocks can used another two to three years. Though its expiry dated will reached in the year 2017. Accordingly, during the year no adjustment was made to the oil dispersant stocks.

However, physical verification indicated that 5800 liters of oil dispersant was issued to the Ceylon Petroleum Storage Terminal Limited on a replacement basis on 01.06.2017 . However, it was not replaced until 31.12.2017. Several reminders were made to them and they have informed that they will replace the stocks very sooner. Accordingly, this issue of stock was not considered as sale of stocks.

Accordingly, until the replace the dispersant stocks the book value of stocks will carry as same as opening balance.

In addition to the above oil dispersant Stocks, physical verification of stores indicated that, considerable amount of Stationary items were available in store. Therefore it is decided to take material items of stationary as an inventory item (Annexure 02). The Stationary stocks balance carryforward from last year was partially used during the year. Accordingly the value of used inventory

charged to Statement of Financial performance. The closing stocks of stationary is included in inventory as Stocks as at 31.12.2017.

During the verification it is fund that value of inventory opening balance not correctly reflected in the Statement of Financial Position. Accordingly

restated the inventory balance to reflect the correct value Statement of Financial Position.

Inventories shown under the Current assets in the Statement of Financial Position.

**37 Library Books.**

The value of Library books shown under the PPE in Statement of Financial Positions as Library Books and the cost of the books which purchased during the year was transferred to the deferred grant account and amortized over the useful life of books.

The useful life of books consider as 10 years.

**38 Chemicals and Glassware Stocks**

The policy adopted by the authority in relation to the chemicals and glassware is to charge the total purchase cost of Chemicals and Glassware to the Statement of Financial performance

during the year in which the transaction happened.

This method is adapted due to the practical difficulties in calculation of exact amount of chemicals at the end of year, and some glass ware need to be replaced during the short a period of time. However the Laboratory maintains Stocks ledgers for both Chemicals and the Glassware for recording purpose.

### 39 Building Work in Progress (Building WIP) 40

During the year Authority started to build its own office complex for Southern Provincial office and Galle Regional office in Dadalla area in Galle. This building complex include laboratory. The estimated cost for the Building complex is approximately Rs. 57.2 million, out of that Rs.22.38 million estimated for the year 2017 and balance Rs.35 million was received during the year 2016. The construction activities of building hand over to Central Engineering Consultancy Burro (CECB) as per the Cabinet approval. The CECB started and carried out construction from 2016 and Rs. 56.415million was paid for the constructions works to the date . The amount paid to the CECB recoded as

capital assets and name as Building work in progress (Building WIP) under Property Plant and Equipment (PPE). The grant related to the construction of building deferred and carried forward as Equity until the building construction is complete. It is expected that building construction will be completed in fully during the year 2018.

According to the Budget estimate for the year 2017 the National Budget department (NBD) has allocated Rs 142,446,000 (including the authority Income) and Rs 90,000,000 for recurrent expenditure and capital expenditure respectively. Below table shows the details of Allocation (NBD), Recommendation (NBD), and Cash released (TOD) and Actual Expenditure for the year 2017.

	Allocation 2017	Released by National Budget 2017	Received from Treasury Operation 2017	Actual Expenditure as at 31.12.2017(Cash Basis)
Recurrent	108,034,000.00	108,034,000.00	94,917,620.00	142,848,634.65
Capital	90,000,000.00	88,071,500.00	61,646,100.00	79,574,650.96
Total	198,034,000.00	196,105,500.00	156,563,720.00	222,423,285.61

The NBD was recommended to release Rs. 108,034,000.00 during the year as recurrent expenditure; out of that Rs 94,917,620.00 was released as recurrent expenditure by the TOD. During the year total recurrent expenditure was Rs. 142,848,634.65 out of that Rs 100,761,135.13 (70.50%) was spent for Personal emoluments. In addition to the grant received for recurrent expenditure from the treasury, the authority earned Rs 37,097,702.07 by its operation and implementation of regulation. All the earnings made by the authority were fully used during the year to meet relevant Recurrent expenditure.

As per Sri Lanka Accounting Standard (LKAS) the income which is relevant to the period should be recognized within the same period. Accordingly the recurrent grant receivable balance amounting Rs. 13,116,380.00 (the grant which are ensure by the NBD to released) can recognize as receivable income for the period. If we recognized that as and income, the Statement of Financial Performance will carry a positive balance for the year 2017.

According to the Government procedure, it is certain that we will not receive fund for cover the expenditure which is related to the year 2017, after closed Government Accounts as at 31.12.2017. Therefore, though we have documentary evidence for recurrent grant receivable, there is no point to carry the Rs 13,116,380.00 as recurrent grant receivables in the statement of financial position. Accordingly, receivable balance was not recognized as a grant receivable for preparation of Financial Statements.

The NBD recommended to release Rs. 88,071,500.00 during the year as Capital expenditure However during the Year Rs 61,646,100.00 was released as Capital expenditure by the TOD. during the year total financial capital expenditure was Rs. 79,574,650.96.and committed expenditure was 4,516,167.75. Accordingly, total capital expenditure was Rs.84, 090,818.71.

As per LKAS the income (Grant) which is relevant to the period it arises should be recognized within the same period. Accordingly the Capital grant receivable balance (26,425,400.00) (the grant which are ensure by the NBD to released) can recognize as receivable income for the period.

As mention in the above same accounting treatment should be applicable for when recording capital grant. Therefore, though we have documentary evidence for capital grant receivable, there is no point to carry the Rs 26,425,400.00 as capital grant receivables in the Statement of Financial Position. Accordingly this amount was not recognized as a capital grant when preparation of Financial Statements.

Note: This authority had a series of discussion with the Treasury Operation Department to obtain the funds which are recommended to release by the NBD However, due non availability of funds it was not succeed.

#### **41. Intangible Assets**

The software purchase by the Authority considered as intangible Assets and the cost of intangible assets will amortized over the 10 year period on the straight line basis. It is assume that, the during 10 year period the new versions of software available writhing the market and those software may have more advance features than existing software's. And further assume that the requirement of the authority will change writhing next 10 year to match with its future expansion.

As per the relevant Accounting standard it is required to test the intangible assets for the impairment if, there is any indication of impairment with related to the assets. However it was fund that there is no any indication about the impairment of intangible assets. As such, the assets were acrid at the cost of acquired and amortized relevant amount to the Statement of Financial performance during the year.

In the year 2016 Intangible Assets was not indicated in the face of Statement of Financial position as separate line item. However, Auditor General was on the opinion that, Intangible Assets should include as line item in the face of statement of financial position. Accordingly, previous year figures were restated to increase the understandability of users of financial statements.

#### **42. EPF &ETF payment for Cost of Living allowance**

During the period from 2006 to November 2009 the Authority had not paid contribution

for EPF (15%) and ETF (3%) for the cost of living allowance. And same not deducted from the employees (10%). However, the audit carried out by the Employee Trust Fund during the year 2017 instructed to pay relent ETF contributions with penalties. Accordingly, payment was made during the year. Further it is required the paid EPF contribution to the same .The provision has being made to arrange relevant payment for EPF contribution. As per the EPF Act the employee contribution should pay by the Employer in the case of delay payments. Therefore, relevant Provision made for the EPF payment and it was included both employee and employer contribution along with the relevant penalties.

The above deviation was mainly due to the unclear guidance provided by the relevant circulars. Accordingly, not only this Authority but also most of other semi government institutes had to pay relevant due balances of EPF and ETF along with the penalties for the period from 2006 to 2009 with related to the cost of living allowance .

Since this new obligation arises during the year total expenditure recognized for the year. Accordingly, adjustment was not made to the previous year's balance.

#### **43 Disposals of Assets**

During the year Rs. 2,006,378.00 Worth of assets was disposed and the accumulated Depreciation Value was Rs. 1,985,052.66 to the date of disposal. This disposal was made based on the recommendation made by the committee appointed for the disposal

of assets. The disposal was made by way of call quotation from public by publishing advertisement on National Paper. The value of Disposal proceeds received Rs. 63,888.88. And Rs. 42,563.54 was recognized as profit on this disposal. Tender opening was made in front of Auditor general representatives and internal audit representatives.

#### **44 Land**

The construction of southern office building was made in land given to this authority by the Divisional secretary of “Kadawath sathera –Galle”. The land was originally transferred to the Ministry of Mahaweli Development and Environment. Thereafter ministry transferred to the land to this authority. However, sole ownership will remain with the Divisional secretary of “Kadawath sathera –Galle”. The area of Land is 55.17 purchases and Plan number is DS/GAFG/L&L/02/4 Lot number A & B. The rate number of –this land is 426B and address is 426B, Colombo Road, Dadella, Galle.

The valuation of land requested from the Government Valuer. Once we received the value of the land it will be incorporated to the Final Accounts.

#### **45 Pending Legal Action as at 31.12.2017**

1 Legal action has been initiated against a Cypress flagged Vessel

“Thermopylae Sierra” anchored in the outer harbor limits close to Panadura for the marine pollution occurred on the 23rd August 2012, under Criminal Liability as per Sections 26 of the Act respectively. Prosecution should be conducted by the Attorney General under Section 50 of this Act. All the documents / information required by the Attorney General have been submitted.

Further action is under consideration by the Attorney General

2. Civil legal action was instituted in the District Court of Gampaha for the recovery of costs of clean-up operation and Environmental damage of the marine environmental pollution in and around Lunawa Lagoon area, Thaldiyawatte, resulted from leakage of oil from a pipeline belonging to Ceylon Petroleum Storage Terminals Limited ., in the night of 31st December, 2015.
3. Port Junk Dealers Association comprising of some of the service providers who are registered with the Authority for the provision of Ship Board Waste Reception Service, have made an application for a Writ of Prohibition in the Court of Appeal against charging of fees from them by the Authority.

**6.7 Marine Environment Protection Authority From  
Statement of Financial Position  
From 2013 to 2017**

<u>Assets</u>		<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<u>Current Assets</u>						
Cash Balance	10	8,985,447.03	30,024,657.89	29,181,624.75	31,857,634.23	15,553,928.21
Debtors	11	972,183.09	48,999.00	60,152.52	47,257.00	22,250.00
Deposits	12	2,959,000.00	2,596,000.00	2,091,000.00	2,029,500.00	2,014,100.00
Pre-Payments	13	2,063,022.50	2,204,656.60	1,666,487.02	2,071,779.68	602,149.49
Investments (Treasury Bills)	29	11,586,643.28	15,816,119.87	14,750,372.00	13,916,147.26	12,979,451.23
Staff Loans Recoverable	14	9,847,296.72	5,267,412.05	4,806,479.09	5,159,503.18	6,238,964.09
Stock	28	4,626,177.25	4,182,303.30	4,417,793.50	3,858,594.00	3,858,594.00
<u>Non-Current Assets</u>						
Property, Plant and Machinery	09	141,729,762.47	112,613,398.34	65,778,872.90	64,955,616.96	38,211,544.09
Intangible Assets	23	1,903,942.41	2,209,336.50			
Total Assets		184,673,474.75	174,962,884.45	122,752,781.78	123,896,032.32	79,480,981.11
<u>Liabilities</u>						
<u>Current Liabilities</u>						
Payables	15	43,173,221.37	23,001,605.99	9,409,665.57	15,543,605.37	422,894.10
Income perceived	24	1,974,856.70	2,398,767.00	773,082.19	1,453,219.18	2,015,000.00
EIA Project Deposit	21	-	-	-	447,043.50	447,043.50
<u>Non-Current Liabilities</u>						
Marine Environment Protection Fund	20	-	-	-	15,516,150.13	14,579,453.20
Staff Loan Fund	16	13,495,377.97	7,443,919.99	7,241,779.43	6,984,853.28	6,752,928.71
Gratuity Provision	17	19,676,724.00	13,736,758.00	10,931,250.00	9,135,060.00	7,284,380.00
Total Liability		78,320,180.04	46,581,050.18	28,355,777.19	49,079,931.46	31,501,699.51

<b>Net Assets</b>		106,353,294.71	128,381,834.27	93,890,793.04	74,816,100.85	47,979,281.60
<b>Equities</b>						
Government Grants and Capital	18	87,218,575.98	80,308,318.58	65,778,874.32	64,955,616.49	38,211,543.55
Capital Grant to Building WIP	20	56,415,130.47	34,514,417.00	-	19,530,151.57	14,481,822.55
Capital Grant to be utilized	26	826,941.80	12,048,760.59	25,207,173.31		
Capital grant to the Inventories	25	3,858,594.00	3,858,594.00	3,858,594.00	3,858,594.00	3,858,594.00
Marine Environment Protection Fund	22	13,186,647.35	17,416,123.94	16,350,374.68		
Accumulated Surplus/Deficit	21	(55,152,594.10)	(19,764,379.11)	(16,798,010.99)	(13,528,261.26)	(8,572,678.50)
<b>Total Equity</b>		<b>106,353,294.71</b>	<b>128,381,834.27</b>	<b>94,397,004.59</b>	<b>74,816,100.85</b>	<b>47,979,281.60</b>

### 6.8 Marine Environment Protection Authority Statements of Financial Performance – 2013 to 2017

	No tes	2017	2016	2015	2014	2013
Revenue						
Transfer from other government entities	1	136,377,136.52	196,990,302.56	141,168,735.17	100,052,473.75	79,059,481.67
Fees, Fines, Penalties and Licenses	2	35,824,761.42	17,430,909.42	12,959,886.99	12,038,930.82	11,976,053.17
Other Revenue	3	1,272,940.65	5,029,616.86	2,958,002.39	2,619,793.00	1,168,403.50
<b>Total Revenue</b>		<b>173,474,838.59</b>	<b>219,450,828.84</b>	<b>157,092,554.39</b>	<b>114,711,197.57</b>	<b>92,203,938.34</b>
<b>Expenditures</b>						
Wages, salaries and employee benefits	4	107,184,813.71	96,641,764.42	85,360,458.55	55,794,565.26	41,797,413.42
Supplies and Consumable used	5	7,893,411.61	8,747,684.32	7,370,861.27	6,539,776.55	5,297,828.16
Other Recurrent Expenditures	6	34,634,645.40	29,518,560.70	23,651,730.11	19,865,034.64	14,482,504.22
Grants and Transfer payments	7	42,784,424.18	71,654,455.72	27,847,538.73	24,906,853.19	23,058,734.95
Financial Cost	8	28,785.00	54,533.78	34,560.00	35,430.00	36,800.00
Depreciation and amortization Expenses	9	16,560,673.00	15,800,198.02	16,097,155.46	12,525,120.63	10,335,446.79
<b>Total Expenditures</b>		<b>209,086,752.90</b>	<b>222,417,196.96</b>	<b>160,362,304.12</b>	<b>119,666,780.27</b>	<b>95,008,727.55</b>
Deficit/ Surplus for the period		<b>(35,611,914.31)</b>	<b>(2,966,368.12)</b>	<b>(3,269,749.73)</b>	<b>(4,955,582.70)</b>	<b>(2,804,789.20)</b>

## 7. 7 Report of the Auditor General

	<b>විගණකාධිපති දෙපාර්තමේන්තුව</b> கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம் <b>AUDITOR GENERAL'S DEPARTMENT</b>	
මගේ අංකය எனது இல. } IEN/E/MEPA/01/17/20	ඔබේ අංකය உமது இல. } Your No. }	දිනය திகதி } 17 July 2018
<p>The Chairman, Marine Environment Protection Authority</p>		
<p><b>Report of the Auditor General on the Financial Statements of the Marine Environment Protection Authority for the year ended 31 December 2017 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971</b></p>		
<p>The audit of financial statements of the Marine Environment Protection Authority for the year ended 31 December 2017 comprising the statement of financial position as at 31 December 2017 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Section 20 of the Marine Pollution Prevention Act, No.35 of 2008. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Authority on 10 May 2018.</p>		
<p><b>1.2 Management's Responsibility for the Financial Statements</b></p>		
<p>Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.</p>		
<small>අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka</small>		



**1.3 Auditor's Responsibility**

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

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

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

**1.4 Basis for Qualified Opinion**

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



**2. Financial Statements**

**2.1 Qualified Opinion**

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Marine Environment Protection Authority as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

**2.2 Comments on Financial Statements**

**2.2.1 Sri Lanka Public Sector Accounting Standards**

The following observations are made.

**(a) Sri Lanka Public Sector Accounting Standard 1**

In terms of paragraph 48 of the Standard, the revenue and expenses should not be offset unless required or permitted by the Standard. Nevertheless, the revenue and expenses for the celebration of the World Maritime Day and for the International Coastal Cleanup Programme had been offset and only sums of Rs.1,991,069 and Rs.2,865,092 had been brought to account respectively as net expenses.

**(b) Sri Lanka Public Sector Accounting Standard 2**

In terms of paragraph in which objectives of the Standard are mentioned, the Cash Flow Statement should be prepared by indicating the manner in which the cash was raised for activities of the entity and how cash was used. However, contrary to that, transactions of Rs.18,751,505 brought to account on accrued basis had not been adjusted to the Cash Flow Statement.



**(c) Sri Lanka Public Sector Accounting Standard 7**

In terms of paragraph 25 of the Standard, where an asset is acquired, it should be brought to account at its fair value as at the date of acquisition. Nevertheless, 32 assets of property, plant and equipment provided by the Ministry of Mahaweli Development and Environment to the Galle Sub-Office, had not been brought to account.

**2.2.2 Accounting Policies**

The following observations are made.

- (a) According to the Accounting Policy recognized by the Authority for the depreciation of non-current assets, depreciation for 03 items of assets purchased at a cost of Rs.247,750 had not been made during the year under review.
- (b) Even though the writing off of the cost of laboratory materials and laboratory glassware as an expenditure of the year purchased is the Policy of the Authority, equipment valued at Rs.1,764,198 received by making payments in January 2018, had been written off as an expenditure of the year under review.

**2.2.3 Accounting Deficiencies**

The following observations are made.

- (a) According to the physical stock verification carried out on 12 March 2018 by the Audit, the value of stocks of stationery had been understated by Rs.187,078.
- (b) In the rectification of an error, intangible assets valued at Rs.3,055,941 had been credited to the Provision for Depreciation Account instead of eliminating from the Furniture and Equipment Account.



- (c) A sum of Rs.2,991,897 received as insurance indemnity for 09 motor vehicle accidents and expenditure on repairs equivalent to that, had not been brought to account during the year under review.
- (d) Assets valued at Rs.7,076,006 paid in January and February 2018 and received by the Authority in the year 2018, had been recorded under property, plant and equipment of the year under review, thus indicating an over computation of that account.
- (e) Assets valued at Rs.316,975 received to the Authority in the year 2017 from the Project on Control of Invasive Alien Organisms, had been omitted from accounts.
- (f) According to the agreement entered into with the International Union for Conservation of Nature for the formulation of policies and an Action Plan with strategies for the protection of marine environment, a sum of Rs.2,850,624 to be paid in the year 2018 had been shown as an expenditure of the year under review.

**2.2.4 Lack of Evidence for Audit**

Receipts and certificates of attendance for the confirmation of payments totalling Rs.375,875 incurred for workshops, programmes and 08 hoardings, had not been made available to Audit.

**2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions**

The following non-compliances were observed.

<b>Reference to Laws, Rules and Regulations</b>	<b>Non-compliance</b>
(a) Section 18.2 of the Marine Pollution Prevention Act, No.35 of 2008	In the enforcement of powers of the Authority, by the Fund established



according to the Act, only expenses to be incurred in performing and discharging duties and functions can be paid only by the Fund. However, a sum of Rs.5,762,064 had been credited to an Employees Loan Fund with the approval of the Board of Directors.

- (b) Circular No.SP/SB/07/15 of 25 September 2015 of the Secretary to the President
- Even though it had been indicated that suitable hotels and seminar halls should be selected to organize public sector functions, conferences and workshops at a minimum cost so as to achieve expected goals, a sum of Rs.982,160 had been paid in 04 instances by the Authority instead of taking action accordingly.
- (c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka
- 
- (i) Financial Regulations 104 (1) (a)
- As soon as a loss or damage occurs, inquiries should be instituted to ascertain the extent and causes of the loss and to fix responsibility. However, action had not been taken in terms of Financial Regulations relating to 04 motor vehicle accidents valued at Rs.519,624.
- (ii) Financial Regulation 104 (4)
- Even though a full report should be submitted by determining the persons responsible for that accident and estimating the value of loss within 03 months from the date of accident, action had not been so taken in respect of 02 accidents.



- (iii) Financial Regulation 211 Even though all liabilities should be settled promptly, liabilities valued at Rs.5,007,086 existed as at 31 December 2016 had not been settled even by the end of the year under review.
- (iv) Financial Regulation 156 (7) Even though the Chief Accounting Officer should exercise due economy in all financial transactions, 16 instances of retaining money ranging from Rs.10,000 to Rs.72,000 in hand by officers were observed at the audit test checks.
- (v) Financial Regulation 1642 As soon as an accident occurs, it should be reported to the nearest Police Station. However, action had not been so taken.
- (vi) Financial Regulation 1645 (a) Even though action should be taken to make arrangements for checking daily running charts constantly by the responsible officers, it had not been so done in regional offices.
- (d) Public Finance Circular No.03/2015 of 14 July 2015 Even though it had been indicated that bank prepaid cards can be used instead of granting Imprests, the Authority had not paid attention thereon.
- (e) Management Audit Circular No.01/2016 of 01 January 2016 Even though the Government had emphasized the necessity of maintenance of a computer database system in respect of all assets of Government institutions, it had not been so done by the Authority for assets valued at Rs.200,736,374.



**3. Financial Review**

**3.1 Financial Results**

According to the financial statements presented, the financial result of the Authority for the year ended 31 December 2017 had been a deficit of Rs.35,611,914 as compared with the corresponding deficit of Rs.2,966,368 for the preceding year, thus indicating a deterioration of Rs.32,645,546 in the financial result of the year under review as compared with the preceding year. The decrease in income by Rs.45,975,990 and the increase in salaries, employees' benefits and other recurrent expenditure by Rs.15,659,134 had been the main reasons for this deterioration.

An analysis of financial results of the year under review and 05 preceding years revealed that the deficit of Rs.1,814,711 of the year 2012 had increased to Rs.35,611,914 in the year under review. After taking into consideration the employees' remuneration and depreciation on the non-current assets, the contribution of the Authority had continuously improved. However, the contribution of the year under review had decreased by 19 per cent as compared with the preceding year.

**4. Operating Review**

**4.1 Performance**

**4.1.1 Planning**

Even though an Action Plan had been prepared, the Authority had not introduced a methodology for the examination of the progress of achieving objectives therein on timely basis. Moreover, activities such as preparation of the National Action Plan on policy strategies of marine environment protection, preparation of Environmental Sensitive Maps, presentation of Reports on Biological Survey of Ports and amendment of the Act of the Authority, had not been performed during the year.



#### 4.1.2 Performance and Review

-----

The following observations are made in respect of achieving of objectives of the Authority.

- (a) Action had not been taken to enforce the legal powers in the Act, impose penalties and prevent the marine pollution caused by the Chilaw Urban Council by the irregular disposal of garbage on a land at Kurusapaduwa situated near the main estuary of the Chilaw Lagoon relating to the Chilaw Office.
  
- (b) Agreements had been entered into for the purpose of preparation of a policy with strategies and an Action Plan for the protection of marine environment of Sri Lanka at a cost of Rs.5,938,800 on 15 August 2017 with a view to completing it within 05 months. Further, the Authority had paid a sum of Rs.3,088,176 therefor by November 2017. Even though those activities had been completed, the final report thereon had not been received by the Authority even by March 2018.

#### 4.2 Management Activities

-----

The following observations are made.

- (a) A sum of Rs.3,604,039 relating to the years 2014, 2015 and 2016 allocated for performing intended activities, had been resettled on 28 December 2017 to the General Treasury without performing those activities.
  
- (b) The period of lease of the Head Office building is to be expired in November 2018 and the lessor had informed the Authority that the said period will not be further extended. As such, the impairment of a sum of Rs.1,354,199 in the year 2018, which was spent and capitalized by the Authority for the development of this building, had not been disclosed.
  
- (c) Five items of computer accessories valued at Rs.177,075 received as donations in November 2017 from the Ministry of Disaster Management, had not been



entered in inventories and they had been kept in stores in an unprotected manner.

- (d) Even though an allowance at a rate of Rs.750 per day with effect from 01 December 2010 and allowances according to day and night shift schedule since the year 2016, had been paid for officers who had been deployed in ports for providing waste reception facilities, the approval of the Department of Management Services had not been obtained therefor. A total sum of Rs.1,951,550 had been spent for the payment of those allowances from the year 2014 to the year 2017.
- (e) A sum of Rs.33,783,341 had been spent for the construction of the Mirissa Fisheries Harbour as a Green Fisheries Harbour under the Project of Green Fisheries Harbour and the entire activities of this Project had been completed as at 31 December 2016. However, action had not been taken to vest this Harbour with the Ceylon Fisheries Harbours Corporation even by 25 January 2018.

#### 4.3 Operating Activities

-----  
The following observations are made.

- (a) Even though permits should be obtained for dumping of waste within the areas of Authority of each regional office, action had not been taken to summon reports on institutions which do not act accordingly and to take necessary future measures therefor by the Legal Division.
- (b) Environmental and marine pollution occurs due to high temperature of water discharged from the Norochcholai Coal Power Plant and due to spillage at unloading of coal into the sea. Nevertheless, the Authority had not taken action to minimize it.
- (c) The Management had not paid its attention to find prompt solutions in respect of the environment pollution occurred due to disposal of waste from a hotel at





- (c) Even though a new Scheme of Recruitment had been formulated, the approval of the Department of Management Services had not been obtained therefor.

**5. Sustainable Development**

**Achievement of Sustainable Development Goals**

Every Government Institution should act in terms of the 2030 “Agenda” for Sustainable Development of the United Nations. However, the Authority had not been aware of the manner in implementing the functions that come under its scope. As such, action had not been taken to identify the sustainable development goals, targets relating to those functions and focal points to reach those targets and indices for measuring the achievement of targets.

**6. Accountability and Good Governance**

**6.1 Internal Audit**

According to the approved cadre, the Internal Auditor and two Audit officers should be attached to the Internal Audit Unit. However, only the Internal Auditor and a Management Assistant had been attached to that Unit. As such, it was observed that a vast area could not be covered in audit.

**6.2 Procurement and Contract Process**

The following observations are made.

- (a) In terms of Guideline 4.2 of the Government Procurement Guidelines, a Procurement Plan had not been prepared in a realistic manner by the Authority and it had not been reviewed in an updated manner as well.
- (b) In the installation of a security camera system (CCTV) in the Head Office of the Authority and in Port Offices, an accessory recorded under specifications, had been purchased by identifying as an additional accessory and a sum of



Rs.64,665 had been overpaid in the purchase of security cameras without obtaining the recommendation of the Committee which acted as the Technical Evaluation Committee.

**6.3 Unresolved Audit Paragraphs**

The following observations are made.

- (a) The Oil Spill Contingency Plan had not been approved by the Marine Environment Protection Authority in terms of the Order No.01 of 2012 under the provisions of Marine Pollution Prevention Act, No.35 of 2008.
- (b) A proper methodology had not been prepared for waste management existing in Fishery Harbours.
- (c) Even though it had been decided at the Audit and Management Committee held in the year 2013 to make Local Authorities aware on the disposal of waste of lavatories built in a manner that waste is disposed to sea within the limit of 300 meters from the sea to the land and to prepare a report in the manner that action to be taken in future by discussing with the Director General of the Tourism Development Board on the special impact posed to Tourism Industry due to waste disposed to sea without recycling, it had not been implemented even up to the year under review.

**07 Systems and Controls**

The weaknesses in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

**Areas of Systems and Controls**

**Observations**

(a) Personnel Administration

Failure in making Recruitments, granting of promotions and conducting disciplinary inquiries in a formal manner.



සමස්ත රජයේ සේවාවන්හි  
සාමාන්‍ය පාලන කාර්ය මණ්ඩලය  
Auditor General's Department

(b) Execution of Projects

Failure to complete the projects on due date and to take action to obtain final observations and accounts relating to the projects.

(c) Implementation of Plans.

Improper implementation of plans and failure in taking follow- up action.

(d) Financial Control

Incurring over expenditure in implementing programmes due to not paying attention on the allocated provisions for that matter.

(e) Stock Control

Failure in receiving Goods by the Stores and issuing them and failure to update Stock Registers.

(f) Control Over Motor Vehicles

Failure to update Log Books, Running Charts and Certifications and failure in conducting preliminary inquiries on motor vehicle accidents and in taking action according to Financial Regulations.

W.P.C. Wickramaratne  
Acting Auditor General