

CHAPTER 1

INTRODUCTION

1. The Ceylon Naval Volunteer force (CNVF) was established in 1937 to protect silk route and sea around the Sri Lanka. After World War II CNVF absorbed to Royal Navy and named as Ceylon Royal Naval Volunteer Reserve (CRNVR). After the British rule Royal Ceylon Navy (RCN) was formed under the Navy Act on 9th December 1950. In 1972 RCN renamed as Sri Lanka Navy (SLN). Main role of the SLN is maritime defence of the Sri Lankan Nation and its interest.

2. Sri Lanka Navy fought brutal battle with LTTE for three decades since 1983. During those three decades war Sri Lanka Navy compelled to purchase number of inventories haphazardly to meet emergency requirement for the Sri Lanka Navy. Each and every inventories, whether it is permanent, quasi permanent or consumable has a life time. Due to that with the time those items became beyond usable for the naval use.

3. It is possible to dispose of disposable items in Government institutions by Annual Survey of Assets under FR 796, at any time that an Accounting Officer or the Chief Accounting Officer deems necessary in terms of FR 756(4) and perishable goods in terms of FR 771(2) even without Board of Survey report. Chapter 10 of BR 4 clearly briefs how to carry out annual survey and disposal action.

4. Sri Lanka Navy is maintaining assets for its smooth function in order to achieve the objects. When considering military assets it should not always be the war machines. For an example Eastern Naval Command manages assets are specialist military equipment, land, buildings, plant, equipment and infrastructure and inventories. Sri Lanka Navy is consisting with nearly 55000 men and large amount of equipment. Out of that more than 1300 men are served at Eastern Naval Command. Commodore Superintendent Logistic Department is the largest logistic organization of Sri Lanka Navy. It maintains large amount of inventories in order to fulfill the requirement of 23 accounting units of Eastern Naval Area (15 Establishments and 8 Ships). Out of these 23

accounting units SLN Dockyard, SLNS Tissa and Naval and maritime academy have history of more than 50 years. Establishment such as SLNS PULMUDAY and SAMPOOR, Mulative, Vakaraï have less than five years history. Inventories under CSLOGD (E) can be categories permanent, Quasi permanent (Semi Permanent) and Consumable inventories. Annual Survey and Disposals of the assets also is an important responsibility of CSLOGD (E). Through the Annual Survey and Disposal procedure, CSLOGD (E) verifies the accuracy of physical inventories against ledgers, accountability of inventories and usability of the inventories under different Accounting units.

Objective of the Study

5. Inventory management is cause to cost for any organization. Sri Lanka Navy being a government institution, it uses public money on its inventories. Any government organisation should carry out annual Survey and dispose disposable inventories as per the FR 756. CSLOGD (E) also carries out Annual Survey and Disposable action annually. The objective of the study is to identify lapses in ascertain effectiveness of existing annual departmental survey and disposal procedure followed by Eastern Naval Command and to make recommendation for improvement.

Problem Statement

6. Through the Annual Survey and Disposal procedure, CSLOGD (E) verifies the accuracy of physical inventories against ledgers, accountability of inventories and usability of the inventories under different Accounting units. Nevertheless, 30 years war, rapid expansion of the Eastern naval area, lack of knowledge of the proper procedure, lack of staff and range of work for individuals (For example there are more than 400 demanding units to survey only in the SLN Dockyard. But there are only few sailors to regulate those activities) and lack of commitment Annual Departmental Survey and Disposal procedure was not carried out by the Eastern Naval Area during previous years. It affects to the accuracy of physical inventories against ledgers and badly effect to the inventory and stores management in the Area. In addition to the due to non disposal of disposable goods an assets in Eastern Naval Area as required, the revenue that could collected by their sale is denied to the government. On the same time storage and their safe

custody will entail additional accommodation and cost while misplacing will cause additional losses to the government.

Methodology

7. In this research data collection is basically based on desktop data collection method. Most of secondary data used to study the problem and based on those data analysis was carried out. Study group, followed following methodology while collecting data and analysis will be done through following steps which closely linked to each other.

- a. Preliminary Data Collection
- b. Data collection.
- c. Process and analysis of data.
- d. Interpret and present the data.
- e. Recommendation.

8. **Preliminary Data Survey.** Preliminary data collection was carried by using available records such as BR, Ledgers, memorandum, circulars and etc in order to identifying of the problem.

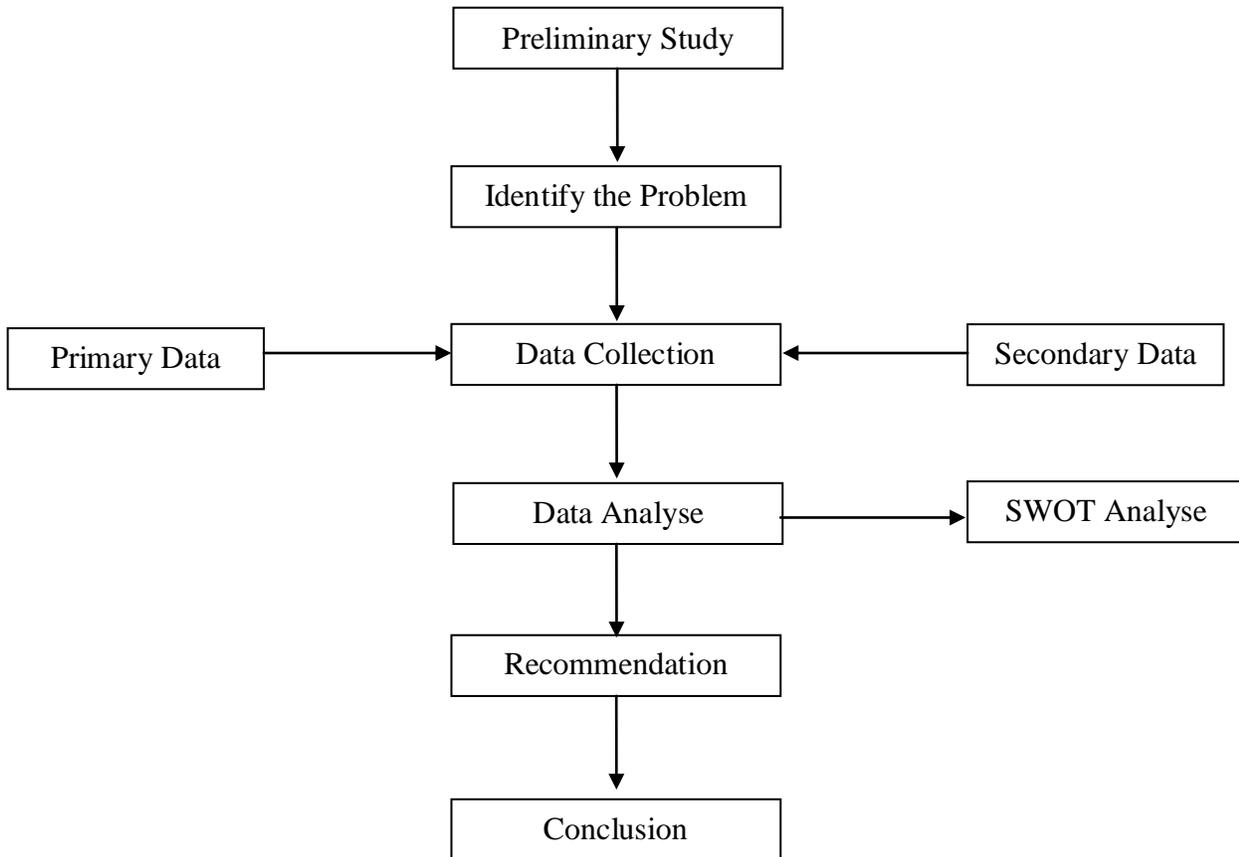
9. **Primary Data Survey.** Primary data survey was conducted through promulgating the questionnaire. Questionnaire; after identifying the problem, primary data survey and a secondary data survey have been carried out. Data survey was carried out through distributing a questionnaire among Stores assistant who engaged in disposal procedure in the area. Questionnaire was designed to cover entire annual Survey and Disposal procedure.

Data Analysing

10. During the data collection study group will collect data on present situation of the Annual Departmental Survey and Disposal Procedure, Governing Laws and Regulations, Local practices

by the ENA, how other organization is doing the Annual Departmental Survey and Disposal procedure and data analysing will be done using SWOT analysing model.

Operationalise the Methodology



Limitation of Study

11. When carrying out the study, following limitation and constraints were come across by the study group.

- a. Since Eastern Naval Area spread in large area and not availability of means to travel, details could not be taken from the all the accounting units in the area.

- b. Not awareness of the records made by Annual departmental Survey and Disposal Board is constraint to identify items which are already recommends to disposal action.
- c. Non availability of laid down procedures and records on disposal of Buildings, Vehicles, Ships and craft and electronic and electrical equipment is limit the study to the general inventories.
- d. Time was limited to refer all the files. If there was a summary of annual survey and disposal action it is easy to refer and understand.

Chapter Structure

- 13. Chapter 1. Chapter one will be dedicated to describe, introduction, objective of the study, problem statement, Hypothesis, methodology, limitation of the study and chapter structure.
- 14. Chapter 2. This chapter will be dedicated to describe present situation of the Annual Survey and Disposal action in the ENA, what are the governing laws and regulations and how ENA carried out Annual Departmental Survey and Disposal action.
- 15. Chapter 3. In this chapter will be discuss about the how Sri Lanka Air force and Sri Lanka Army practicing the Annual Departmental Survey and Disposal procedure in order to identify the lapses in our system.
- 16. Chapter 4. This chapter will be dedicated to elaborate and analysis the collected information using SWOT analysis according to the methodology described in chapter 1. During this chapter study group will be identified what are the strength and weaknesses of CSLOGD (E) when carrying out Annual Departmental Survey and Disposal procedure and opportunities and threat to the CSLOGD (E).

17. Chapter 5. This chapter will discuss alternative for lapses in current practices of the Annual Departmental Survey and Disposal procedure and alternatives for those lapses identified through SWOT analysis.

18. Chapter 6. This chapter will be dedicated to elaborate the gaining and advantageous of the alternative propose to the Annual Departmental Survey and Disposal Procedure by the study group and make final conclusion.

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CHAPTER 2

ANNUAL DEPARTMENTAL SURVEY AND DISPOSAL PROCEDURE

Introduction

19. Since Sri Lanka Navy evolving for 64 years and maintain large amount of inventories it has to follow Annual Survey and Disposal Procedure. Eastern Naval Area also comprise with three oldest establishment in the Sri Lanka Navy, namely SLNS Tissa, SLN Dockyard and Naval and Maritime Academy, here also following the Annual survey and Disposal procedure to manage inventories. In this chapter will discuss existing disposal procedure of Eastern Naval Area.

Departmental Board of Survey

20. FR. 756 briefly stipulates that during first week in the month of January in each year all government department should complete Annual Survey. Being a Government organization Eastern Naval Area also to be carried out by the Departmental Board of Survey appointed by the Head of the Department. FR 1214 (ii) stipulates that Inventories of all Electrical fittings, Apparatus as maintained for Government Buildings, etc Should be reconciled and mustered annually.

Survey of Items Held in Storing Yards and Naval Stores

21. Survey of items held in storing yard and Naval Stores is also to be carried out using NAV 257 simultaneously and reports to be submitted to Commander of the Navy (for attention of Senior Staff Officer (Stores Management)) before 05th March in each year board of survey are required to pay special attention on non moving items and make recommendations on same when forwarding reports (Commander of the Navy Letter No SSO(SM)03/2013 dated 18th November 2013).

Action Officer

22. Commanding Officers and Head of Department who are appointed action officers are to make arrangement to bring all ledgers, Inventories, stock book and loan lists up to date by 31st December each year and are to carry out a complete survey of all stores, in the month of January each a, as applicable to each accounting unit and are to render a report by 05th February in each year.

Appointing of board of Survey

23. Area Authority, Commanding Officers and Heads of Department who are appointed as Co-ordinating Officers are to appoint Boards of Survey consisting of two Officers/Senior Sailor informing the Commander of the Navy of the persons appointed to commence and complete the survey as stipulated in appointing officers, it should be borne in mind that officers from a particular section should not be appointed to survey the stores in that section itself prior approval to vary these requirements is to be obtained in writing from the Commander of the Navy before the appointment of the Board of Survey.

Instruction to Surveying Officers

24. The surveying officers must:-

- a. Ascertain that the balance in hand at the last annual survey or at subsequent that are by another Officers/ Sailors is in order and also ensure that the ledgers are adjusted as per last annual survey or subsequent take over.
- b. Check every article with the balance shown in the ledgers inventories, stock books and loan lists and enter any difference so reflected on forms NAV 257.
- c. On completion of the Survey prepare reports clearly, legibly and with the due attention to correct spelling on form NAV 258 in quadruplicate. Discrepancies should be

costed and totalled and the forms submitted to the Commanding Officers or Head of Departments as the case may be. The original and the other three copies should be signed by each of the surveying officers full signature names (to identify signatures) rank/ rate of surveying officers as applicable and date of survey are to be stated in the reports.

Action by CSLOGD (E)

25. CSLOGD (E) should carefully scrutinize the discrepancies, if any, and call for further explanations if necessary from the persons responsible and forward the respective report together with their own observations to the Commander of the Navy seeking approval to adjust the ledgers. CSLOGD (E) should also give his observations/ recommendations on the explanations of the person/ persons responsible and whether they consider there has been any fraud or negligence.

Adjusting Ledgers

26. Ledgers are to be adjusted as per Form NAV 258 which will be returned. This document is to be used as a supporting voucher for ledger/ inventory adjustments. On completion of adjustment of the ledger the fact that the ledgers have been adjusted is to be confirmed in all cases to Naval Headquarters.

Nil Reports

27. Where there are no discrepancies a "NIL" Report certified and signed by member of the Board of Survey is to be rendered.

Practicing Procedure

28. When clearly examined the laid down procedures for survey and disposal of inventories with stipulated time period it is observed that according to the procedure practically carrying out

little deviate from the instruction. Present practising procedure of departmental annual survey is as follows;

- h. With the instructions of NHQ, respective CLOGD's directing respective authority to carry out Annual Department Survey by letter.

- b. After receiving letter directing to carryout Annual Department Survey Commanding Officers' of respective ships and establishment appoint boards for Annual Department Survey. These boards most of the time consist with an officer and two senior sailor.

- c. Names of appointed board along with the name of demanding unit forwarded to the Area Commander as per the instruction given by the Area Commander.

- h. The particular board carryout survey against respective demanding unit by using NAV 257. If there are any discrepancies it is indicated by using NAV 258. Board recommendation forwarded to the Area Commander along with soft copy.

- h. After compile all the Annual Departmental Survey reports which are receipt from respective accounting units, Area Commander Forward those board reports to the SSO(SM).

- h. SSO(SM) directed to carryout proper investigation regarding discrepancies of respective demanding unit (If discrepancies are identified by annual department survey) and forward report with recommendation as per the BR 4023.

Difficulties in Annual Departmental Survey

29. It is government requirement to carry out Annual Departmental Survey of each and every inventories held by each and every department in the government sector organization. In the

Eastern Naval Area of Sri Lanka Navy, when carrying out Annual Departmental Survey following difficulties were observed.

- h. There are about 13000 naval persons in the Eastern Naval Area. Nevertheless most of them are not sound knowledge on Annual Departmental Survey Procedure and its responsibility. Hence, Lack of officers and senior sailors with required knowledge on specific items to carryout proper Annual Departmental Survey.

- b. Lack of officers with their core work scope to carry out proper departmental annual survey properly.

- c. Due to ledgers are not properly updated, while carrying out departmental survey cause to more time consume. For example last year G 47 action will not complete and those item still in the ledgers where as not in physical.

- h. Negative attitude of staff looking at Departmental Annual Survey.

- h. Number of demanding units and the large amount of items. For an example within the Eastern Naval Area there are about 26 accounting units including ships attached to Eastern Naval Area. Moreover there are about 948 number of demanding units are available in Eastern Naval Area. Nevertheless to compile and carry out all survey and disposal action and ledgers action in the area there are only 5 sailors worked in ledger branch of Eastern Naval Area.

- h. Accumulated discrepancies in ledgers due to fear and favour in making proper recommendations.

- g. Lengthy procedures less time duration. It is observed that very lengthy process including non value added action to be followed while carrying out Annual Survey procedure, within the period of time less than three months.

- h. Different procedures for electronic and electrical items, vehicle, heavy machinery and buildings.

Existing procedure of disposal action

30. According to the BR 4, all the ships and establishments to be followed following procedures when initiating disposal actions.

- h. After completion of the Annual Departmental Survey, AA's are been directed to their respective accounting units by promulgating a signal to take disposal action as per the recommendation made by the Annual Survey.

- b. After that an application for dispose of obsolete/obsolescent, used serviceable stores and unserviceable store is to be made on form G 47 in quadruplicate (clearly in block letters) signed by an authorized officer of the demanding unit and forwarded to the ships/establishment for appointment of Board of Survey. The names of two officers should also be recommended for appointment.

- c. In appointing the boards of survey, the Captain Logistics Department is to sign for Head of the Department on the reverse of form Gen. 47. Captain Logistics Departments are to ensure that no Officer in Charge of stores is appointed to any Board of Survey or to dispose of stores under his custody. G 47 forms with nominated boards name return to the particular accounting units for make recommendation by the board nominated to carryout G 47 action.

- h. After the carefully inspections of the particular items board make its recommendation on G 47 forms against particular items, and send to the CLOGD for approval. When making recommendation for electronic and electrical item, engineering item, plant and machinery a When making recommendation for electronic and electrical item, engineering item, plant and machinery letter issued by particular department

mentioning that particular item economically beyond repair should be forwarded with the board recommendation.

h. Directed to the particular accounting unit that correctly prepared G 47 forms to forward with board recommendation. After CLOGD agree with the recommendation made by board, making remark by pen forms forwarded to the particular accounting units.

h. After granting approval by the CLOGD directed to carryout disposal action according to the board recommendation in presence of board member

g. According to the recommendation made by board under mentioned action should be taken

(1). S - For sale by Public Auction

(2). D - Destructions

(2). T - Sale by Public Tender

(4). R - Repair

(5). A - Items that can be brought to use as arising. (e.g. Rags)

h. The goods which are recommended to sale should be handed over to the selling stores by NAV 254 prepared in duplicate along with first and third copy of G 47 form.

Observation

31. During the research it is observed following important factors when carried out annual survey and disposal action.

h. Annual Departmental Survey is not properly carried out by the board due to lack of knowledge on doing annual departmental survey, lack of knowledge on gravity of

- Annual Departmental Survey and lack of interest to doing properly with personnel attitude of persons engaged in annual departmental survey. As a result details departmental annual survey reports are not perfect.
- b. Board not inspect physically item against the ledger of demanding units. In the correct way of doing annual departmental survey is appointed board should physically tally items with the ledger and should check whether the items are usable. Then board should make recommendation. Nevertheless most of the time Officer appointed for the Annual Survey not participated for the survey.
 - c. The inventory holders influence Annual Survey Board members when making recommendations. Inventory hold members are not providing correct details on inventories and influence on recommendation.
 - e. Board members are changing while Annual Survey process due to go on appointment and draft. Before finish the Annual Survey and Disposal action board members went on appointment.
 - h. Though recommended to disposal action in previous years still it's not completed. This is cause to repetitions of work.
 - f. With the work overload, proper work scope and job description are not assigned to individuals in the ledger branch sailors. So, none of sailors are not directly responsible for the smooth functioning and recording of annual department survey in Eastern Naval Area.
 - g. There are no proper monitoring systems of Annual Survey Process. Only making records and if the sailors handling Annual Departmental Survey unable to provide required information such as how many accounting units not complete annual survey properly at given time.

h. Most of accounting units not forward duly completed forms of annual reports on stipulated time period.

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CHAPTER 3
ANNUAL DEPARTMENTAL SURVEY AND DISPOSAL PROCEDURE –
SRI LANKA ARMY AND SRI LANKA AIR FORCE

Introduction

32. Sri Lanka Army and Sri Lanka Air Force are the two similar organizations which handle large amount of inventories. This chapter dedicated for discuss Annual Departmental survey and Disposal procedure of these two organizations.

SRI LANKA ARMY

33. Sri Lanka Army consists with approximately 10,000 officers and 210,000 other rankers. Sri Lanka Army has 24 regiments. Among those regiments Sri Lanka Army Ordnance Corps functioning mainly for inventory management in the army. The Sri Lanka Army Ordnance Corps is responsible for the Provision, Receipt, Maintenance, Storage Issue and disposal of all Ordnance Stores ,(All items of stores except Food, Fuel, Transport & some Engineer & Pharmaceuticals) required by the Sri Lanka Army. Apart from these responsibilities the Sri Lanka Army Ordnance Corps being a services organization has always contributed its fair share of troop deployment in the various Internal Security duties & Combat Operational Duties as and when ordered by Army head Quarters.

Annual Survey of Stores in all Departments

34. Appointment of Boards of Survey - On or about the 15th of December each year, Boards of Survey should be appointed for the verification of stores, and where necessary, for reporting on unserviceable stores, held in each department, or branch of department.

The appointment of each Board will be made by:-

- a. The on behalf of Army Commander separate officers in units, for the purpose of reporting on unserviceable inventories held in stores
 - b. The Unit commanders, in all other cases, for verifying stores and for reporting on unserviceable stores.
35. Compensation of the Board. The Board should consist of two responsible officers
- a. Other than, and not immediately subordinate to, the officer or officers directly in charge of the stores
 - b. One of whom is acquainted with the type of technical stores, if any, verified. If it would otherwise be necessary to send officers from another station, with resultant expenditure on travelling.
36. Powers of the Board - A Board of Survey may be required to verify stores, as well as to report on unserviceable stores.
- Note - In the case of verification of stores, if found any discrepancies, shorts and losses and grant authority for adjustment and write off in appropriate cases appointed a Board of Inquiries and take actions FR 102 and 108 for the empowered to deal with losses.
37. Boards of Survey may be similarly appointed at any other time deemed necessary by an Army commander or Unit commanders.
38. The following forms should be used in appointing Boards of Survey:
- a. For the verification of Stores
 - b. For reporting on unserviceable stores – General 47.

Functions of the Board of Survey for Verification

39. Inventory Book should be balanced at the end of each financial year. If the Board of Survey verification takes place at any time other than at the end of a financial year, or at a handing over, the Inventory Book should be balanced by the officer in custody of the stores, as at the date of verifications, before the verifications, before the verification begins. The Stores Officer should provide the Board with a certificate to the effect that the arithmetical accuracy of the balancing, from the last certified verification or handing over, been checked and found to be correct.

40. The board must ascertain that the balance in hand at the last Annual Board of Survey, or at any subsequent verification or taking over by another officer, is duly signed as correct. They must then check every article with the balance shown in the Inventory Book as at the date of verification and enter any difference found, on separately, which should be submitted in quadruplicate. The Board must submit report to the Unit commanders

41. Action on Report of Board - The Unit commander to whom the report is submitted, should forward one copy of it to the Army commander. He should thereafter obtain the explanation of the officer or officers responsible for the differences, if any. The Unit commander shall deal with any discrepancies, shortages and losses, and grant authority for adjustments and write offs in appropriate cases. He is empowered to deal with losses, any other action necessary, including disciplinary action, should also be initiated. In cases, where Unit commander are not empowered under the latter Regulations, they should, within three months of the date of commencement of survey, forward to their Army commander two copies of the report along with their recommendation, stating the exact differences, the causes therefore, and the reasons for the recommendations made, The Army commander concerned will decide on the adjustments to be made in the Inventory Books, Registers, etc., and the disciplinary or other action necessary in regard to discrepancies which cannot be satisfactorily explained.

42. The decisions of the Army Commander must be recorded on Form T. & A. 66. A copy of the form should thereafter be forwarded to the department concerned to be filed as an inventory voucher in support of the adjustments. The other copy should be sent to the Auditor General.

43. Write offs for loss of stores detected at Board of Survey verifications will be dealt with in terms. Even if no differences have been discovered, a copy of the report should be forwarded to the Army Head Quarters.

Unserviceable Articles – Boards of Survey

44. A Board charged with the task of surveying unserviceable stores should not recommend their sale or destruction unless they are satisfied that the articles are not of use to other Government Departments. Where necessary, inquiries in this connection should be made in advance by the department concerned for the information of the Board.

45. The Board should forward its recommendations on Form General 47, to the Unit commanders. The order, condemning the unserviceable articles, shall be given by him, or other officer delegated for the purpose, after due consideration of the recommendations of the Board. If he disagrees with the opinion of the Board, the matter should first be referred back to the Board for reconsideration, and subsequently submitted, if necessary, to the Army commander, where applicable, for instructions.

46. However, in any case in which the Board has recommended the destruction of any article the purchase price of which was not less than Rs. 3,000, a Army commander, or the officer delegated for the purpose, should not condemn the article and authorize its destruction, unless the views of the Board have been checked by reference to an independent Government Official, competent to express an opinion on the matter (e.g. in the case of a motor car, the Commissioner of Motor Traffic should be requested to have it examined by an examiner of motor cars, before destruction is authorized).

Condemning of Unserviceable Articles without a Board of Survey Report.

47. Except as provided for in (48) below, no article on charge may be condemned or written-off as unserviceable, unless it has been reported on as unserviceable by a Board of Survey and action has been taken in terms.

48. An Unit commanders may condemn, as unserviceable and write-off article without waiting for the appointment of a Board of Survey charged with the task:-

- a. In the case of minor stores of a perishable nature.
- b. Whenever it is desirable and in the interest of Government that unserviceable stores should be condemned and written off.

49. When an article is condemned under (48) above, the manner in which it is to be disposed of should be clearly laid down and an officer appointed to carry out the order. The officer so appointed should follow the procedure applicable to store condemned by a Board or Survey. A copy of the order of the Head of Department condemning the store, and a statement of the manner in which they were disposed of, should be sent to the Auditor General.

Disposal of Condemned Articles (other than metal articles)

50. Condemned articles, other than metal articles should be disposed of by public auction or by open tender, after public advertisement. If such articles are unsuitable for sale, they must be destroyed. The following rules must be observed in connection with the sale and destruction of unserviceable articles:-

Reasonable publicity must be given to the notice of sale

- a. A member of the Board must be present at the sale and at the authorized destruction of articles

b. A member of the Board, together with another responsible officer of the department should ensure that, before the sale and when the articles are not submitted for those condemned or sold, other and that they are not fitted with unused or better parts than those which belong to the condemned articles ;

c. Articles ordered to be sold, but for which no bids have been received, or sold but not removed, must be destroyed in the presence of a member of the Board, or otherwise disposed of, as directed by the Head of Department, after the lapse of time provided for in the conditions of sale

d. A certificate by a member of the Board, of articles sold and prices realized, and articles destroyed, must be attached to the Board's proceedings

e. The Sri Lanka Army mark must be obliterated in the presence of a member of the Board and a certificate to that effect added to the Board's proceedings.

51. All articles sold, destroyed, or otherwise disposed of should be written-off the Inventory Books and stores records of the department.

52. Proceeds of sale - The proceeds of the sale of unserviceable stores must be credited to Revenue under Head 9 – “ Sales of Capital Goods”, Sub- head 2, item 1, “Sales of Old stores and Cast Animals”. The proceeds of the sale of stores held on a Stores or other Advance Account should, however, be credited to the Advance Account the net loss only being charged to the Profit and Loss Account or other corresponding account of the Activity .

Condemned Metal Articles and Salvaged Material (Ferrous & Non- Ferrous)

53. **Ferrous Material**. Ferrous scrap materials accumulated in Commercialised Departments and in activities conducted on advance accounts should be disposed of, by selling such scraps to a Government Department or a Corporation requiring them, at a price mutually

agreed upon which is consistent with the current market price. Any material which cannot be so disposed of may be transferred to Railway Work Shop, Ratmalana if the Chief Mechanical Engineer agrees to accept the materials. Otherwise, action should be taken to dispose them in terms of following tender procedure after consulting the Procurement and Advisory Services Unit, Ministry of Finance.

- a. The Railway Department will retain its ferrous scrap.
- b. Non commercialized Departments may dispose of ferrous scrap arterial free of charge as follows.

54. **Cast Iron.** Cast Iron scrap should be sent under the advice to the Factirt Engineer who will transfer any quantity surplus to his requirement for the use at the Railway Work Shop, Ratmalana.

55. **Ferrous Scrap other Cast Iron.** Scrap falling under this category will be taken over by the Department of Railway. The departments should consign their scrap materials to the Railway Work Shop at Ratmalana under the advice to the Chief Mechanical Engineer, Railway.

56. Non-Ferrous Material - All non-ferrous scrap material should be disposed of as follows;

- a. Commercialised Departments and activities run on Advance Accounts should dispose of such scrap to Government Departments and Corporations which require it, at a price mutually agreed upon, which is consistent with current market prices. The Railway Department will retain its scrap.
- b. Any non-ferrous surplus scrap, not dealt with as in (a) above, should be disposed of as follows by all departments
- c. Non-ferrous scrap which can be smelted should not be sold. Any unwanted non-ferrous material, which has scrap value, such as brass, copper, aluminum etc. should be

sent to the Government Factory, if the value of the quantity justifies the expense on transport etc.

- d. Material which cannot be disposed of in terms of (a) above, or which has no scrap value, should be destroyed..

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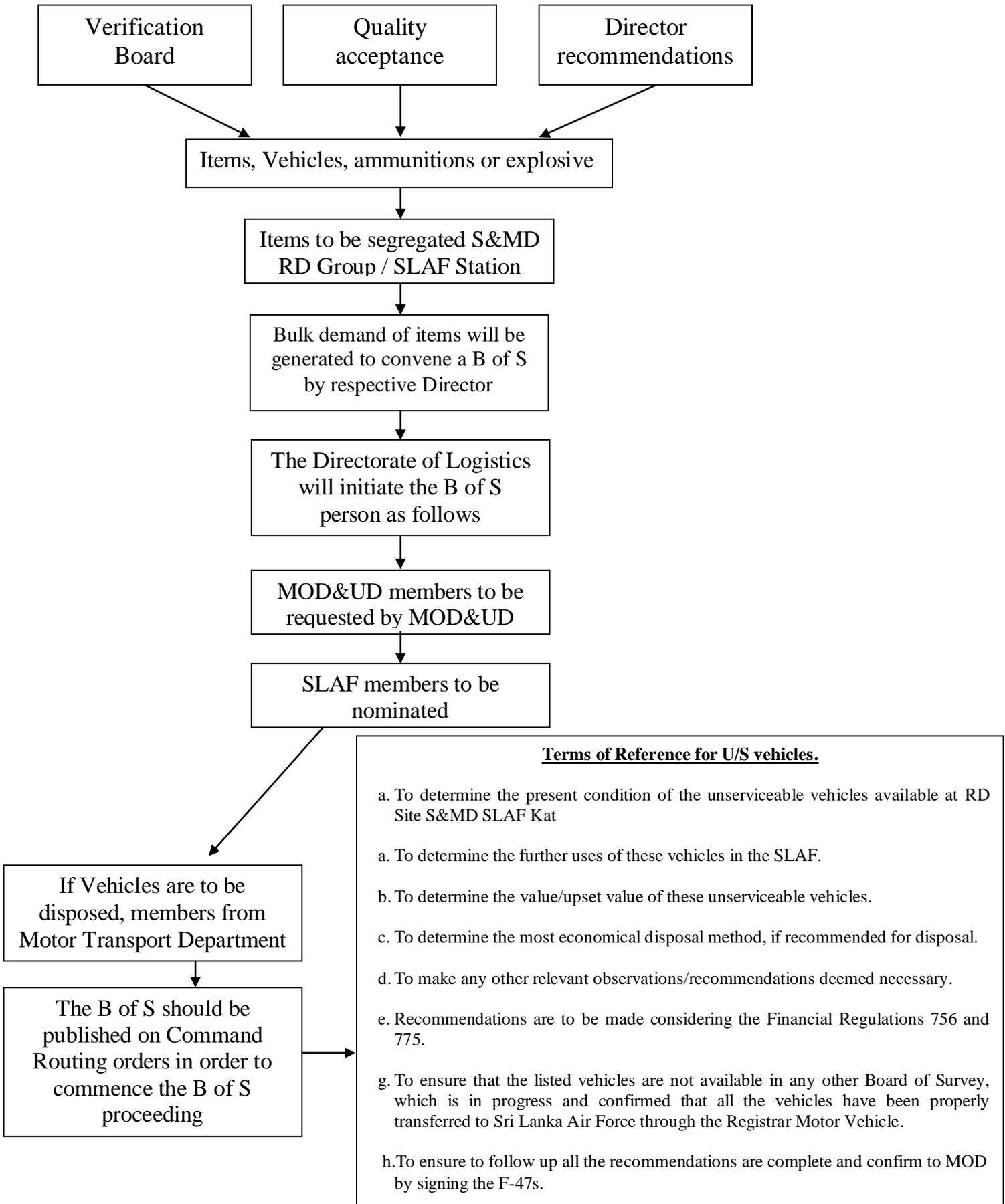
SRI LANKA AIR FORCE

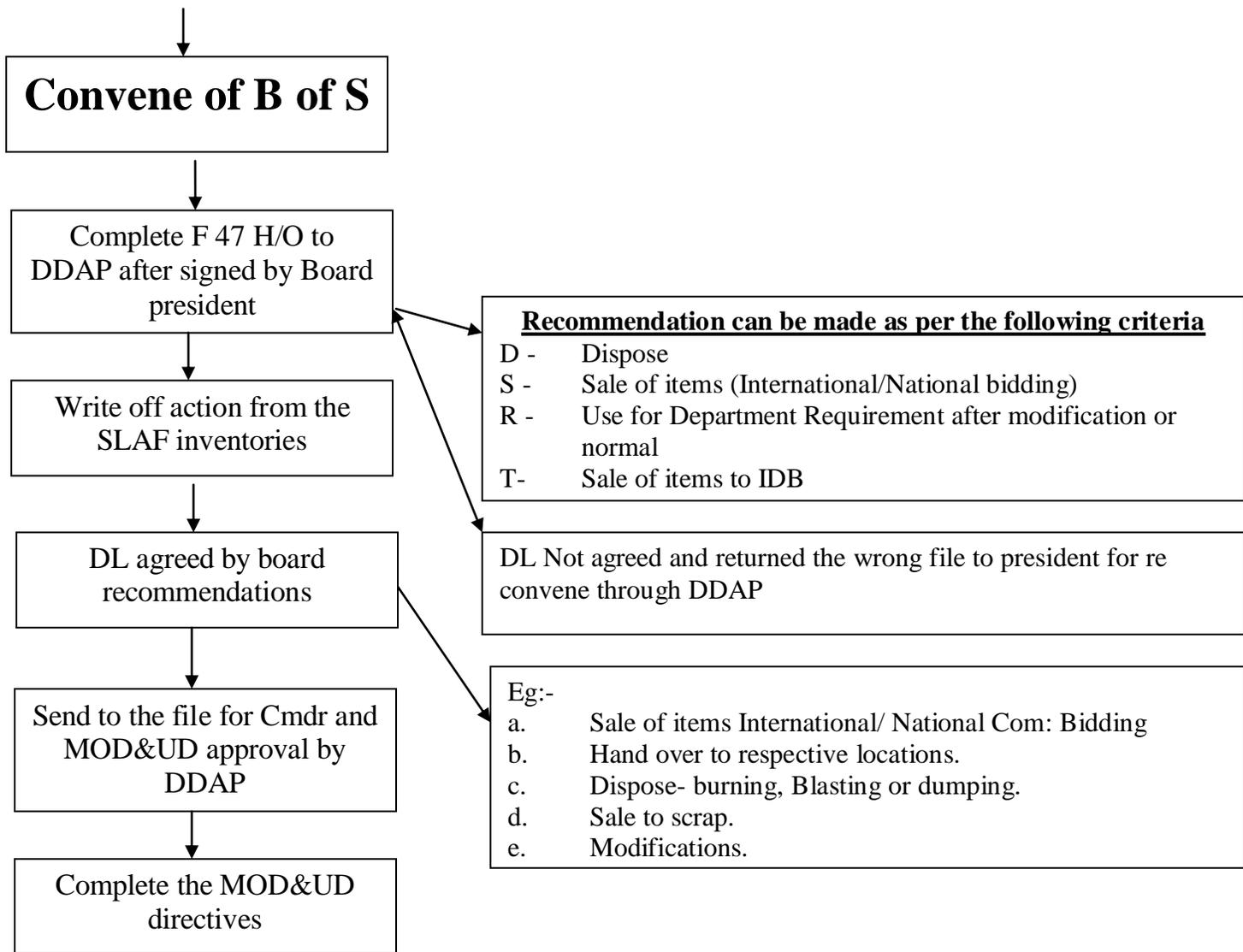
58. Sri Lanka Air Force consists with approximately 2500 officers and 45000 Ari men. Sri Lanka Air Force Supply Branch has been established for undertakes material and resources management of all Air Force resources around the country. As per requirements the logistics supplies clothing to aircraft equipment, to ensure efficient supervision of inventories and availability of necessary items to all operators and users A Logistics also responsible for the provisioning of aircraft spares, mechanical transport, fuel, armament and explosives, flying and other clothing items, rations and other items essential for day to day running of the organization and sustaining its manpower. The Logistics, by making use of the latest material management techniques, accomplishes the onerous task of supply management efficiently and in a cost effective manner.

59. Other than that Sri Lanka Air Force supply branch has to look in to Possesses a thorough knowledge and wide experience in Logistics Branch Organization & Equipment Accounting, Inventory management, Estimates & Budget Control in Sri Lanka Air Force, SLAF Tender Procedure and purchasing system Local and Foreign, Stores Management & Stock Taking, Occupational hazard and preventive measures, Catering Supply, Air Movements, Forward Supply (Air craft Spares), Demanding, quality check, storage, issuing and transportation of Arms Ammo & Explosives, Fuel Oils & Lubricants, Compressed Gasses.

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Items to be recommended for disposal by following areas





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CHAPTER 4

ANALYSIS OF DATA BY USING SWOT ANALYSIS

Introduction

60. Study group collected relation data regarding Annual Department Survey and Disposal procedure using many methods. Preliminary data collections were carried out by the study groups through secondary data such as ledgers, records and etc. Through discuss questions and interview the staffs of the CSLOGD (E) primary data was collected about Annual Department Survey and Disposal procedure. Collected data and information by the study group will analyse by using SWOT analysis model.

Strengths of the CSLOGD (E) in Annual Survey and Disposal Procedure

61. Research group comprehensively analyse the data collected from primary and secondary data collection methods and identified followings strengths of CLOGD(E) in Annual Survey and Disposal procedure.

a. Authority vested by the Commander of the Navy to carry out Annual Department Survey and Disposal Procedure. CSLOGD (E) is authorised to carry out Annual Departmental Survey within the ENA and instructed to forward report to the Naval Head Quarters.

b. There experienced and dedicated staff with fare knowledge on Annual Department Survey and Disposal procedure under CSLOGD (E). Not only the staff under CSLOGD (E) it is responsibility of all Commanding Officers and Head of the Department to carry out Annual Department Survey under his Ship/Establishment/Department. Hence officer and Sailors under any Ship/Establishment/Department can be utilised to carry out the Annual Survey and Disposal procedure.

c. Commitment of the top level management of CSLOGD (E) on Annual Survey and Disposal action of inventories. Though it was identified disposal action of inventories is major element of the inventory management there was no time for commit to Annual Survey and Disposal action. Nevertheless, at the present commitment of the top level management of the CSLOGD (E) is commendable on Annual Survey and Disposal action.

d. There are about 13000 personnel in the area. These 13000 personnel can be used to complete this Annual Survey and Disposal procedure in the area. Large amount of man power also one of the strength to the organization when carried out this process.

e. There is a separate place for store G 47 goods in the dockyard area. This is also a strength which area having separate location it can collect all the G 47 goods during the time period to one location.

f. Corporation and coordination among the top level management in the area also one strength with CLOGD (E) when performing Annual Survey and Disposal Procedure.

Weaknesses of the CSLOGD (E) in Annual Survey and Disposal Procedure

62. Research group comprehensively analyse the data collected from primary and secondary data collection methods and identified followings weaknesses of CLOGD (E) in Annual Survey and Disposal procedure.

a. Lack of knowledge on Annual Survey and Disposal procedures of personnel who carried out annual survey and disposal action. This will affect many dimensions in the process.

b. Lack of commitment of other branches officers and sailors on Annual Survey and Disposal procedure. Due to this is not there core assignment, most of the other branches Officers not take much pain to carry out this process in proper manner.

- c. Lack of knowledge on gravity and responsibility with the board appointed to carry out Annual Survey and Disposal procedure, the team will not carry out the task properly. This is also a weakness observed by the study group.
- d. Some time disposal action for recommended inventories cannot be done during the time period due to many reasons such as, transport, NHQ Directives to sale the items, etc. This will affect to the next year when doing Annual Survey by repetition same work.
- e. None value added steps in the process also a weakness which team observed during the study. There are some steps with no value added to the process but making time wasting and cost incurred in the process.
- f. Lack of transport available with accounting units and the CLOGD (E) to transport recommended inventories to the sales stores and SSO (SM)
- g. Specially Ships which inventories are belongs to Eastern Naval Area, temporary attached to other areas are not carry out proper Annual Survey and Disposal action and ledger action after the process.
- h. There are no proper records of some inventories and standard time period for Annual Survey and Disposal procedure. Due to this reason same item will recommend to G 47 action after different self life time.

Opportunities for the CSLOGD (E) in Annual Survey and Disposal Procedure

- 63. Research group comprehensively analyse the data collected from primary and secondary data collection methods and identified followings opportunities for the CLOGD (E) in Annual Survey and Disposal Procedure.

- a. There are other six areas to dispatch non moving inventories within the Sri Lanka Navy. Hence some non moving items can be used for their requirement.
- b. Provisions to interchange non moving inventories within other government department which required the same items.
- c. There are some project make some alterations and value adding to the inventories which are recommended to the dispose during the Annual Survey and Disposal procedure. For examples paper recycling project and brass recycling project in the dockyard.
- d. Industrial Development Board of Ceylon are ready to purchase scrap metal articles which are disposed by the Government organizations. This is the god opportunity to sale metal scrap of Eastern Naval Command.
- e. According to the FR 770 (03) authority vested by the Government of Sri Lanka to make disposal action by the department head for the inventories less than Rs 100,000.00. In this Annual Survey and Disposal procedure is making ease up.
- f. Coastal Conservation Department obtained used tyre from the Government organization. Hence without any auction action it can dispose used tyre by giving those to Coastal Conservation Department.
- g. Internal arrangement of the Sri Lanka Navy such as Internal Audit, inspectorate, etc. and external arrangement such as Government audit will filter the Annual Survey and disposal procedure annually. This will help to re adjust the Disposal action.
- h. Eastern Naval Area is the area with all the human capital in Sri Lanka Navy. Combination of the manpower in the area is well balanced. There are technical officers, gunnery specialist, Civil Engineers, Automobile engineers and others to take maximum support to the process of Annual Survey and Disposal Procedure.

Threats to the CSLOGD (E) in Annual Survey and Disposal Procedure

64. Research group comprehensively analyse the data collected from primary and secondary data collection methods and identified followings threats to the CLOGD (E) in Annual Survey and Disposal Procedure.

a. CLOGD (E) itself not having required amount of Officers and Sailors to carry out Annual Survey and Disposal procedure in the entire area. Hence, CLOGD (E) should depend on Officers and Sailors from other branch.

b. At present CLOGD (E) is not process with required amount of vehicles. Hence, CLOGD (E) should depend on Naval Head Quarters to obtain heavy vehicles to transport G 47 inventories to the SSO (SM) at Welisara.

c. According to the government instruction to the Sri Lanka Navy and subsequently instruction issued to the area by NHQ CLOGD (E) to hand over all metal scrap to SSO (SM) at Welisara. By this CLOGD (E) lose its opportunity to sale in auction at the place of Trincomalee with higher price.

d. Recommendation for dispose of Buildings, Vehicles, Ships and Craft, and heavy machineries done by the expertise from respective field. Nevertheless ultimate responsibility in Survey procedure and the Disposal action come to the CLOGD (E) in respect to the inventories in the area.

e. Ruels, regulations, directives and instruction given by the higher authority in Annual Survey and Disposal procedure.

CHAPTER 5
RECOMMENDATION

Introduction

65. Being a Government organization Sri Lanka Navy could not violate rules and regulations issued by the government. Research group identified present Annual Departmental Survey and Disposal procedure is sound method but to do some additions and alterations to the system. Studying the Annual Departmental Survey procedure of Sri Lanka Army and Sri Lanka Air Force it is identified them also following same procedure which Sri Lanka Navy followed. With this research group recommend to following for stream line the current Annual Departmental Survey and Disposal Procedure.

a. In those instances where personal property is no longer needed by a SLN authority is limited to:

(1) Disposal of uneconomically repairable and in some instances obsolete items by cannibalization or through the abandonment/destruction process.

(2) Transfer of property to another Department

(3) Limited direct transfers of excess property to other agencies in accordance with BR 4 including prearranged transfer in those cases where a known requirement exists.

b. Standardized life time of all inventories available in the ledgers. For an example steel locker double door can be used 8 years. Monitoring system of all ledgers should be done by the independent body annually in order to maintain ledgers properly. For an example because of internal audit team properly inspect the ledgers at Naval and Victualling stores they were maintain properly.

c. Educate all Officers and Senior Sailors within area about the importance of Annual Departmental Survey and Disposal Procedure. They should educate how to do the Annual Departmental Survey and Disposal Procedure, what is the responsibility of Board

appointed for the Annual Departmental Survey and Disposal action, how are they liable for Annual Departmental Survey and Disposal action and importance of the Annual Departmental Survey and Disposal Procedure.

d. Conduct workshop for all inventory holders to educate them on importance of update inventories, how this can be done, what is the importance of inventory management and etc. Then inventory holders will willingly support to the Annual Departmental Survey and Disposal Board carry out proper Annual Departmental Survey and Disposal procedure.

e. The following year, board should check whether recommendation of succeeding year properly carried out or not and based on that board can start the annual survey. In addition to that board can go through the ledger and can identify which items to be checked with suitability to the usage and can made recommendation.

f. Area authorities are to be given the authority to make disposal action especially in case of sale with limited amount to reduce cost and time duration of the process.

g. Issue timely instructions for the staff to carryout Annual Survey and Disposal action.

h. Introduce punishment to Officers and Sailors who do not followed instruction and failed to complete the process during stipulated period. Same time introduces rewards system to Officers and Sailors who complete within stipulated time in correct manner.

j. Omit non value added steps in the disposal procedure and Head of Departments and Commanding Officers are given authority to dispose small scale value items.

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CHAPTER 6

CONCLUSION

66. Annual survey and disposal action is the utmost important action in inventory management. All offices must continually survey inventories under their control and promptly identify and dispose of unneeded inventories. Those disposable inventories can be categorized as follows according to the procedures pertaining to dispose.

- a. Building and structure
- b. Ships and Craft
- c. Vehicle
- d. Electronic/Electrical item and Plant and machinery
- e. General inventories.

67. SLN spending large amount of money, assets and man power to success this annual survey and disposal action within the navy but it is not 100 percent accurate and cost effectiveness. There are some non value added steps in the system. But with the some alterations and additions it can be doing with more effectively in the organization.

68. Knowledge and attitude of this annual survey and disposal action is highly effect when carrying out annual survey and disposal action. Due to this reason most of the time this part of inventory management did not complete proper way as required by SLN and ultimately the Government of Sri Lanka.

69. For the effective and efficient Annual Department Survey and Disposal procedure it should identified what are the strength and opportunities and get maximum output of them. At the same time it should be identified what are the weaknesses of the system and what are threats to the organization.

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RMNP RTHNAYAKE

Lieutenant Commander(S)

NT ARANDARA

Lieutenant Commander(S)

LB MARASINGHE

Lieutenant Commander(S)

MAR JAYAWARDENA

Lieutenant Commander(S)

GDSAP PERERA

Lieutenant Commander(S)

KVD WEERARATHNE

Lieutenant Commander(S)

Group Leader

- Annexure:
- A. Statement of Senior Sailor In charge Naval Stores SLN Dockyard
CPO(SA) KUGR Kumara SS 21946
 - B. Statement of Ledger Branch Sailor SA I SDPS Karunarathne SS 45609
 - C. Statement of Sale stores in charge LSA WHMR Wijesinghe SS 97713
 - D. Statement of sailor In Charge Metal article Stores SA I WPPP Kumara SS
86935

E. Statement of Sailor In Charge Motor transport stores SA IPT Saranga SS 87129

Enclosures :

1. Commander Eastern Naval Area's letter No CS 30 dated 6th December 2013.
2. Commander of the Navy's letter no SSO(SM)/02/12 dated 23rd July 2012.
3. Commander of the Navy's letter no SSO(SM)/25/14 dated 28th February 2014.
4. Commander of the Navy's letter no SSO(SM)/58/14 dated 23rd September 2014.
5. Precedent Secretariat's letter no SP/2/5/2 dated 5th April 2006
6. Precedent Secretariat's letter no SP/ED/03/08 dated 15th August 2008
7. Ministry of Defence, Public security, Law and Order's letter no GF/8/107 dated 17th April 2006.
8. Ministry of Defence, Public security, Law and Order's letter no FD/IA/06/03/08 dated 31st August 2008.
9. Industry Development Board of Ceylon's letter dated 13th July 2004.