

## **Head - 307 Department of Motor Traffic**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of the Department of the Head 307-Motor Traffic for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, and cash flow statement for the year then ended and notes to the financial statements, including material accounting policy 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 provisions of the National Audit Act No. 19 of 2018 . The Summary Report containing my comments and observations on the financial statements of the Department of Motor Traffic was issued to the Accounting Officer on 29 May 2024 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 31 May 2024 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Department of Motor Traffic as at 31 December 2023 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

My opinion is qualified based on the matters stated in Paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities for the financial statements are further described in the Auditor's Responsibilities section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibilities of the Accounting Officer on Financial Statements**

The Accounting Officer is responsible for Preparation of financial statements in a manner that reflects a true and fair view and determines the internal control required to enable financial statements to be prepared without material misstatements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018.

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

The Accounting Officer shall ensure that an effective internal control system is prepared and maintained for the financial control of the Department in terms of sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed identify and assess the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- An understanding of internal control relevant to the audit was obtained in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 1.5 Report on Other Legal Requirements

I declare the following matters in terms of Sub-section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- a) The financial statements are in consistent with those of the preceding year,
- b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

## 1.6 Comments on the Financial Statements

### 1.6.1 Accounting Deficiencies

#### (A) Income Receipts

The following points were observed while accounting the revenue receipts related to the department.

	<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(i)	In order to ensure correct collection of the daily income due under the respective revenue codes, no system has been prepared to compare the	Daily revenue accounts are made after verifying the department's daily revenue collection with the bank accounts by the bank link	According to the services provided by the department, the income should be

<p>income recorded and the income received according to the services provided to the public by the Department Motor Traffic. As a result, the income of 9,636,851,446 rupees collected by the bank had been accounted for without confirming the income to be collected according to the services provided.</p>	<p>revenue monitoring computer system available in the Department motor traffic. The total revenue of Rs. 9,636,851,446, which was collected under the revenue codes of 2003.02.14, 1003.07.09, 1003.07.04 and 2003.02.15, is accurate.</p>	<p>reconciled with the income received on a daily basis.</p>
<p>(ii) The income charged for the services provided by the district offices of the department has been credited to the head of the department by the CIGAS computer system and detailed income reports have not been obtained from the district offices to verify the income so credited. Accordingly, the financial statements were prepared without verifying that the income of Rs.5,718,932,894 received from the district offices was correct.</p>	<p>In accordance with the delegation of powers under F.R.135, the revenue collected by the district offices is reported by the CIGAS system and its accuracy has to be verified making comparisons with the monthly account summaries and by contacting the district offices. District offices can provide confirmation for the audit requirement.</p>	<p>The related schedules should be brought monthly to confirm the revenue collected by the district secretariats.</p>
<p>(iii) The total value of Rs. 46,113,388 had been debited by the district offices on several occasions to 3 revenue codes which were used to credit the revenue to the Department Head. But the facts that led to the said debits and those debits to the department Documents used to verify the relevant manner were not submitted for audit.</p>	<p>In connection with the income code 2003.02.14 during the crediting of income, Rs. 16,137,940 had been debited by the district secretariats and Rs. 2,422,400 had been debited by Sri Lanka Postal Department as the error corrections. Accordingly Rs. 18,560,340 has been debited to the relevant revenue code.</p>	<p>Arrangements should be made to bring the journal entries and related useful documents from the district offices where the wrong corrections have been made.</p>
<p>(iv) The Department of Motor Traffic had debited the total value of Rs.121,456,065 for three revenue code symbols, against the revenue collected for the year by the above revenue code. However, the facts that led to the debits and the relevant supporting documents related to the debits were not submitted to the audit.</p>	<p>Rs. 93,696,499 and Rs. 27,744,566 is a refund from the revenue made respectively by the Department Motor Traffic to the revenue codes of 2003.02.14 and 1003.07.04. When collecting the rental income by the ATM machine in the month of March 2023, mistakenly has credited to the income code 1003.07.09 instead to credit to the income code 2002.01.01. While correcting that error in December, this value has arisen.</p>	<p>Supporting documents should be maintained.</p>
<p>(v) According to Finance Regulations 128(2)(c), Finance Regulations 176 (1) and State Finance Circular No. 01/2015 and dated 20 July 2015, the</p>	<p>The carbon tax collected under the carbon tax revenue code of 1003.07.09 has been canceled with effect from 01 December 2019.</p>	<p>Even if a tax is abolished, records of arrears revenue related to that tax</p>

outstanding income under each income codes should be calculated and shown in the financial statements, however bearing 1003-07-09 Under the income code, the outstanding income for the previous year had not been accounted. But in the year under review, arrears income of Rs.7,081,678 had been collected under the said revenue codes. Accordingly, it was observed that the arrears income has not been correctly calculated as there may be arrears income under the relevant income code in the year under review also.

There is no need to submit or calculate arrears income reports in relation to the taxes that have been abolished or have expired under the Fiscal Policy Circular 01/2015.

should be maintained.

## (B) Capital Expenditure

The following points were observed while accounting for capital expenditure related to financial statements.

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) The toner purchases cost for printing of driver's license in the Werahera Office bearing Rs. 39,834,000, which should be classified as recurrent expenses and should be covered through the recurring expenditure codes. However it had been utilized by the capital allocation under the expenditure code of 307-2-1-1-2509.	Provisions under 307-2-1-0-2509 have been allocated to bear all the expenses related to the driving license printing activities of the Werahera Office. Accordingly, all expenses directly related to this work, including the purchase of toner, have been spent from this expense every year without being classified as recurring or capital.	Recurrent expenses should not be covered by capital allocation.
(ii) A difference of Rs.1,105,650 was observed between two capital expenditure balances (307-2-1-0-2001, 307-2-1-0-2002) which is stated under Rehabilitation and Improvement of Capital Assets of the ACA 2(ii) statement of expenditure and the relevant department Vote ledgers.	Agreed. Will work to maintain the expense ledgers correctly in the year 2024.	Departmental vote ledgers should be maintained accurately.

**(C) Non-financial assets**

The following deficiencies were observed while accounting for non-financial assets in relation to the financial statements.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
The capital expenditure of Rs.39,367,319 has been incurred to the expenditure codes of Meegaha Kiwula Building Construction and Tangential Method Examination (307-2-1-10-2104) and Building Construction (307-2-1-12-2104) by the 14 other departments and ministries in the year under review, however non-financial assets were understated by that amount due to non-financial assets not being included in the financial statements.	In the year 2023, the grants allocated under the expenditure code of 307-2-1-10-2104 has been used for the improvement and additions to the existing buildings in the district offices and all the expenses are spent from the district secretariats through the grant allocated to the district secretaries for expenditure. Non-financial assets are not included in the CIGAS system as no new assets are created here.	Assets should be accounted for by the expenditure head to which capital expenditure relates.

**(D) Property, plant and equipment reserve**

The following deficiencies were observed while accounting for the property, plant and equipment reserve related to the financial statements.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
Due to non-inclusion of property, plant and equipment of Rs.107,486,776 acquired during the year under review in the Statement of Accumulated Non-Financial Assets (SA-82), the property and equipment reserve included in the statement of financial position was understated by the above amount.	Purchased during the year Rs. 68,119,457.00 worth of furniture and office equipment computer software were included as assets under the CIGAS computer system, due to the its removal in the treasury computer printout, that value was not included in the statement of assets (SA-52). Likewise, the expenditure of Rs. 39,367,319.00 which was incurred under the budget code of 2104 on improvements and additions to existing buildings also was not included in the statement of assets as it was not recognizes as asset in the asset statement.	Property, plant and equipment reserves should be properly accounted for in the statement of financial position.

**(E) Deposits**

The following points were observed while accounting for deposits and balances related to financial statements.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(i) A deposit balance of Rs.2,537,257 has been included in the appropriation account in relation to 03 deposit accounts maintained in the district offices, but due to the fact that a list of individual	Letters have been sent to all the district secretariats and to the Ministry of Public Administration and Home Affairs to provide information about these unidentifiable balances due to the crediting and debiting of money by the	The district offices should arrange to bring a list containing detailed information regarding the

balances with a related time analysis was not submitted to the audit, the correctness of the deposit balance and the compliance with the monetary regulations 570 and 571 could not be checked.

district offices to the public deposit accounts belonging to the department for many years and several offices 2023 Details of debits/credits during the year have been sent. It is necessary to get the information about all the balances to prepare the time analysis related to these balances.

transactions made to the deposit account.

(ii) In the year 2023, Rs. 6,785,391 related to three deposit accounts had been released by debiting funds from other heads without informing the Commissioner of motor traffic and without submitting the detailed documents for the related transactions to the Motor Traffic Department.

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Arrangements should be made to bring detailed schedules containing documents confirming the debits and credits made to the deposit account by other heads.

(iii) The Commissioner General of Motor Traffic has informed all the district secretariats not to carry out any transaction related to the deposit account of the Motor Traffic Department on two occasions in the year 2022 and on two occasions in the year 2023 Nevertheless, An amount of Rs.1,558,412 had been credited to three deposit accounts during the year under review without any detailed documentation regarding the reasons for the credits and the balances credited.

By the year 2024, many district secretariats have stopped debiting/crediting on informing the district secretariats continuously from 2022 to 2024 not to make deposits to these account numbers. It has been possible to reduce to 2 transactions per account per month by February 2024. Furthermore, upon the request of the department, the Public Accounts Department has informed in writing that a program can be implemented to block the CIGAS program during the year end process in order to prevent direct transactions to public deposit accounts by the district secretariats.

Entry of transactions in respect of departmental deposit account should be avoided without approval.

**(F) Advance Account Balances**

The following points were observed while accounting the year-end balances of advance accounts.

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) A difference of Rs.890,847 was observed between the distress loan single balances and the distress loan balances included in the advance 'B' account as per Departmental books (Form CC 10) in respect of 70 officers. Accordingly, the credit balance of the officers	In the preparation of advance B account of the year 2023, the original source documents were obtained. Accordingly, all the balances in the list of single balance presented with	Credit balances should be maintained correctly in the list of single balance.

working in the department should be Rs. 126,636,539, nevertheless, it had been shown as Rs. 125,745,692 in the advance 'B' account.

that account are correct.

As some of the balances in the Department's C.C.10 register for the year 2023 have erroneous conditions, the individual balances show a difference with the balances in the list. From the year 2024 works to adjust the loan balances correctly.

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| (ii)  | Although, as per Finance Regulation 485(4) and Finance Regulation 113(6) (b) as amended by State Finance Circular No. 01/2020 dated 28 August 2020, the loan balances of the officers transferred to the Government Ministries/Departments should be settled before 03 months period, The loan balance that was transferred but not settled till 31 December 2023 is Rs.271,683, out of which a loan balance of Rs.52,680 that was not settled up to 05 years was also included in it. | Accepted and the concerned officials have been instructed to settle the matter promptly and report the progress. | According to the monetary regulations, arrangements should be made to settle within three months. |
| (iii) | Although the deceased employees should be dealt with according to Sections 4.4, 4.5, 4.6 of Chapter XXIV of the Establishment Code, 4 debt balances of Rs. 342,200, which have been over 5 years since the officer's death, were not collected and settled from the guarantors or heirs.   | Accepted and The concerned officials have been instructed to settle the matter promptly and report the progress. | Arrangements should be made to recover from creditors or guarantors.                              |
| (iv)  | Debt balances due from retired officers which was recorded as outstanding from 03 months to 03 years totaling Rs.2,674,976 has failed to be recovered.   | Accepted and The concerned officials have been instructed to settle the matter promptly and report the progress. | Arrangements should be made to recover from creditors or guarantors.                              |
| (v)   | A debt balance of Rs. 171,638 owed by an officer who left the service more than 05 years after the last installment was charged and a loan balance of Rs. 48,654 which owed from 4-5 years had been failed to be recovered.  | Accepted and The concerned officials have been instructed to settle the matter promptly and report the progress. | Arrangements should be made to recover from creditors or guarantors.                              |
| (vi)  | The debt balance of Rs.1,075,449 due from 14 suspended officers had failed to be recovered from the debtors or guarantors even by 31 December 2023. It also included 11 loan balances totaling Rs.826,069 which was nonperforming from 5 years.  | Accepted and The concerned officials have been instructed to settle the matter promptly and report the progress. | Arrangements should be made to recover from creditors or guarantors.                              |

(vii)	The loan balance of Rs.154,547 due from two officials whose pensions were suspended was more than 05 years old and a loan balance of Rs.176,565 belonging to the period of 4-5 years had also failed to be recovered.	Accepted and The concerned officials have been instructed to settle the matter promptly and report the progress.	Arrangements should be made to recover from creditors or guarantors.
(viii)	In view of the procedures to be followed in respect of overdue loan balances in terms of paragraph (f) above issued under State Finance Circular No. 01/2020 dated 28 August 2020 as amended under Finance Regulation 113 (6) (b), due to reasons such as, transfers, deaths, layoffs, work suspensions, abandonment of service, and suspension of pensions, the debt balances of Rs. 1,547,134 which was nonperforming within 5 years period had not been recovered.	The responsible officers have been instructed to update the relevant documents and submit them for audit.	Proceedings regarding overdue loan balances should be followed as per Monetary Regulations 113 (6) (b) as amended by State Finance Circular No. 01/2020 dated 28 August 2020.
(ix)	According to the instructions for maintaining the membership loan register, a separate document or set of pages should be used for each payroll list and the member numbers and names of the all employees should be entered in the order of the payroll list, but the details of the distress loans of 31 officers currently working in the department was not included in the member loan register (CC 10 format). Due to this, it had not been possible to confirm the correctness of the credit balances of Rs. 5,324,124, which were accounted for on 31 December 2023 in related to those officials.	All the loans disbursed in the year 2023 were verified with original documents. Accordingly, the distress loan payment details of 31 officers who are currently working have not been included in the CC 10 document due to an omission.	CC 10 Documents should be properly prepared and maintained.

**(G) Lack of audit evidence**

Audit evidence was not submitted in respect of the following transactions.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
According to Monetary Regulation 272(1) all the voucher paid should be arranged in ordering to voucher numbers and submitted to the audit, but 07 vouchers worth Rs.2,626,173 had not been submitted to the audit.	These vouchers, which have not been submitted for audit, are currently not available at the head office due to sending vouchers along with checks for payment on behalf of the Werahera office. Those vouchers will bring back from the Werahera office and will submit them to the audit.	According to the monetary regulations, payment vouchers should be submitted for audit without delay.



## (H) Presentation of Financial Statements

The following deficiencies were observed in the presentation of financial statements.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
While submitting the financial performance statement in form ACA-F along with the financial statements, the details related to the budget allocations related to the year under review should be included but the figures related to it were not included. The impress balance of year 2023 should be included in the impress comparison statement (form ACA-7) but it was mentioned as year 2022.	During the preparation of the annual financial statement for the year 2023, due to an omission, the budget allocation column was not completed and 2022 was entered instead of 2023 in the final preparation statement by a typographical error.	Data should be presented in accordance with the format.

### 2. Financial Review

#### 2.1 Expenditure Management

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
An allocation of Rs. 80,000,000 was made in the year under review for the development of an electronic traffic data system (e-motoring) under recurrent expenditure subject number 12-1409, but none of that provision had been utilized.	Due to the non-starting of the works related to the electronic vehicle data system, the provisions of that budget have been left.	Efforts should be made to implement the E-Motoring project as soon as possible.

#### 2.2 Entering into Liabilities and Obligations

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(i) In the Treasury Cumulative Commitment and Liabilities Report (SA 92) it had been included Rs.221,217,568 as commitment and Liabilities, but Rs. 218,115,590 of commitment and Liabilities had been included in the statement of liabilities of the financial statements in accordance with Monetary Regulation 94 (2) and (3). Due to this, liabilities and payables were understated by Rs.3,101,978 in the financial statements.	At the time of entering the obligations and liabilities related to the year 2023 into the CIGAS system, it was found that the old debt balances related to the year 2022 in the district offices were not removed even though they were paid. Therefore, the obligations and liabilities in the 2023 financial statements were lower than the liabilities and liabilities shown in the SA 92 treasury printed report. In 2024,	Correct values of obligations and liabilities should be entered in Form SA 92.

- (ii) Payable amounting Rs.54,143,031 related to the previous years which had not been included in the financial statements as obligation and liabilities as end of the previous accounting year had been paid and released in the year under review..
- (iii) As per paragraph 02 (b) of Public Accounts Circular No. 255/2017 dated 27 April 2017, the liabilities to be paid in future years should be disclosed in Note 03 of the Appropriation Account. Although, Five finance lease installments remaining to be paid after 31 December 2023 amounting Rs.3,751,835 had not been disclosed in the financial statements as liabilities.

the old debts related to 2022 included in the CIGAS system have been removed and corrected.

Due to an omission, these credits have not been able to be entered into the CIGAS system.

Finance leases have not been entered as liabilities due to an omission. It will be processed to include those liabilities in the financial statements in upcoming year.

All obligations and liabilities related to the accounting year should be identified and included in the financial statements. Information about contractual Lease agreement should be included as liabilities in the financial statements.

### 3. Operating Review

#### 3.1 Procurement

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Under the authority of Section 203 of the Motor Vehicles Act, the law prohibits a trainee from driving a motor vehicle alone without driving instructors approved by the Motor Traffic Department. In such a background, even if an L board is given to the applicants who pass the written test to obtain driving license, the relevant applicants are not given the opportunity to practice driving the car using the said L boards. However, it was arranged to provide and give an L board to all the applicants who passed the written examination and for that, government funds of Rs.162,495,000 were used to buy L boards..	An applicant seeking to obtain a driving license will be given a period of approximately 03 months for the practical test after passing the written test. This time is given to enable the applicant to get practical training from a qualified trainer and to drive a vehicle on the road alone. In such cases, they join a driving school and get the relevant training while also training with a qualified trainer in their own vehicle, so L plates of a standard are issued by this department for a fee. For L boards Rs. 162,495,000 will be spent and a fee will be charged and issued therefore the related	Government grants should be spent only on essential expenses.

(b) According to the Department's driver's license issuance data system the number of new driver's licenses issued in a year is approximately 400,000, the purchase of 1,800,000 L plates, which is an unnecessary quantity and could be issued for approximately 3 years period. Taking into account those things can be observed that using this procurement, Government money had been used for an unnecessary purpose.	expenses will be covered. Although the annual number of driving licenses issued is 400,000, the L plate requirement is not determined accordingly. The purchase of L plates will be determined based on the number of driving license applicants.	Expenses should be incurred as per the requirement.
(c) As per 2.14.1 of the Procurement Guidelines, under the market price method, the approval of the Ministry Procurement Committee should be obtained for the procurements exceeding Rs.10 million, but without referring to the Ministry Procurement Committee, the printing of windowed envelopes for mailing registration certificates with a value of more than Rs.12 million The procurement had been operated by the Departmental Procurement Committee.	The amount mentioned in the audit query is not a procurement made under the market pricing method but a Rs.12 million procurement made under the limited quoted price method.	Procurement should be done within the limits mentioned in the Code of Procurement Guidelines.
(d) Revision of the contract price for the supply of vehicle identification number plates	Cabinet Memorandum No. MT/50/2022 dated 02 August 2022 has been presented to increase the prices of supply of vehicle identification number plates in relation to the request submitted on 21 June 2022 to the Secretary of the Ministry of Transport and Highways by Access International (Private) Limited. A Technology Evaluation Committee and a Price Negotiation Committee (CANC) appointed by the Council of Ministers have been appointed by approval No. AMP/22/1104/608/010 and dated 22 August 2022 given for this memorandum. As per the recommendations made by the Technology Appraisal Committee appointed by the said Cabinet	Procurements should be operated as per the provision of the Procurement Guidelines.
(i) According to the first section of the instructions given to the bidders among the bidding documents contained in the contract agreement related to the supply of vehicle identification number plates, it has been mentioned that the prices will be invited using the international competitive bidding method and the bid prices should be indicated in Sri Lanka Rupees. Accordingly, the supplier has been selected through international quotations and the successful bidder is a German company, as well as the fact that local agencies have been contracted on behalf of the relevant German company, international competitive quotations have been invited and contract agreements have been signed. if the contract is in working condition, provisions are not included in the procurement guidelines for revision of the contract prices due to changes in the Sri Lanka rupee against dollars. Hence, it was observed that this price revision is against the provisions of the procurement guidelines.		

Memorandum regarding price increase, the recommendations of the Cabinet Appointed Price Negotiation Committee (CANC) have been submitted. The Cabinet Memorandum No. MT/123/2022 dated 30 December 2022 presenting those recommendations has been submitted and the Cabinet Decision No. AMP/23/0023/608/002 and dated 16 January 2023 have been given. Action has been taken according to that decision.

- (ii) Before presenting this price revision, three officials of the Motor Traffic Department and two officers on behalf of the local representative of the supplier has presented for the discussion of the project of removing provincial characters from vehicle number plates which was held at the State Ministry on 14 March 2023 under the chairmanship of the Secretary (Development) of the State Ministry of Vehicle Regulation Bus Transport Services, Railway Coaches and Motor Industry. It was mentioned in the committee report that the representatives has stated before the committee, where the raw materials required to provide the contracted quantity of number plates have already been ordered at that time and if they are unable to provide the contracted quantity of number plates, they will incur a loss. Accordingly, it is confirmed that the amount of raw materials required to fulfill the obligations of the agreement has been imported by the supplier before requesting this price revision, but the necessary arrangements for a price revision had been made without taking this into consideration.

Cabinet Memorandum No. MT/50/2022 dated 02 August 2022 has been presented to increase the prices of supply of vehicle identification number plates in relation to the request submitted on 21 June 2022 to the Secretary of the Ministry of Transport and Highways by Access International (Private) Limited. A Technology Evaluation Committee and a Price Negotiation Committee (CANC) appointed by the Cabinet of Ministers have been appointed by approval No. AMP/22/1104/608/010 and dated 22 August 2022. Based on the decisions and recommendations made by the Technology Appraisal Committee appointed by the Cabinet Memorandum regarding the price increases, the Cabinet Appointed Price Negotiation Committee (CANC) has made recommendations regarding the price increases.

All information related to procurement should be considered in decision making.

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| (iii) | According to the Cabinet decision dated 31 August 2023 bearing AMP/22/1104/608/010, the Secretary of the Ministry of Transport has appointed a five-member project committee and the Committee's report dated 22 November 2022, had been submitted to the Price Negotiation Committee (CANC) appointed by the Cabinet. The committee report had been prepared taking into account only the change in the exchange rate without evaluating any other factor determining the supply price and without calculating the effect of the change in the exchange rate on the price of the supply item, by including recommendation to give a price revision agreed upon in consultation with the supplier. Due to this decision, it was observed that the project committee has not fulfilled its responsibility properly. | The formation of the Project Committee and its functioning is beyond the purview of this Department. Accordingly, the relevant section of the Ministry of Transport will be referred to provide answers for this paragraph.  | Responsible officers should perform their duties properly. |
| (iv)  | The project committee report was submitted to the Price Revision Committee appointed by the Cabinet in accordance with the Cabinet decision dated 31 August 2023 bearing AMP/22/1104/608/010. Without reference to any study, evaluation other than the report submitted by the supplier for a price increase and the said report did not include any factual rationale to justify the price increase. However including a price increase proposal of 62.5 percent as an agreed value with the supplier, has submitted of the committee report dated 29 November 2022. Due to this, It was observed that the price revision committee has not fulfilled its responsibility properly.   | do   | Responsible officers should perform their duties properly. |
| (v)   | According to the observations submitted by the Minister of Finance on the cabinet Paper of No. MT/123/2022 and Section 2.5 of the above Cabinet Memorandum, it was observed that, it is appropriate to ask, possibility to increase the prices from the Attorney General. Accordingly, according to the decision of the Cabinet of Ministers for price revision, whether the legal provisions of the agreement are in place for price revision as per the agreement conditions No 30, the Motor Transport Commissioner had asked the Attorney General through the letter No. DMT/11/DE/02 and on 09 February 2023.   | The letter No. DMT/H/DE/04/02 and dated 09 February 2023 was presented seeking the opinion of the Honorable Attorney General on whether there is a possibility to increase the prices as stated in 2.5 of the Cabinet Memorandum dated 02 August 2022 bearing No. MT/50/2022, Then the Honorable Attorney General has given the opinion by the letter No. CL/34/2023 and | Correct information should be submitted to the Cabinet.    |

The Attorney General had pointed out that the "matters contained in the press release issued by the Central Bank" do not fall within the scope of Article 30 of the Agreement. But without applying the Attorney General's opinion, the clauses mentioned in the contract agreement required for a price revision were amended and the draft containing the revised conditions had been forwarded to the Ministry Secretary to get approval for the amendments.

dated 19 April 2023.

Regarding the next steps to be taken on Honorable Attorney General opinion, has requested instructions from the Secretary of the Ministry of Transport and Highways by the letter No. DMT/H/DE/04/02/05 and dated 17 July 2023. A meeting was held at the Ministry of Highways on 03 August 2023 as per the request for instructions. Recommendations were given on the draft agreement as per the instructions received in that meeting.

### 3.2 Losses and Damages

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The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) According to AMP/16/1307/709/061 and Cabinet decision dated 07 September 2016, motorcycles imported without legal customs process had been given registration facility in the Department of Motor Traffic subject to a surcharge based on fuel capacity. In this regard the following observations are made.		
(i) According to the Cabinet decision, the surcharge to be charged for motorcycles in the engine capacity 201-250 CC category is Rs.200,000. Without complying on this, 55 motorcycles were registered by charging only a fee ranging from Rs.50,000 to Rs.65,000. Due to the fact that, the government income had been lost by Rs.8,080,000.	Your observations in this regard will not be excluded, but as the computer system has the ability to use the "Miscellaneous Payment" method for making payments in a special function and the charges for this function can also be made according to the same method, where the reference numbers are clear. In case it is not mentioned, it is not possible in the computer system to identify it, and	A formal investigation should be conducted and the lost revenue should be recovered from those responsible.

thus the amount charged for the mentioned motorcycles cannot be identified precisely. However, under the "Miscellaneous Payments" method, several charges for motorcycles in these categories were identified and obtained through the computer system, and accordingly, it was observed that those charges are approved charges according to the decision of the Cabinet.

-do-

A formal investigation should be conducted and the lost revenue should be recovered from those responsible.

(ii) According to the decision of the Cabinet of Ministers, the surcharge to be charged for motorcycles in the engine capacity of 251-450 CC category is Rs.350,000. Non complying with this provisions, 241 motorcycles have been registered by charging only a fee of Rs.50,000 to Rs.300,000. Due to the fact that, A receivable income of Rs.70,070,000 had been lost for the government.

(iii) Although the registration should be completed within a grace period of 04 months from 30 August 2016 when the press statement about that relief was issued to the public according to the decision of the Council of Ministers. 3088 motorcycles had been registered without the approval of the Cabinet and without the legal documents required for registration in the next 05 months from the last date of the grace period at 30 December 2016.

Accepted, Since these registrations were done in the year 2016, would like to inform the relevant officials to immediately look into the measures that can be taken in this regard and I will work to give necessary instructions to the officials to avoid such deficiencies in the future.

A formal investigation should be conducted and the lost revenue should be recovered from those responsible.

(b) The following observations are made regarding the collection of rent money at Werahera Restaurant.

(i) According to a decision of the Procurement Committee, Werahera Restaurant was leased for a period of one year 2019-2020 for Rs.391,000 per month and the lessee had run the restaurant till 31 March 2021. While the tax arrears of

Agreed with the observations are made, regarding the collection, accounting and arrears of rent/lease raised in

A formal investigation should be conducted and the lost revenue should be recovered

Rs.2,964,400 were to be recovered from the lessee, the performance guarantee of Rs.1,173,000 had been released to him. On the arrears of rent of nearly Rs.3 million were to be accumulated, had been given opportunity to run the restaurant without collecting rent money and in the event of arrears of rent. The legal documents related repayment of the performance bond and reason for continuing the lease had not been submitted to the audit.

each paragraph from the external agencies established at Werahera and Narahenpita premises of the Motor Traffic Department. Accordingly, measures have been taken to collect this tax/rent money formally and account it to the government revenue.

from those responsible.

(ii) The said restaurant was again leased to another person for a period of 2021 to 2023 on a monthly rent of Rs.261,000 and the officers in charge had given the opportunity to run the restaurant until the arrears of rental income accumulated to Rs.3,132,000. The amount of arrears including the performance guarantee and time-to-time recoveries had been recovered from the lessee to the tune of Rs.1,133,000, but the property of the lessee in the restaurant had been given an opportunity to remove without recovery of the arrears.

do

A formal investigation should be conducted and the lost revenue should be recovered from those responsible.

(iii) Taking into consideration the last three occasions when Werahera Restaurant was leased, it was rented on a monthly rental basis of Rs.327,000, Rs.341,000 and Rs.236,000 respectively. Thus, Werahera Restaurant can receive monthly rental income of Rs.300,000 and the rental income for a year is Rs.3,600,000. However, the government had lost the opportunity to get an annual rental income of Rs. 3,000,000, due to the fact, that this restaurant had been given to a welfare society from March 2023 without charging any rent.

do

The lessee should be selected through a proper procurement process and a valuation report should be promptly called and a reasonable rent should be collected from the welfare society.

(c) During the last 5 years, arrears of Rs. 2,507,600 should have been received from the institutions other than the canteens established in the head office and Werahera premises, but the said incomes were not collected or accounted as arrears.

do

A formal investigation should be conducted and the lost revenue should be recovered from those responsible.



### 3.3 Failure to respond to audit queries

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The following audit queries issued to the department had not been answered by 31 May 2024.

	<b>Description of the audit query</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(a)	Audit of the applications received in the year 2022/2023 regarding the amendment of the chassis number and other data of a registration certificate and the amendments made in relation thereto.	The officials have been informed to give prompt answers to the 03 audit queries.	Audit inquiries should be answered in accordance with Monetary Regulation 155.
(b)	Audit of Driving License Issuance Process and General Administration of Motor Traffic Department Matara Branch	do	do
(c)	Inspection of the collection of lease money from other institutions established in Werahera and Narahenpita premises of the Motor Traffic Department.	do	do

### 3.4 Management inefficiencies

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The following observations are made.

	<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Recommendation</b>
(a)	In terms of supplementary order No. 231 contained in Part XII of the Motor Vehicles Act (Authority 203) where a certificates are issued under this Act or any order on this act, if the above certificate is been lost or destroyed, if the information regarding the said permit or certificate is been proved on satisfactory level to the issuing authority, a duplicate must be provided. However inconsistently, after a period of 5 years to 25 years after the second copy of the motor vehicle registration certificates was issued, in 19 occasions in the year 2023 in response to the requests made through an affidavit instead of the duplicate copy of the motor vehicle registration certificates issued in the previous years the original copy of the car registration certificate had been issued.	I also agree with your point that according to the provisions of the Motor Vehicle Act, a duplicate should be issued after the original registration certificate of a motor vehicle is destroyed or misplaced. However, over the past several years, I and the Commissioners General who preceded me have received various public complaints that by issuing duplicates instead of the originals, the registered owners of motor vehicles have to face various inconveniences and various difficulties and losses in selling the motor vehicles. Requests have also been made to the Members of Parliament in this regard and	The existing legal provisions should be followed.

there have been occasions where those requests have been directed to me. Accordingly, I also observed that a discourse has been created in the society demanding that the second copy not be released as a duplicate. Accordingly, a committee of the department has been appointed to investigate the possibility of eliminating duplicates and has also studied the facts.

Accordingly, in the future, legal provisions have been made to issue a copy to all citizens without stating that it is a duplicate when requesting a new copy upon the loss or destruction of the original copy.

I accept that there are no clauses for conversion into an original as per the current Motor Vehicle Act. The Act states that when it is proved to his satisfaction that the certificate, permit or license has been lost, destroyed, mutilated or damaged, a duplicate must be issued to the person concerned.

I agree with your point that this space should not be given only to a limited number of people and all the public should be given the opportunity to enjoy this opportunity equally as it should be in accordance with the basic law of the country.

The existing legal provisions should be followed.

An internal investigation should be conducted as soon as possible and legal action should

(b) In relation to 06 vehicles for which the original copies have been issued for the second copy of the vehicle registration certificate, during the inspection conducted by the auditors, 03 affidavits submitted for obtaining the copies of the registration certificates were in the same handwriting and in the same format, and the other 03 affidavits were submitted in the same format and There is no provision to convert a second copy into an original copy, and if such an introduction is made, any person should be given the opportunity to present the second copy and get the original copy, and by giving this opportunity to a limited number of people, the human rights of other people who have obtained second copies are challenged. , it was observed that the process of issuing original copies instead of second copies is not legal according to the basic laws of the country due to the fact that similar certificates or licenses issued by other government agencies are not issued instead of the second copy.

(c) The vehicle bearing registration number 32-XXXX has not obtained revenue license for a long time, has prepared and submitted a document with the official seal of the Motor Commissioner Investigation to Kurunegala

Will advise the Commissioner (Investigation) to investigate this matter.

<p>Provincial Motor Department on or around 07 July 2023 for obtaining revenue license for 20 years. Nevertheless, formal investigation and legal measures have not been taken regarding the said forge documents.</p>		<p>be taken accordingly.</p>
<p>(d) The car bearing registration number CAW-XXXX was sold by its registered owner on 21 April 2022 to a resident of Kohuwala, Nugegoda area and all legal documents were handed over to him. While the buyer of the vehicle was detained at his vehicle dealership in Kohuwala area for resale, a woman resident of Malambe Road, Pannipitiya area illegally obtained second copies for this vehicle and then converted the second copy of the vehicle registration certificate into an original copy. Along with these fake documents, a financial facility had been obtained from a leasing company, but no formal investigation and necessary legal work had been done regarding the preparation of the fake documents.</p>	<p>Will advise the Commissioner (Investigation) to investigate this matter.</p>	<p>An internal investigation should be conducted as soon as possible and legal action should be taken accordingly.</p>
<p>(e) A jeep with registration number KA-XXXX imported duty-free to the International Red Cross was re-exported to the Kingdom of Dubai in 2011 and had its registration been cancelled. Nevertheless a valid registration certificate had been issued to a person in Jaela area by entering the chassis number and engine number of another vehicle and registering the motor vehicle using that canceled number. Although, a formal investigation had not been conducted and no legal action had been taken against the people who acted fraudulently.</p>	<p>No answers provided.</p>	<p>An internal investigation should be conducted as soon as possible and legal action should be taken accordingly.</p>
<p>(f) According to the authority of 203 of the Motor Vehicles Act, the chassis of the vehicle is identified as an immutable main part of a car, motorcycle or any vehicle registered under the Act and the registration of the vehicle is linked to the chassis number. Thus, although it is not possible to maintain the pre-registration by changing the chassis of a registered car, in the years 2022 and 2023, the Motor Traffic Department had given the opportunity to change the chassis numbers related to 237 registration numbers and maintain the pre-registration. The vehicles whose chassis numbers have been changed have obtained</p>	<p>Accepted</p>	<p>An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.</p>

revenue licenses for many years under the previous chassis number, the legal ownership of those vehicles has changed more than 5 times, and other data has been entered instead of the data contained in the weight certificate obtained from the vehicle inspectors for some vehicles. Taking into consideration the fact that, there is the legality of the said data revisions is strongly challenged, but an investigation had not been carried out and legally dealt with.

(g) The following observations are made regarding the non-implementation of the orders of the Committee on Government Accounts.

(i) According to the decision of the committee on State Accountants dated 23 February 2018 regarding the registration of 07 vehicles which were not cleared by the Sri Lanka Customs in the Motor Traffic Department and the related files were misplaced and committed a fraud, the Ministry of Public Administration and Management should prepare and submit charge sheets to the relevant officials. No disciplinary proceedings, files or anything were submitted for audit.

Sri Lanka Customs inquired whether 07 vehicles were not cleared by the Sri Lanka Customs and whether the customs fees had been paid in relation to these motor vehicles. This department has been informed by letter CUS/MV/RMV/02/2003 and dated 24 October 2023 of Sri Lanka Customs that the relevant tax fees has not been charged. Details of these motor vehicles have been forwarded to Customs for further investigation. Furthermore, a committee headed by a staff officer has been appointed to investigate these matters and to identify and report the responsible officers involved. The interim report has been received by now, and after submitting the final report, I will take disciplinary action against the responsible officers identified by it.

Orders of the Committee on Government Accounts should be implemented.

(ii) In order to get back the registration number plates and prevent the said vehicles from running on the highway, to cancel the registration of the said vehicles, to file objections as nontransferable, while a transfer ban has been given in respect of 07 vehicles that have been inquired by the Committee on

Currently, objections have been filed so that these vehicles cannot be transferred. Also, taking note of the recommendations of the committee's report mentioned in paragraph (i) above,

Orders of the Committee on Government Accounts should be implemented.

public Accountants and while an investigation has been conducted at the institutional level, One vehicle had been transferred to another person on 04 April 2021 and had not done as per the order of Committee on public Accountants.

arrangements will be made to cancel the registration of the respective vehicles.

(h) 02 luxury cars and 04 motorcycles which were not cleared by the Sri Lankan Customs Department and fraudulently imported without payment of legal customs duty have been submitted for registration with the relevant documents using the half processed Cusdec bearing container (CBHQ I 498224 ) that has not yet been cleared by the Customs Department. Regarding the registration and attempted registration in the Motor Traffic Department, a joint investigation with the Customs Department was conducted and the said illegal registration was canceled and the due customs duties had not been collected and legal measures had not been taken.

To investigate this matter, a committee headed by a staff officer is conducting the investigation and an interim report has been submitted to me so far. I kindly inform you that after receiving the observations and recommendations of the final report, the measures taken in this regard will be reported to the Government superintendent of the audit in the future.

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

(i) The following observations are made regarding the E-motoring project.

(i) According to the decision of the Cabinet of Ministers dated 13 June 2023 No. A/M/P 23/0952/608/011-1 given for the memorandum submitted for the implementation of the e-motoring project and revision of the contractual service charges and the report of the committee of officers appointed by the Cabinet Regarding proposals 3(1) and 3(2) contained in the board memorandum, without contractually agreed will e-motoring project be implemented with the contracted supplier without a specific agreement, whether there will be legal obstacles and if so, how much the fee will be paid for each transaction. Necessary work had been done to rent 10,000 square feet in Gangarama temple at Rs.98 per square foot for implementation of motoring project. However, the Motor Traffic Commissioner General has informed the audit that no final decision has been taken in this regard.

In this regard, the procurement process and other matters are at the stage of discussion and no final decision has been taken so far regarding the rental of the relevant building.

Proper approval should be obtained from the Cabinet regarding the implementation of the e-motoring project with the contracted supplier.

(ii) In the year 2018, an agreement has been signed with the Metropolitan Institute for the implementation of the e-motoring project and according to the agreement, it is Rs. 187.97 per file, but at present, in addition to the 187.97

For the implementation of the e-motoring project, one file will cost Rs. 187.9, Apart from the cost of creating other infrastructure in the building

The actions should be taken as per the Procurement guidelines and the Cabinet decision.

paid per file another Rs. 646, (considered as 60000 registrations per month for 5 years) by paying Rs.2,325,600,000 (646 x 60000 x 12 x 5) and making necessary arrangements to deal with the contracted entity. Although it was observed that the decision was not in accordance with the procurement guidelines and the Cabinet decision, the Motor Traffic Commissioner General has informed the audit that no final decision has been taken in this regard.

has not been estimated yet.

(j) The following observations are made regarding the process of issuance of driving license and general administrative work of Motor Traffic Department Matara Branch.

(i) 18 applicants who were not listed for the written tests required to pass for the issuance of driver's licenses, an applicant who was recorded as absent in the test result record due to non-participation on the day of the written test, entered false results as having passed the written test and the applicant who did not get any marks in the written test was falsely recorded as passed the test. Then results had been entered, the documents had been updated and arrangements had been made to proceed to the practical tests and issue a valid driving license at the end of the practical tests.

I agree with the above observations. An investigation was conducted through the Chief Motor Vehicle Inspector at the Matara office, and they have examined all the files related to the matters pointed out by the audit. Accordingly, the service of an office official involved in the related irregularities has been suspended. Investigations on this are still going on.

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

(ii) 10 applicants who were not listed in the practical tests required to pass the driver's license, one applicant who was recorded as not appearing in the result list due to not appearing for the practical tests, one applicant whose information was included in the practical test list as having failed the relevant tests and five applicants who did not have the practical records had being given valid driving licenses by entering false practical record. \

Do

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

(iii) One applicant was given the opportunity to obtain a valid driving license without appearing for the written test required for the issuance of driver's licenses entering a false result on a day when the written tests were conducted him entered unused exam numbers. Also they were given opportunity to have a driving license for one applicant by entering

Do

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

false information that he had passed the written test and the practical test as well.

(k) The following observations are made regarding the registration of vehicles disposed by the Army in the Motor Traffic Department.

(i) According to the authority of 203 of the Motor Vehicle Act, for a new vehicle registration, the basic documents related to the vehicle such as the documents issued when the vehicle was released from customs, the original copy of the receipt of customs duty paid and the relevant invoice if it is a newly manufactured car must be submitted along with the MT-02 form. Authority of 203 of the Motor Vehicles Act does not include provisions for new registration of vehicles without proper documents to particular institutions or particular persons. However, 63 vehicles were sold to civilians after a tender process which were used by the armed forces without prior registration were registered under category 325 without the basic documents and without complying to the authority of 203 of the Motor Vehicle Act.

Section 238 of the Motor Vehicles Act provides for the use of a number with a category number unique to the armed forces for plying on the highways.

Accordingly, although the arrangements for the registration of vehicles used in the country in general have been made in terms of authority 203 of the Motor Vehicle Act, for specific institutions (three armed forces) and specific individuals (President, Prime Minister) using the provisions of the above provisions in terms of authority 238 of the Motor Vehicle Act, it is possible to register and use. Accordingly, when vehicles which were sold are handed over to civilians by the armed forces, they are not registered with MTA-02 as a new vehicle registration as per the authority of 203 of the Motor Vehicle Act, but with MTA 06 and MTA 08 used in the transfer of vehicles as a change/assignment of ownership of the vehicle done after submission of supporting documents.

Accordingly, in the case of vehicle transfer, I kindly inform you that it is not necessary to submit the documents issued when the vehicle is released from customs, the receipts of customs fees paid, and the

According to Section 238 of the Motor Vehicles Act, even in order to deal with the provisions, import documents and related documents should be submitted and should be acted upon accordingly.

(ii) The details of the vehicles tendered by the Armed Forces from time to time are submitted to the Commissioner General of Motor Traffic under the signature of a responsible Principal Officer then the internal audit of the Motor Traffic Department whenever a civilian applies for registration as a vehicle purchased from the Armed Forces will check the details of the vehicle mentioned in the application with the details of the tendered vehicles and confirm whether the said vehicle is a tendered vehicle from the Armed Forces. however according to the files of the Motor Traffic Department, 40 Tri-Army vehicles were registered under category 325 which did not match the tender details sent by the Tri-Army and the tender details did not notify the Motor Traffic Commissioner. The original files containing the said vehicle registration information were not submitted to the audit.

(iii) Eight vehicles mentioned in the tender documents submitted with the signature of a responsible officer of the Armed Forces had been registered in the Department of Motor Traffic and the ownership had been transferred to civilians before the relevant tender dates. Thus, there was a risk of other vehicles being registered as vehicles obtained from armed forces auctions.

relevant invoices.

According to the computer details of this department regarding the registration numbers, Army, Air Force and Navy are mentioned as the first registered owner of all these motor vehicles. Accordingly, these motor vehicles can be basically identified as motor vehicles auctioned by the Army, Air Force and Navy. After the year 2011, before the registration of motor vehicles auctioned by the Sri Lankan Army, Air Force and Navy, the internal audit department inquiries from the relevant military unit and obtains the necessary information.

Accordingly, I would like to inform you that before the registration of these motor vehicles, confirmation has been obtained that they have been sold through tenders by the Army, Air Force and Navy.

In the documents issued by the Sri Lanka Army, Air Force and Navy after auctioning motor vehicles, a document is issued containing information including the date the motor vehicle was taken for use by the army. Information for registration is obtained based on that document.

The date of first registration shall be the date on which the vehicle is put into use by the Army or sold by tender by the Army or the date on which the vehicle is inspected and the weight certificate (CMT 75) is issued.

And when data is entered to provide the 325 number

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.



segment, the date of data entry as the date of registration will be taken automatically (AUTO) by the computer.

This date should be changed before printing the registration certificate after confirming the data. If it forgets to perform that action, may see discrepancies in the dates as indicated by the audit query.

Thus, as indicated by the audit, it appears that the reason that a mistake has been made is that the relevant dates are not used for correct data entry.

I would also like to mention that every effort is always made to correct this error.

Thus, the selection of the original registration date has become a problematic situation in providing the 325 number segments.

Because of this, there may be a difference between the date of original registration and the date of assignment.

An internal circular No. 3/2024 dated 12 March 2024 has been issued containing instructions to correct this error which has been pointed out by the audit.

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|--|---|--|
| <p>(iv) The vehicles used by the armed forces without prior registration were sold to civilians after a tender process, but by entering false data in the data system of the Motor Traffic Department to show that the original registration of the said vehicles had taken place on the dates before the tendering dates, 29 vehicles tendered by the Armed Forces were registered with the Motor Traffic Department accordingly.</p> | <p>Do</p>   | <p>An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.</p> |
| <p>(v) While checking the vehicle chassis numbers tendered by the Armed Forces, there were several other vehicles registered with the same chassis number for 04 chassis numbers that had been transferred from the Armed Forces to</p>  | <p>It is observed that the complete chassis number has not been used in the registration of tractor-tailors, tractors and other land vehicles</p> | <p>An internal investigation should be conducted promptly and disciplinary action</p>  |

individuals. Accordingly, an investigation should be conducted to verify that a vehicle is registered with the same number, to identify the genuine chassis number and the fake chassis number, and to verify the vehicles tendered by the three armed forces, but such an investigation was not conducted.

- (1) Government agencies, non-governmental organizations, armed forces or financial institutions should act to cancel the registration of all scrapped vehicles from the Department of Motor Traffic to prevent the registration certificate of the scrapped vehicle from being used for fraudulent activities in the process of scrapping any registered vehicle, The necessary legal and practical structures had not been in place.

under the old alphanumeric categories.

Therefore, registration is generally done using only the number part by removing the category part of the chassis number. This part of the number is four or five digits long. These four figures are not enough as about 9500 motor vehicles (excluding collection 13) are registered under one category. Therefore, several land vehicles may be registered with the same chassis number. There is a possibility that several motor vehicles are registered under the same chassis number during the registration of motor vehicles without computer support.

Accordingly, it is common to have several attractors or tractor-tailors registered with the same chassis number. But, nowadays, such a mistake cannot happen in the registration of English letters.

For vehicles sold as scrap by the Armed Forces, a confirmation of sale as a motor vehicle will not be forwarded to this department. According to the facts presented by the audit, I accept that the chassis number of the vehicles sold as scrap may have been registered in this department. However, in agreement with your observation, I will take steps to prepare the necessary legal and practical structures for this purpose.

should be taken as per the Establishment Code.

When proceeding to remove a registered vehicle as scrap, the registration of the removed vehicle should be cancelled.

(m) The following observations are made regarding the registration of imported vehicles on the basis of the licenses issued in accordance with the circulars for granting licenses to Sri Lankans employed abroad to import fully electric vehicles.

(i) According to paragraph 5.3 of the original circular No. 02/2022 issued by the Ministry of Labor and Foreign Employment and the circulars no. 02/2022(i) dated 09 September 2022, Only completed vehicles should be imported the conditions of the unused or running meter in a foreign country are zero and within one year from the date of manufacture. In the case of vehicle import as well as vehicle registration, the above conditions must be confirmed by the manufacturer's certificates, registration certificates in foreign countries, documents related to pre-imported goods inspection etc. However, In 5 cases of importation through permits, the customs had made arrangements to exempt the vehicles on duty concessions and to mention the vehicle as "unused" in the Cusdec without proper documentary confirmation. Meanwhile, apart from the Cusdec, the said vehicles had been registered in the Motor Traffic Department without any other import documents.

(ii) As the criteria to be fulfilled in the import of vehicles, in 5.1 of Circular 02/2022, it is stated that there should be a manufacturer's or exporter's warranty for at least three years for the battery pack and electric motor and in paragraph 5.4 of the circular, it is stated that the battery pack and electric motor could have to be driven possibly for at least two hundred kilometers on a single charge. However, 108 vehicles imported under licenses were registered in the Department of Motor Traffic without obtaining documents confirming the fulfillment of the above criteria and without obtaining documents confirming the fulfillment of the above criteria by the

For registering a motor vehicle, the Custom 53, Assessment Notice issued by the Sri Lanka Customs and the information pertaining to the motor vehicle transmitted to this department by the Sri Lanka Customs are important. If a permit has been issued for the import of the relevant motor vehicle, the conditions mentioned in the permit shall also prevail. As mentioned in the audit inquiry, the manufacturer's certificate that the conditions have been fulfilled during vehicle import or vehicle registration, the authorized agent's acceptance of responsibility for battery disposal is a task to be checked by the Sri Lanka Customs during the import of motor vehicles. So, would also like to further kindly inform that those documents will not be submitted for registration purposes in this department.

According to the circular issued by the Secretary of the Ministry of Labor and Foreign Employment for the import of these motor vehicles, the role of the customs is to check the documents related to the conditions affecting the import before the registration of the motor vehicles before collecting relevant customs duties. Accordingly, the registration will be done based on the CUSTOM 53 issued by the Customs and other

In addition to the customs note, it should be verified whether the vehicle has not been used before along with other import documents.

An internal investigation should be conducted and action should be taken against the officials who violated the circular provisions.

manufacturer or exporter.

(iii) According to paragraph 2.2 of Ministry of Labor and Foreign Employment Circular No. 02/2022(iii) Circular No. 02/2022(iv) all vehicles imported under permits issued before 17 May 2022, must be registered at the Department of Motor Traffic on or before 30 September 2023. However after the last date for registration mentioned in the circular, two vehicles imported under licenses had been registered without the permission or approval of the authorities that issued the circular.

(iv) Vehicles imported by expatriate workers under the Customs Import Permit system shall be registered in the name of the concerned expatriate worker and the ownership shall not be transferable for two years as per paragraph 2.4 of Circular No. 02/2022(iii). However, contrary to the provisions of the circular, 6 vehicles imported on the basis of licenses were fraudulently transferred to other parties on the same day the vehicles were originally registered and one vehicle after 5 days of initial registration.

(v) According to the provisions of Ministry of Labor and Foreign Employment Circular No. 02/2022(i) and 02/2022(iii) from 09 September 2022 to 21 March 2023, a party shall pay 10

necessary documents will be accepted.

According to the customs documents, it is confirmed that the car bearing registration number CBM-XXXX has been released by Sri Lanka Customs on 09 November 2023. Accordingly, the registration has taken place. It is also observed that the car bearing number CBM-XXXX has been released by the Sri Lanka Customs on 24 May 2023. Accordingly, accept that these 02 vehicles have not been registered during the relevant period according to that circular and would like to kindly mention that it happened because the circular was not used correctly.

Agreed. This transfer has been made due to the fact that the relevant officers have not properly consulted the circulars issued by the Ministry of Labor and Foreign Employment in this regard. Would also like to mention that the relevant divisional officer has been informed and necessary steps have been taken to prevent such a mistake from happening in the future. Furthermore, would like to inform you that an investigation is being conducted by the Sri Lankan Customs regarding the importation of these motor vehicles and kindly inform that the original files have been inquired by the Sri Lankan Customs and taken from this department.

The car with registration number CBM-XXXX was released by the Sri Lankan Customs on 28 February 2023

An internal investigation should be conducted and action should be taken against the officials who violated the circular provisions.

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

An internal investigation should be conducted promptly and

percent of the CIF value of the vehicle imported under license in US dollars. Provisions for transfer were included, but the provisions for transfer had expired on 21 March 2023. However on 22 March 2023, the date on which the circular coverage will not come into force, the Motor Traffic Department officials had arranged to transfer the possession of one vehicle imported under the license system to another party after payment of 10 percent of the CIF value.

and registered on 17 March 2023. According to the circular issued by the Secretary of the Ministry of Labor and Foreign Employment, although it is stated that this vehicle should be registered before 30 September 2023, the ability to charge 10% of the CIF value and transfer will end on 21 March 2023. Although it mentioned in the circular of 02/2022(III), would like to mention that this ownership transfer has taken place due to the fact that the provisions of this circular have not been reported to this department by 22 March 2023. In relation to this transfer, 10% of the CIF value is Rs. 898,978/- has been paid.

disciplinary action should be taken as per the Establishment Code.

(vi) Under the above scheme, the foreign exchange formally remitted through the banking system should be used to cover all expenses including government taxes related to the import of vehicles and no provision was made in the circular to obtain lease facilities for the imported vehicles. However, one vehicle imported between licenses was registered in the Motor Traffic Department and on 27 October 2023, the absolute ownership of the vehicle was transferred to a finance company and a lease facility was obtained.

Would like to inform you that according to circulars 02/2022, 02/2022(I), 02/2022(III) and 02/2022(IV) there is no mention of not being able to get financial facilities in this regard. However, as shown by the audit, would like to inform you that registration of financial facilities is not done for motor vehicles that are currently registered.

An internal investigation should be conducted promptly and disciplinary action should be taken as per the Establishment Code.

(n) The Commissioner (Driving License) has informed the Accounts Department in January 2024 to purchase the cards used for printing driving licenses as they are only sufficient for the next three months. Nevertheless due to non-purchase of driving licenses until May 2024, there was a risk that the printing of driving licenses would be halted or the private sector would have to pay a high price to print them.

No procurement of driving licenses has been done in this department for the last 3 years or more. Therefore, making this a special procurement has been accomplished within the following time frame. On 18 January 2024, Commissioner (Driving License), Werahera has informed IT Department to prepare specifications for new driving license on 29 January 2024. Accordingly, 09 February 2024 specifications have been prepared. 2024

The cards used for printing driving licenses should be purchased immediately.

February 14 Technology Evaluation Committees have been appointed and bid documents have been approved and forwarded to the Ministry. 2024 March 05 After receiving the approval of the Ministry, newspaper advertisements have been published on 03 June 2024. According to the original bid documents, it was approved to open the bid documents on 27 March 2024, but due to the per bid meeting held with the bidders on 18 May 2024, the bid opening was extended to 10 April 2024. Later on the instructions of the Ministry Secretary, the opening of bids was extended for the second time till 19 April 2024. Currently, open price evaluations are being carried out.

- (o) Five printers were used for printing driving licenses, three printers in the Werahera office and one printer in the Hambantota and Anuradhapura offices, but at present two printers have become unusable. There was a risk that the process of printing driving licenses would become severely inoperable in the future or that the printing of the driving licenses would have to be done by the private sector after paying a high amount of money, due to the failure to carry out the necessary procurement activities to restore the two printers.

For the repair of driving license printing machines, the procurement activities have been started to repair the machines according to the prices offered by the machine agency, Metropolitan.

Arrangements should be made to purchase several printers for printing driving licenses immediately.