

Maintenance of Buffer Stocks by the Food Commissioner's Department and Performance of Warehouse Utilization



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01 Executive Summary

Department of Food Commissioner which was established in 1942 with the view of importing, storing and pricing food items to ensure food security, had carried out the primary functions of implementing the subsidized and ration schemes implemented in the country until the establishment of the Food Stamp System in 1987. Thereafter, the task of distributing wheat flour of Prima Company had been vested to the scope of the Food Commissioner's Department on behalf of the government until completely privatization of the wheat flour trade. It had been decided to transfer the property and equipment belonging to the Food Commissioner's Department to the Sri Lanka Agricultural Product Marketing Authority due to the gradual decline of the role of the Department as per the Decision of the Cabinet of Ministers No. අමප / 06/0238/218/010 dated 08 February 2006. However, Cabinet Memorandum No. TMCC / 2008/18 dated 11 August 2008 had been presented by the Minister of Trade, Marketing Development, Cooperatives and Consumer Affairs considering the international food crisis and the uncertainty of future food supply that may result from it.

Accordingly, the Cabinet of Ministers had proposed to restructure the Decision of the Cabinet of Ministers dated 27 August 2008 No. අමප / 08/1481/342/016. In this, the approval of the Cabinet of Ministers had been given to cancel the decision taken to transfer the assets and liabilities of the Food Commissioner's Department to the Agricultural Product Marketing Authority of Sri Lanka, to hand over the control of the warehouses and other immovable property of the warehouses other than the food warehouses at Shravasthipura, Polonnaruwa, Ampara, Veyangoda, Narahenpita, Orugodawatta and Ratmalana owned by the Department to the District Secretaries until it is re-determined, to re-start the activities of the restructured Food Department to store 100,000 metric tons of rice per annum with the view of food security with a limited staff.

“Safe, sustainable, nutritious staple grain foods for every household” was the Vision of the Department and maintaining a rice reserve of 100,000 metric tons was a major

function of the Department. The capacity required to carry out that vision and role was 120 warehouses island wide valued at Rs.3,269,191,978 with a capacity of 286,946 metric tons and of that, 06 stores of 34,300 metric tons of capacity had been renovated to scientific warehouses incurring a sum of Rs.292,311,945 from 2012 to 31 December 2019. Ability to safely maintain a stock of quality rice suitable for human consumption for a period of one year or more/less nearly that time, developing the ability to operate the stocks to the local market with the aim of controlling market price fluctuations thereby, maintaining a safety stock required for use in the event of an emergency in the country, contribute to maintaining consumer friendly rice prices had been stated as the purpose of the renovation of the warehouses.

Out of the warehouses owned by the Department, 46 to Government and private institutions with rent, 28 warehouses to Government Institutions without rent, 24 warehouses in the custody of the Department, 20 warehouses in the possession of the District Secretariat and 02 warehouses in an unusable condition had remained.

The primary objectives of this performance audit was the evaluation of the efficiency of maintaining safe rice stocks of 100,000 metric tons per year, evaluation of renovating of 06 scientific warehouses and of their utilization and evaluation of utilizing of other warehouses and examining of the actions taken to recover arrears of rent.

No safe stock of rice whatsoever owned by the Department was kept in the warehouses of the Department from 2012 to 31 December 2019, besides the stock of 661.567 MT of rice stored in the year 2012 to evaluate the success of the Scientific Warehouses Pilot Project. A stock of 4267.93 metric tons of rice owned by the Department of Co-operative Commissioners in the year 2014, a stock of rice belonging to the Lanka Sathosa in 2014 and 13,054 metric tons owned by the Co-operative Wholesale Establishment in the year 2017 had been stored in Scientific Warehouses. As a result, instead of achieving the objectives of the Department, it had to work towards achieving the objectives of other public and private institutions. Therefore, due to the inability to achieve the objectives of renovating Scientific Warehouses and achieving productivity and efficiency of warehouses it had failed to control the price fluctuations by issuing of rice to increase the supply of rice to market during the times of shortage of rice in the market.

Failure to utilize the storage capacity due to non-availability of safe stocks of rice, warehouses remained in idle, non-utilization of infrastructure in Veyangoda premises, incurring of high monthly electricity cost for this premises, laboratory remained in idle, inadequate role for quality control officer and grain surveyor posts etc. can be stated as basic observations of this audit. A sum of Rs.111,161,637 was in receivable by 31 December 2019 from the warehouses owned by the Department which were handed over on lease basis and failure to take adequate action by the Department to recover that arrears can also be identified as an another observation.

2. Introduction

2.1 Background

2.1.1 History of the Food Commissioner's Department

Establishment of the Food Commissioner's Department in 1942 and delegated authority over the importation, storage and pricing of food items to the Food Department and the state representation had been provided to meet the above requirements.

The issuance of rice rations was entrusted to the Department of the Food Commissioner in the year 1943. This freebie was given to the people by every Government from the year 1943 - 1979 and Port Warehouses, adequate storage complexes for storing goods brought from warehouses, stores in each District for local distribution required for this were maintained. Among the warehouses used for this, Buildings built by foreigners during World War II for military use were renovated and used as warehouses and these buildings are still being used today as warehouses owned by the Food Commissioner's Department.

This Department was upgraded to a Grade A Department on the responsibility of implementing a wide range of supplying of food which is a basic need of the country. Due to the rapid growth of the country's population and the large population, it was

difficult to provide free food rations to all people and due to the abolition of the rice ration system and the implementation of the poverty relief stamp system instead, the powers vested to the Department for issuing ration cards were transferred to the Department of Poverty Alleviation. Nevertheless, the Food Commissioner's Department has been entrusted with the task of continuing the importation of food items to be provided for poverty relief stamps.

With the commencement of production at the Prima Flour Factory in the year 1981, the Department of Food continued the activity of manufacturing and distributing of flour. In addition to the distribution of flour, actions had been taken for the processing of food items such as rice, flour, sugar, etc. required for food and kerosene stamps and to collect the dues for that by 1986.

Accordingly, it has been contributing to the food needs of the people of the country for nearly half a century. As a result of the transfer of the authority of importing sugar rice to the private sector on a Government Policy Decision at that time, the Food Commissioner's Department which was the monopoly state agent in supplying food items to the people of the country by the end of 1986, has been becoming inactive. However, although the above functions were lost, the Department had activated to promote bakery production in the year 1990. Nevertheless, due to the ownership of the Prima Flour Factory was vested to the private sector by the year 2000 the Department closed the bakery which was operating at that time and had handed over its property due to the lost of the monopoly of the distribution of flour from the Department and actions were taken to winding up the Commercial Advance Accounts used for this purpose. Due to the making of decisions not to implement food distribution programmes furthermore in line with Government Policy, the role of the Department was gradually declining and the Secretary to the Ministry became the Acting Food Commissioner. Again, after purchasing paddy under the Government guaranteed price scheme in the year 2005 and to convert into rice and had to be stored and maintained in the warehouses of the Department.

It had been decided to transfer the property and equipment belonging to the Department of the Food Commissioner to the Agricultural Product Marketing Authority of Sri Lanka as per the Decision of the Cabinet of Ministers under අමෙ / 06/0238/218/010 dated 08

February 2006. However, the international food crisis occurred and the uncertainty of future food supply that may result had been considered by the Government and had proposed to restructure the Food Department as per the Cabinet Memorandum dated 11 August 2008 TMCC / 2008/18 and it had been approved by the Decision of Cabinet of Ministers No. අමස / 08/1481/342/016 dated 27 August 2008 . In this, the approval of Cabinet of Ministers had been granted for the cancellation of the decision taken to transfer the assets and liabilities of the Food Commissioner's Department to the Agricultural Product Marketing Authority of Sri Lanka, to hand over the control of the warehouses and other immovable property of the warehouses other than the food warehouses at Shravasthipura, Polonnaruwa, Ampara, Veyangoda, Narahenpita, Orugodawatta and Ratmalana owned by the Department to the District Secretaries until it is re-determined, to restart the activities of the restructured Food Department to store 100,000 metric tons of rice per annum with the view of food security with limited staff.

Accordingly, 23 warehouses were held to meet the targets of the Government by maintaining a buffer stock of 100,000 metric tons. As a result of providing subsidies by the Government in 2010 with the objective of uplifting the local agriculture, development of agricultural infrastructure, taking necessary actions to encourage farmers, the Government has implemented guaranteed prices to overcome the obstacles faced by farmers to sell their paddy harvests at reasonable prices and the Paddy Marketing Board had taken actions to purchase paddy under this. The Department of Food took actions to provide storage facilities for purchased paddy.

Accordingly, the stocks of paddy were converted into rice and stored as buffer stocks in the warehouses of the Department of Food in the year 2011. Chemicals had to be applied to minimize pest damage during long-term storage of these stocks and indicating reasons as it would affect to reduce the quality of food items, and that it would incur a large cost and the existing warehouses would not be suitable for storing rice stocks for at least a year, a Project Report was prepared and submitted for funding for the construction of 04 warehouse models in the years 2012 and 2013. Nevertheless, sufficient provisions for that had not been received.

Therefore, two models of Mechanical Air Circulation and Natural Gas Circulation Storage were modernized in the years 2012 and 2013 with the provisions made by the Expenditure Estimates for warehouse repairs. Mechanical air circulation system is a system of refrigeration and heat barrier adapted to the store to control the temperature and humidity at the required modes of storage, which is not conducive to the growth of pests and the humidity that is not conducive to the growth of fungal infections. The natural air circulation system is the use of an exsouse fan without a mechanical system to release the hot air generated in the warehouse into the outside space of the warehouse and to maintain the temperature and humidity in the warehouse by bringing in the cool air available into the warehouse from outside. The Department has 06 Scientific Warehouses as at 31 December 2019 including 04 more warehouses upgraded after 2 model warehouses and 05 standard warehouses which were in general condition had been renovated in Galle - Boossa, Anuradhapura - Sravasthipura and Matara – Meddawatte.

2.1.2 Vision, Mission, Main Functions of the Department of Food Commissioner

Vision

Safe, sustainable, nutritious staple grain foods for every household.

Mission

Guarantee the availability, accessibility and affordability of staple grain Foods for the citizens of Sri Lanka by managing and aligning the markets by using departmental assets and with the dedicated and committed staff members of the Food Department and stakeholder Institutions.

Main Functions

- (i) Maintenance of a special rice buffer stock of rice 8000 MT as per the Colombo Declaration and 16th Conference of South Asian Association for Regional Co-operation (SAARC).

- (ii) Maintenance of 100,000 MT of rice buffer stock at the island wide Food Department warehouses as per the Cabinet Decision dated 27/08/2008.
- (iii) Ensure the availability of rice at the Market.
- (iv) Effective Co-ordination with the stake holders for the better management of department resources.
- (v) Create a pest free grain food store environment.

2.2 Authority for Audit

This performance audit 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 and in terms of Sections 3(1) (d) 5(2) of the National Audit Act.

2.3 Reason for Selecting of the Topic for Audit

As rice is the staple food of the people of Sri Lanka, rice production has a special place among the agricultural products of Sri Lanka. For the same reason, under the Vision of safe, sustainable, nutritious staple grain foods for every household, the Food Commissioner's Department was established to carry out the task of maintaining buffer stocks. Six Scientific Warehouses of 34,300 metric tons had been upgraded, including 120 warehouses islandwide, to carry out with the task of maintaining buffer stocks. However, buffer stocks had not been maintained in the renovated scientific warehouses from 2012 to 31 December 2019 and as a result, those warehouses were underutilized. Due to the lack of buffer stocks of rice, it was impossible to issue rice to the market to increase the rice availability in the market during times of shortage. As a result, the Department was unable to achieve the efficiency and productivity of the warehouses and the public had not received proper benefits from the government allocation of Rs.292,311,945 spent on the modernization of Scientific Warehouses. Further, due to non-collection of warehouse rent from the warehouses which were given on rent basis the economy of warehouse rental income had lost. The Department had indicated "Take necessary steps to ensure proper functioning of the food products market and their by-

products, including food stocks, to prevent extreme food price fluctuations” as Sustainable Development Goals. However, the Department had failed to achieve those Sustainable Development Goals to the present. Because of these reasons, this topic was selected to, conduct a performance audit in respect of maintaining stocks of rice by the Food Commissioner’s Department and utilization of warehouses to make recommendations on the requirement to make proper use of the warehouses owned by the Department through that.

2.4 Audit Approach

- (a) Examining of the files and books maintained at the Head Office of the Food Commissioner’s Department and the Veyangoda Warehouse Premises.
- (b) Examining the Performance Plan, Procurement Plan, Progress Reports, Annual Account, Performance Reports, etc. of the Department.
- (c) Interviews
- (d) Veyangoda Warehouse Complex, Anuradhapura Sravasthipura Warehouse, Physical examination.
- (e) Obtaining Information from Institutions such as Co-operative Wholesale Corporation, Paddy Marketing Board, Department of Co-operative Development.

2.5 Objectives of the Audit

- (a) Evaluating the efficiency of maintaining buffer stock of rice 100,000 metric tons per year.
- (b) Modernization of 06 Scientific Warehouses and evaluation of their utilization.

- (c) Evaluate other store utilization and examining of the actions taking to recover arrears of rent.

2.6 Sub-objectives of the Audit

- (a) Examining of Intervention of the Department, Ministry and Treasury to maintain buffer stocks of rice in Scientific Warehouses.
- (b) Examining of Intervention of the Department regarding the adequacy and compliance of the instructions to be followed in storing rice belonging to external government agencies in Scientific Warehouses.
- (c) Checking the reasons for the high cost of electricity even though there is no rice in the warehouses at Veyangoda Warehouse premises.
- (d) Examining of remaining of laboratory in idle and inadequate role for quality control officer and grain surveyor posts.

2.7 Audit Criteria

- (a) Cabinet Decision No.අමප/08/1481/322/016 dated 27 August 2008
- (b) Memorandums of Cabinet of Ministers dated 07 July 2014 and 09 July 2014
- (c) Decisions of Cabinet No. අමප/ 16/0619/723/016 dated 27 April 2016, අමප/17/1285/723/028 dated 5 July 2017 and අමප/ 18/0244/723/004 dated 28 February 2018
- (d) Vision, Mission and Functions of the Food Commissioner's Department
- (e) Action Plan and Procurement Plan, (From 2012 to 2019) Performance Reports of the Food Commissioner's Department
- Project Proposal 1- Construction of Humidity Controlled Scientific Warehouses for Storage of buffer Stocks of Rice without the use of Chemicals Phase I
- Project proposal for construction of a warehouse with improved Natural Gas Circulation Systems

- (g) Project Proposal 2- Proposal for purchase of rice required to maintain in newly constructed scientific warehouses
- (h) Register of Stock and Register of Fixed Assets
- (i) Assessment Reports, Lease Agreements, Rent Arrears Reports, Deposit Documents
- (j) Approved cadre details and actual staff details

2.8 Audit Scope

- (a) Our Performance Audit is carried out in accordance with the Guidelines issued by the International Organization of Supreme Audit Institutions (INTOSAI) and the provisions of Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka and the provisions of the National Audit Act No. 19 of 2018. We obtain an understanding of up to what extent the stated objectives can be achieved to enter into conclusions from the observations and recommendations of our performance audit and operations and internal controls of them as a basis for determining what are the risks in relation with achieving those objectives.
- (b) Our works have been pre-planned and linked to the Audit Plan. This may change based on the results of our findings during the Performance Audit. Accordingly, the size of performance audit has been limited by us for sampling procedures on innovation of audit scope and time available for audit and the human resources.
- (c) I look forward to audit on the relevant information pertaining to the period from 2015 to 31 December 2019 regarding warehouse utilization. It was decided to select the Department of Food Commissioner, Veyangoda Warehousing Complex, Orugodawatta and Shravasthipura for warehouse for the inspections and to get the information from Co-operative Wholesale Corporation, Paddy Marketing Board, Co-operative Development Department and from the agencies which have leased out warehouses.

2.9 Limitation of the Scope of Audit

Meddawatte Warehouse in Matara and Boossa Warehouse in Galle of the Food Commissioner's Department were not undergone a physical examination.

3. Detailed Audit Findings

3.1 Warehouses Belonging to the Department

The number of warehouses belonging to the Food Commissioner's Department as at 31 December 2019 were 120 and their capacity was 286,946 metric tons (Annexure 01). Six of these warehouses were modernized to Scientific Warehouses. Forty six warehouses of the Department to the government and private institutions with rents, 28 warehouses without rent to government agencies 24 warehouses in the custody of the Department, 20 warehouses under the charge of District Secretary /Divisional Secretary and 02 unusable warehouses had remained (Annexure 02) .

3.2 Scientific Warehouses

Six warehouses No. 01, 07, 08, 09, 10 and 13 in Veyangoda Warehouse Complex owned by the Department had been modernized as scientific and natural warehouses and the capacity of these warehouses was 34,300 metric tons. Of this, Warehouse No. 10 as a scientific and natural warehouse, Warehouse No. 09 as a natural warehouse had been modernized in 2012 and 2013 under the Pilot Project for the construction of Scientific Warehouses. Then the Warehouses No. 07 and 08 in the years 2016 and 2017, Warehouses No. 01 and 13 in the years 2018 and 2019 as well had been modernized. Accordingly, a sum of Rs.292,311,945 had been spent for this modernization from the year 2012 to 31 December 2019 (Annexure 03) .

3.2.1 Identify the need for Scientific Warehouses

According to the past experience of the Department regarding the storage of rice, the period of storage of rice in the existing general warehouses without any pest damage is about 04 months and it was stated that the chemicals would have to be applied to the rice stocks every 03 months to control the pests subsequently. It had been stated that this would incur high costs and that stocks of stored rice would have a tendency to become unsuitable for human consumption when they were maintained as buffer rice stocks for long periods of time due to chemical absorption. Therefore, the Department had observed that a successful solution to these existing problems can be found by converting existing storage to a condition capable of controlling the temperature and humidity in storage in a scientific manner. Accordingly, it had been proposed in the year 2012 to convert several existing warehouses of normal quality into scientific warehouses controlled by temperature and humidity as a research to identify a method by which the Department can maintain buffer rice stocks. As per the Project Report prepared for this, the total cost estimate of the Project was Rs.188.6 million and it had been expected to receive money from the Consolidated Fund subject to an investment period of 05 years.

3.2.2 Expected Objectives and Outputs of the Project

Ability to safely maintain a stock of quality rice suitable for human consumption for a period of one or more years, developing the ability to direct the stocks to the local market with the aim of controlling market price fluctuations thereby, maintaining a buffer stock required for use in the event of an emergency in the country, contribute to maintaining consumer friendly rice prices, contribute to uplift of the local economy by maintaining the excess of domestic consumption in bulk and directing that excess to exports had been stated.

3.2.3 Preliminary Study on the Function of Construction of Scientific Warehouses

(a) Warehouses No. 09 and No. 10 in the Veyangoda Warehouse premises had been modernized in the years 2012 and 2013 as a Pilot Project for the construction of Scientific Warehouses. A stock of 661.567 metric tons of rice had been stored at Warehouse No. 10 to evaluate the success of these stores. A Memorandum of Cabinet of Ministers No. 2016/16 dated 01 April 2016 had been submitted by the Minister of Industry and Commerce requesting approval to develop 05 more warehouses by presenting the fact that this stock of rice has been successfully maintained for more than a year without being affected by pests or fungi for more than 15 months and using a scientifically controlled environmental factor based methodology in this premises and the approval of the Cabinet of Ministers had been granted on 27 April 2016 by අමුණ / 16/0619/723/016 for that.

The following observations were made in this regard.

- (i) Although this new Project is an introduction to Sri Lanka as well as a new concept at the research level, the feasibility study had not been pre-evaluated in accordance with the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. As a result, it had not aware of annual maintenance costs for these new warehouses, trained human resource requirements and the extent to which this concept can be applied.
- (ii) Although the approval of the Cabinet of Ministers required for commencing new/special projects, as per the Financial Regulations 03 of the Democratic Socialist Republic of Sri Lanka, the approval of the Cabinet of Ministers had not been obtained for this project with a total estimate of Rs.188.6 million and the approval of the Department of National Budget had not been obtained either.

- (iii) Even though the capacity of Warehouse No. 10 was 5400 metric tons, rice had been stored in only 12 percent of the total capacity without utilizing full capacity to evaluate the success of the Pilot Project.
- (iv) The electricity bill paid for the electricity number belonging to this Warehouse had stood at high figure during the period of storage of rice in Warehouse No. 10 as mentioned above. As a result, the cost of electricity for 1 kg of rice had been Rs.4.67.
- (v) As per the fact No.08 of the Report of the Advisory Committee Meeting held on 18 September 2014 to evaluate the final results of the Research Project, it had been stated that if the full capacity was stored, the cost would be Rs.1.50 and the cost of electricity to maintain a kilo of rice would be further reduced on the minimizing of the amount of air circulating in the Warehouse.
- (vi) Even though a sum of Rs.7,390,700 had to be recovered from Millers due to non-supplying of the required quantity of rice by the Millers in accordance with the Agreement entered into with the Rice Millers in the years 2012 and 2013 on the basis of providing rice for storage in the above Warehouse, the amount had not been recovered even by 31 December 2019. Even though it had referred to the Department of Attorney General on 03 January 2017 to take legal action in this regard, lawsuit had not been filed against the Millers even by the time of the audit.
- (vii) Even though necessary provisions should be requested by the Department from the Treasury to maintain the buffer stocks of rice in Modernized Scientific Warehouses, and though the modernization of 02 warehouses had been completed in the years 2012 and 2013, provisions had not been made annually to maintain buffer stocks of rice from the year 2012 to 2015. Even though the provisions amounted to Rs.256 million, Rs1,103.45 million,

Rs.1,100 million and Rs.2,462 million had been requested from the year 2016 to 2019 from the Treasury respectively, those provisions had not been received.

- (viii) Even though a Project Report had been prepared in the year 2012 to maintain the buffer stocks of rice in Scientific Warehouses, actions had not been taken to get it approved formally.
- (ix) Even though the Warehouse was underutilized due to lack of provision for pilot storage utilization, 04 Scientific Warehouses had been modernized further more without paying attention to it.

3.2.4 Utilization of Scientific Warehouses

The information related to the utilization of Scientific Warehouses from 2012 to 31 December 2019 was as per Annexure 04.

The following observations were made in this regard.

(a) Veyangoda - Warehouse No. 10

The Warehouse is 28,860 square feet and has a capacity of 5,400 metric tons had been modernized in the year 2012 under mechanical and natural gas circulation systems as a Scientific Warehouse Pilot Project. The modernization works had been carried out as a Scientific Warehouse totally in the years 2017 and 2018 and a sum of Rs.24,754,184 had been spent on these renovations. As per the financial statements 2019, the assessed value of this Warehouse was Rs.126,984,000.

The following observations are made in this regard.

- (i) A 661.567 metric tons of rice had been stored from October 2012 to May 2014 to assess the success of the Pilot Project and any buffer stock of rice belonging to the Department had not been maintained in this Warehouse after issuing of that stock of rice.

- (ii) Rice had been stored at Lanka Sathosa from 16 October 2014 to 22 October 2015. Thereafter, the Warehouse was in idle for 2 years from 22 October 2015 to 09 November 2017 and it had been provided from 10 November 2017 to 31 December 2018 for the storage of 3,635.05 metric tons of rice belonging to the Co-operative Wholesale Establishment. Thereafter, the Warehouse had remained in idle from 01 January 2019 to 31 December 2019. Accordingly, the Department had not made arrangements to take appropriate actions to achieve the objective of modernizing of the Warehouse and to get effective results from the money spent.

Photograph No. 01 - Veyangoda Warehouse No. 10

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(b) Veyangoda - Warehouse No. 09

The capacity of this Warehouse which is 28,860 square feet was 5400 metric tons and a sum of Rs.22,421,620 had been spent for the modernization of the Natural Gas Circulation System as a Pilot Project in between the years 2013 and 2014 . The assessed value of this Warehouse was Rs.124,098,000 as per the financial statements 2019.

The following observations are made in this regard.

- (i) A stock of 4,397.72 metric tons of rice belonging to the Department of Co- operative Development had been stored from 01 November 2014 to April 2016 to evaluate the success of the store. The Warehouse had remained in idle even by 31 December 2019 from 01 January 2019 and the warehouse had remained in idle without taking proper actions to achieve the purpose of modernization and to get effective outcome from the money spent.
- (ii) The warehouse was in idle from 01 January to even by 31 December 2019 and the warehouse had remained in idle without taking appropriate action to achieve the purpose of modernization and to get effective results from the money spent.

Photograph No. 02 - Veyangoda Warehouse No. 09



(c) Veyangoda – Warehouses No. 07 and 08

The capacity of these 57,720-square-foot Warehouse was a 10,800 metric tons and a sum of Rs.138,571,206 had been spent to modernize these Warehouses under the Mechanical Air Circulation System in the years 2017 and 2018. The estimated value of these Warehouses was Rs.259,932,000 as per the financial statements 2019.

The following observations are made in this regard.

- (i) A stock of 2,522.25 metric tons of rice belonging to the Co-operative Wholesale Establishment had been stored in the No. 07 Warehouse from 01 December 2017 to 31 December 2018 .It was observed that this was a 46.7 per cent of the capacity of the Warehouse.
- (ii) Although the Warehouse was modernized with the aim of keeping the rice in safe , due to the Warehouse had remained in idle, it had been handed over without contracts and without charging rent for the storage of pumpkins belonging to the Department of Agrarian Development from 03February 2019 to 16 April 2019 .The Warehouse had remained in idle even by 31 October 2019 after taking over the Warehouse on 16 April 2019.

Photograph No. 03 - Veyangoda Warehouse No. 07



- (iii) Even though the Warehouse had been taken over by the Department on 31 December 2017 after modernizing the Warehouse No. 08, stock of rice had not been stored in this Warehouse for 2 years from that date to 31 December 2019. As a result, the machinery fitted in this Warehouse had not been inspected to ascertain whether it had been modernized to maintain buffer rice stocks.
- (iv) Due to the fact that the Warehouse was in idle after the modernization without utilizing for the storage of rice, it had been handed over in September 2018 to the Sri Lanka Consumer Co-operative Society Limited for the storage of local potatoes. All the machinery and equipment installed inside the Warehouse had been damaged by water leak due to spoilage of stored potatoes. Even though the loss occurred to this Warehouse had been estimated at Rs.3,375,000 by the relevant consulting firm, it had been impossible to recover the loss even by the date of this report.
- (v) Due to the fact that the renovated Warehouse which was modernized with the purpose of maintaining buffer stocks of rice due to the storage of non-relevant material and also the inability to utilize the store for any purpose, the warehouse had been closed for 02 years by the time of this report. Accordingly, the expenditure incurred on the modernization of Warehouse No. 08 had become an uneconomic expense.

Photograph No. 03 - Veyangoda Warehouse No. 08



(d) Veyangoda – Warehouses No. 01 and 13

The capacity of these two 53,328 square-foot Warehouses was a 12,700 metric tons and even though a sum of Rs.63,903,226 had been spent to modernize these Warehouses under Mechanical Air Circulation System in the years 2018 and 2019 , the 02 Warehouses had been closed without taking actions even by 31December 2019 to achieve the objectives of modernizing of these stores and to take appropriate action to get effective outcome from the money spent. The estimated value of these Warehouses was Rs.225,736,000 as per the financial statements2019.

3.2.5 Improvement of Infrastructure Facilities at Veyangoda Warehouse Premises

Increasing the Power Capacity

Due to modernization of 06 Warehouses which were in general condition in the Warehouses Premises as Scientific Warehouses, measures had been taken to increase the voltage to 1,000 and supply electricity due to insufficient capacity of the existing bulk of power supply. The Department had paid Rs.12,965,698 to the Ceylon Electricity Board in the year 2017.

The following observations were made in the examination in this regard.

- (a)** Separate power meters had been installed in the warehouses after the voltage was increased to 1,000. However, Electricity bills had been paid for Warehouse numbers 01, 03, 07, 08, 09, 10 and the premises lights under one electricity number. Due to this, the monthly electricity bill for this electricity number of this Warehouse was very high. The number of units of electricity consumed for the premises was 24,291 in the year 2017 and the cost of electricity paid for that had been Rs.794,093 . However, the number of electricity units was 218,086 and 101,915in the years 2018 and 2019 respectively and the cost of electricity paid for this had been Rs.5,900,162 and Rs.3,581,855respectively.

- (b) Even though the electricity capacity for this premises has been increased and though the Warehouses had remained in idle, it was observed that it had to pay a high electricity bill as per the number of units consumed from 2012 to 31 December 2019 and the value of electricity bills due to non-implementation of specific plans for the utilization of warehouses. Therefore, due to not utilizing of the Veyangoda Warehouse Premises effectively, it had to pay uneconomical cost for electricity.

Photograph No. 05- Veyangoda Warehouse No. 07 and 08



3.2.6 Remaining of Veyangoda Laboratory in Idle

The Warehouse No. 06 in Veyangoda Premises had been repaired with the equipment required for a laboratory by incurring a sum of Rs.3,495,536 in the year 2016 indicating a need for a laboratory to perform laboratory tests and quality tests required during storage of stocks of rice received at the warehouses of the Department.

The following observations were made in this regard.

- (a) The lab has been in idle since 2018 due to non-availability of rice in the warehouses owned by the Department and failure to carrying out fumigation activities for the external institutions by the Department.

- (b) Even though the imported rice stocks belonging to the Co-operative Wholesale Establishment had been stored in the Warehouses in Veyangoda in the year 2017, actions had not been taken to obtain the service of fumigation of rice to the Food Commissioner's Department and it had been done by another institution.
- (c) Even though the Ministry of Disaster Management had made requests for the fumigation of 5000 metric tons of rice donated by the Government of Indonesia and the Government of Pakistan that had stored in the Orugodawatta Warehouse Premises No. 02, 07 and 09 promptly, the fumigation service had been outsourced to a private company by calling quotations by the Food Commissioner's Department to provide that service.
- (d) Despite the Department has met the basic requirements to provide fumigation services to government institutions such as the World Food Programme and the Co-operative Wholesale Establishment, the planning procedures required for performing of those services had not been formulated.

Photograph No. 06 – Laboratory



3.2.7 Failure to Meet the Objectives of Establishing Scientific Warehouses

- (a) Due to non-utilization of Scientific Warehouses belonging to the Department and as a result of the warehouses had to be handed over to other Government and private institutions, it had to work towards the objectives of the public and private institutions instead of achieving the objectives of the Department.
- (b) Even though there was a shortage of rice at present, due to the Department had not maintained a buffer stock of rice, it had failed to release stocks of rice to the local market to control market price fluctuations and also could not contribute to alleviate price imbalances in the market.
- (c) Due to non-availability of rice stocks in the warehouses the Food Commissioner's Department was unable to meet the rice needs of the people affected by the recent disasters in the country on behalf of the Government.
- (d) Since it was failure to contribute as the agent of the government to purchase rice products of a local small and medium sized rice producer, a major contribution of operating of rice market owned by the private sector.

3.3 Reconstruction of Warehouses of Food

Even though 04 warehouses in Veyangoda belonging to the Department have been Reconstructed as Scientific Warehouses by 31 December 2017, because of Scientific Warehouses were not sufficient to store imported rice, a Project Proposal had been submitted to reconstruct 04 warehouses in Anuradhapura - Shravasthipura, Kegalle - Paragammana, Galle – Boossa and Matara - Meddawatte to increase the storage capacity of rice. To create a national food security, to provide storage in suitable condition for the institutions seeking storage services and to increase government revenue from storage rental income had been shown as its' objectives. The following observations are made in this regard.

(a) Reconstruction of Shravasthipura Warehouse - Anuradhapura

Even though a sum of Rs.29,628,902 was spent to reconstruct 02 Warehouses in Shravasthipura , Anuradhapura in the years 2018 and 2019, An estimate of the life time of these Warehouses prior to the reconstruction of these Warehouses had not been obtained. Although both Warehouses were completed and taken over on 09 August 2019, it was already closed even by 31 December 2019 and no actions whatsoever had been taken regarding the utilization of those warehouses. According to the 2019 financial statements, the value of these Warehouses was Rs.173,000,000.

(b) Warehouses in Boossa -Galle

Even though a sum of Rs.50,101,059 was spent to reconstruct 02 Warehouses in Boossa, Galle in the years 2018 and 2019, no actions whatsoever had been taken in respect of utilization of Warehouses even by 31 December 2019 . According to the financial statements 2019, the value of these Warehouses was Rs.166,000,000.

(c) Warehouses in Meddawatta – Matara

Even though a sum of Rs.6,524,966 was spent to reconstruct the Warehouse in Meddawatta, in Matara in the year 2018 no actions whatsoever had been taken in respect of utilization of Warehouses even by 31 December 2019 . According to the financial statements 2019, the value of these Warehouse was Rs.30,000,000.

3.4 Leasing out of Warehouses

3.4.1 Leasing out of Warehouses on a Monthly Rental Basis to Public and Private Institutions

Excess warehouses owned by the Department had been leased out to public and private entities on an assessed rental basis. Warehouse rental income received from the year 2015 to 2019, income deducted from deposits and arrears of rent income were as follows.

Year	Number of Warehouses Rented	Warehouse Rental Income Received	Income Deducted From Deposits	Arrears of Rent Income
-----	-----	-----	-----	-----
		Rs.		Rs.
2015	56	94,189,748	-	77,029,282
2016	47	105,498,261	10,452,544	68,291,040
2017	40	101,130,286	28,969,858	54,330,341
2018	48	93,750,775	4,008,175	80,274,057
2019	46	92,513,145	-	89,462,175

The following matters were observed.

- (a) Specific procedures which should be followed at the time of leasing out warehouses had not been established.
- (b) Even though the assessed rent should be revised every 3 years, it had not been so done regarding every warehouse. Eg. It had been assessed at last for warehouses 10,14,15,16 and office room in Orugodawatta on 01 April 2016 .
- (c) Because of the value of the Warehouse increases after the warehouse is repaired, although the estimated value of those warehouses should be revised it had not been so done.
Eg. Warehouses 01, 07, 08, 09, 10, 13 in Veyangoda
- (d) In comparing the monthly assessed warehouse rental income from the year 2015 to 31 December 2019, the warehouse rental income received was at a poor level.

3.4.2 Arrears of Warehouse Rental Income

As a result of leasing out the warehouses owned by the Department to public and private institutions, although the total arrears of lease receivable by 31 December 2019 was Rs.114,115,298, the arrears of lease had been calculated by deducting the value of Rs.24,653,123 receivable from Lanka Sathosa. (Annexure 08)

The following observations are made in this regard.

- (a) Cases had been filed against 6 institutions only and individuals to recover a sum of Rs.5,927,824 from the above total warehouse rent. However, none of these cases had been settled even by 31 December 2019 .
- (b) As a result of failure to comply with the agreement when leasing out the warehouses, failure to extend the contract annually, due to non-recovery of the initial deposit as scheduled, legal actions could not be taken to recover the arrears of warehouse rent.

3.4.3 Leasing out the Warehouses to Public Sector Institutions Free of Rent

(a) Providing Warehouses to the Paddy Marketing Board

Since 2007, seventeen warehouses belonging to the Department have been provided to the Paddy Marketing Board free of charge for paddy storage and even though the warehouses had remained in idle without taking actions to make use of optimally from these warehouses, necessary actions had not been taken to call for information on the use of these warehouses and to make the dormant existing warehouses work in a way that is more advantageous to the Government.

Eg. The Kekirawa Warehouse 02 had not been used since 2012

(b) Providing Warehouses to the Co-operative Wholesale Establishment

Eleven warehouses belonging to the Department have been handed over Since 2015 with and without rent from time to time, and 04 of these warehouses were still in use even by 31 December 2019.

Year	No. of Warehouses Handed Over
-----	-----
2015	06
2016	06
2017	05
2018	11
2019	04

The following matters were observed.

- (i) The total of Rs.26,182,918 was receivable as Rs.22,696,858 for arrears of rent receivable, Rs.3,486,060 for water and electricity charges as at 31 December 2019 by leasing out 09 warehouses owned by the Department to the Co-operative Wholesale Establishment in the years 2017 and 2018. A deposit had not been obtained when leasing out these warehouses and the Department had not taken adequate actions to recover the arrears.

(c) Importation and Fumigation of Rice by the Co-operative Wholesale Establishment

Out of the rice imported by the Co-operative Wholesale Establishment in the year 2017 in order to prevent a shortage of rice, a stock of 26,650.15 metric tons had been stored in 08 warehouses of the Department. Of these, 03 warehouses were Scientific Warehouses and 04 warehouses were general warehouses. The

fumigation of warehouses had been carried out in 04 or 13 times and a sum of Rs.7,136,133 had been paid to a private company for that (Annexure 07) . However, it had been stated that the fumigation was carried out once upon arrival of the stockpiled rice to the warehouse to evaluate the success of the Modernized Scientific Warehouse under the Pilot Project and later on the weevil and fungal infections did not spread during the year of maintaining the rice in the warehouse as per the report of the Advisory Committee held to evaluate the final results of the Research Project.

The following matters were observed in this regard

- (i) Conducting fumigation of rice stored in 03 Scientific Warehouses between 04 and 13 times in between 08 months and 15 months, a sum of Rs. 6,071,622 had been paid for that. However, the rice had been stored for a period of 10 months to 1 year in Orugodawatta 03,06 and 09 Warehouses and Gattuwana No. 02 Warehouse which were designated as general warehouses and fumigation had been carried out a number of 4-5 times. A sum of Rs.1,064,511 had been paid to a private institution for that.
- (ii) Accordingly, it was observed that the objectives of improving warehouses with scientific methods have not been achieved considering the number of times of fumigation in order to that and the cost incurred.
- (iii) It had been directed to improve stores with scientific methods the in the year 2012 and to upgrade other warehouses by ensuring that the rice stored there was of high quality. Nevertheless, it was also problematic that the fumigation of rice stored in these warehouses more times than the general warehouse as per the information above.

(d) Handing over of Warehouses to Lanka Sathosa

Nine warehouses belonging to the Department had been provided with rent and without rent and out of these, 04 warehouses were still being used even by 31 December 2019 .

Year	Number of Stores Provided
-----	-----
2015	11
2016	06
2017	06
2018	04
2019	04

The following observations were received.

- (i) As a result of leasing out of 11 warehouses owned by the Department to Lanka Sathosa from September 2014 to 31 December 2016, a total of Rs.25,561,157 was receivable as arrears of lease rent amounting to Rs.24,653,123 and Rs.908,034 receivable for pallets as at 31 December 2019 .Due to the fact that failure to sign lease agreements, non-renewal of agreements and non-receipt of initial deposits, despite the warehouse had been leased out for nearly 03 years the Department had not taken any action to recover the arrears.

3.5 Land and Buildings

The value of the land and buildings had been Rs.4,659,567,477 as per the financial statements furnished as at 31 December 2019 and of that, the value of the buildings representing the value of warehouse was Rs.3,269,191,978.The ownership of these lands and buildings had not been transferred to the Department and the certificate of transfer of lands issued under the Land Ordinance had not been obtained.

3.6 Staff Management

The Department of Management Services had approved 229 employees for 18 posts in restructuring the activities of the Food Department as per the Decision of the Cabinet of Ministers dated 27 August 2008 No. 403 / 08/1481/342/016 .In addition to those posts, 24 employees had been approved for three other posts later. Two officers had been appointed for the post of Quality Control Officer in the year 2015 and for the post of Grain Surveyor which was vacant in the year 2018 consisting of this . However, as a result of the Department had not maintained buffer stocks of rice, assigning other non-official duties related to the post of Quality Control Officer and had been assigned to the Head Office and an opportunity had not been occurred to perform the duties of the post of Grain Surveyor.

04. Recommendations

- 4.1** Making of legal provisions for storage of buffer stocks of 100,000 metric tons of rice as per the Decisions of Cabinet of Ministers.
- 4.2** The Vision and Mission of the Department should be changed to match with the current activities of the Department.
- 4.3** Taking actions to arrange to store only in stores prepared according to scientific methods.
- 4.4.** Taking actions to calculate the unit cost of electricity required to store a kilo of rice by making arrangements to fully fill the storage capacity of warehouses No. 01,07,08,13.
- 4.5** Enter into agreements on the specifications and procedures to be followed for the storage of rice in those warehouses when allocating warehouses to government agencies and other agencies, refer Departmental Officers for supervision and maintain records in this regard.

- 4.6** Because of a huge cost was incurred for the modernization of warehouses, formulating of plans for the modernization of warehouse to make maximum use of storage capacity.
- 4.7** Undertaking of the fumigation activities of Government Institutions to the Department and taking actions to make use of the modernized laboratory and obtaining the services of the quality control officer.
- 4.8.** Estimation of storage every 3 years, obtain a new assessed value after warehouse repairs, Receiving deposits even when providing stores for government institutions, prescribing a specific rent, entering into a legal agreement and inclusion in agreements to pay for warehouses if they are damaged.
- 4.9** Entering into relevant agreements in a manner of setting off of Warehouse rent from the deposit rent in a delay of 3 months and so that the ability to acquire the warehouse to the Department.
- 4.10** Actions should be taken to lease warehouses by carrying out procurement activities when renting warehouses to private companies in accordance with the Government Procurement Guidelines and checking the accounts of the rental institutions and deciding whether there is a possibility of paying the store rent.
- 4.11** Taking actions as per the Decision of the Cabinet of Ministers dated 27 August 2008 No. අමප/ 08/1481/342/016 in respect of renovated Galle-Boossa, Anuradhapura-Sravasthipura and Matara Meddawatta warehouses, quoting for rent and surplus warehouses not being utilized.
- 4.12** Taking actions to acquire the warehouses provided free of charge to Government Institutions if they are not in use.

W.P.C.Wickramaratne
Auditor General

February 2021

Warehouses Owned by the Department

Annexure - 01

	District	Warehouse Name	Area Size Square feet	Capacity MT.
1.	Colombo	Orugodawatta - 01	24624	6000
2.		Orugodawatta - 02	24624	6000
3.		Orugodawatta - 03	20304	5000
4.		Orugodawatta - 04	19008	5000
5.		Orugodawatta - 05	19008	4500
6.		Orugodawatta - 06	20304	5000
7.		Orugodawatta - 07	20304	5000
8.		Orugodawatta - 08	16560	4000
9.		Orugodawatta - 09	16560	4000
10.		Orugodawatta - 12	18183	4000
11.		Orugodawatta - 10	13436	
12.		Orugodawatta - 14	11448	
13.		Orugodawatta - 15	18206	
14.		Orugodawatta - 16		
15.		Orugodawatta Office room 03, Garage,	19838	
16.		Wellawatta - 01	10266	2000
17.		Wellawatta - 02	10915	2000
18.		Wellawatta - 03	11100	2000
19.		Wellawatta - 04	11100	2000
20.		Ratmalana - 01	50350	8530
21.		Ratmalana - 03	41200	7520
22.		Ratmalana - 04	19032	2580
23.		Ratmalana - 05	21008	2900
24.	Gampaha	Veyangoda No 01	29040	5900
25.		Veyangoda No 02	21750	4000
26.		Veyangoda No 03	6142	1200
27.		Veyangoda No 04	7552	900
28.		Veyangoda No 05	12373	1400
29.		Veyangoda No 06	7568	
30.		Veyangoda No 07	28860	5400
31.		Veyangoda No 08	28860	5400
32.		Veyangoda No 09	28860	5400
33.		Veyangoda No 10	28860	5400
34.		Veyangoda No 11	33200	6200
35.		Veyangoda No 13	24288	6800

36.	Gampaha	Veyangoda No 14	5368	860
37.		Veyangoda No 16	6370	1200
38.		Veyangoda No 17	6279	770
39.		Welisara		
40.	Kurunegala	Nikaweratiya	10496	4000
41.		Mahawa No 01	4698	800
42.		Mahawa No 02	13118	1300
43.		Malkaduwawa No 01	5227	2000
44.		Malkaduwawa No 02	4827	2000
45.		Malkaduwawa NoGI	10498	2000
46.	Kandy	Gattuwana No 01	6336	2000
47.		Gattuwana No 02	5544	2000
48.		Gattuwana No 03	5544	2000
49.		Gattuwana No 04	5544	2000
50.	Kegalle	Pallekale	15484	1500
51.		Katugastota	6490	1700
52.		Wattegama	5120	1000
53.	Kegalle	Paragammana No 01	5500	1500
54.		Paragammana No 02	5500	1500
55.		Paragammana No 03		
56.	Galle	Boossa No 01		
57.		Boossa No 02	23721	3750
58.		Boossa No 03	23721	3750
59.		Boossa No 04	56784	
60.		Boossa No 05	55770	
61.	Hambantota	Katugastota No 01	20545	3825
62.		Katugastota No 01	9532	1775
63.		Koggala	5000	925
64.		Meddawatta No 01	7624	965
65.	Matara	Meddawatta No 02	10000	1870
66.		Meddawatta No 03		
67.		Weligama Warehouse	8019	1300
68.	Hambantota	Hamabantota	14023	4500
69.		Weeravila No 01,02,03	13856	4500
70.		Kahadawa No 01	3517	1900
71.		Kahadawa new warehouse	4090	1900
72.	Anuradhapura	Shravasthipura No 01	25520	3575
73.		Shravasthipura No 02	23930	3350
74.		Kekirawa No 01	7950	1275
75.		Kekirawa No 02	7150	1145
76.	Anuradhapura	Senanayaka No 01	2461	390
77.		Senanayaka No 02	2461	396
78.		Senanayaka No 03	11017	2400
79.		Senanayaka No 04	2185	325

80.	}	Kanduruwela No 01	13419	2880	
81.		Kanduruwela No 02	20187	3200	
82.	}	Polonnaruwa	HingurakgodaNo 01	23550	4400
83.		Hingurakgoda No 02	23550	4400	
84.	}	Nuwara Eliya	Blackpool No 01	1514	280
85.		Blackpool No 02	1836	150	
86.	}		Blackpool No 02	1824	
87.		Blackpool No 03	2335	435	
88.	}		Rathnapura Warehouse	9611	1800
89.		Opanayaka Warehouse No 01	7730	1335	
90.	}		Opanayaka Warehouse No 02	5300	850
91.		Ratnapura	Eheliyagoda No 01	2337	435
92.	}		Eheliyagoda No 02	2373	435
93.		Eheliyagoda No 03	4806	900	
94.	}		Kahawatta 01	3180	590
95.		Kahawatta 02	1881	150	
96.	}	Monaragala	Monaragala No 01	22480	3150
97.		Monaragala No 02	7000	1250	
98.	}	Matale	Matale No 01	21448	3000
99.		Badulla No 01	7245	1380	
100.	}	Badulla	Badulla No 02	6781	1500
101.		Haputale No 01	1653	130	
102.	}		Haputale No 02	1806	120
103.		Ampara	Ampara No 01	11368	2125
104.	}		Ampara No 02	11368	2125
105.			BatticaloaNo 01	18000	6000
106.	}		BatticaloaNo 02	17600	6000
107.		Batticaloa	BatticaloaNo 03	17600	6000
108.	}		BatticaloaNo 04	13560	2800
109.		Batticaloa Office Room			
110.	}	Puttalam	Puttalam No 01	5600	600
111.		Puttalam No 02	9600	1000	
112.	}	Wavuniya	Wavuniya No 01	3763	775
113.		Wavuniya No 02	4165	165	
114.	}		Wavuniya No 03	684	160
115.		Jaffna	Nawakkuli (Warehouse 03)	43200	7500
116.	}		K.K.S (Warehouse 05)	80800	14625
117.		Point Peter (Warehouse 3)	8709	2625	
118.	}		Kayts	1702	375
119.		Mannarama	Murukkan	9720	1500
120.	}		Mannar	4356	450
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Utilization of Warehouses

Annexure 02

Warehouses Handed over on Monthly Rental Basis to Government and Private Institutions

Serial Nu.	Warehouse Name	Capacity (Mt.)	Square feet	The Institution that currently uses the warehouse
1.	Orugodawatta- 01	6000	24624	Rank Containers (Pvt) Ltd.
2.	Orugodawatta – 05	4500	19008	Rank Containers (Pvt) Ltd.
3.	Orugodawatta – 04	5000	19008	Rank Containers (Pvt) Ltd.
4.	Orugodawatta – 03	5000	20304	Rank Containers (Pvt) Ltd.
5.	Orugodawatta -02	6000	24624	Daily Lanka Holdings (Pvt) Ltd.
6.	Orugodawatta – 06	5000	20304	Rank Containers Terminal (Pvt) Ltd.
7.	Orugodawatta -12	4000	18183	Sri Lanka Customs
8.	Orugodawatta -10	}	13436	Rank Containers Terminal (Pvt) Ltd.
9.	Orugodawatta -14		11448	
10.	Orugodawatta -15		18206	
11.	Orugodawatta -16			
12.	Office Building			
13.	Weyangoda- 02	4000	21750	Able Holdings (Pvt) Ltd.
14.	Weyangoda – 04	900	7552	Bandara Industrial Services
15.	Weyangoda – 17	770	6279	Central Engineering Consultancy Bureau
16.	Blackpool No – 01	280	1514	Nuwara Eliya Agricultural Cooperative Society
17.	Blackpool No – 02	150	1836	
18.	Blackpool No - 02 Upstairs	-	1824	
19.	Blackpool No – 03	435	2335	
20.	Badulla No – 02	1500	6781	Electricity Board
21.	Malkaduwwa No -01	2000	5227	Shaide Mohammed Company
22.	Malkaduwwa No – 02	2000	4827	
23.	Malkaduwwa No(GI) Warehouse	2000	10498	S.B.M. Distributors
24.	Opanayaka N – 02	850	5300	Electricity Board
25.	Katugoda No 01	3825	20545	Tricho Maritime
26.	Katugoda No – 02	1775	9532	
27.	Weligama Warehouse	1300	8019	Piyasiri Stores
28.	Senanayaka No 01	390	2461	Janatha Ekabaddha Govi Samagama Ltd.

29.	Senanayaka No – 04	325	2185	Janatha Ekabaddha Govi Samagama Ltd.
30.	Ratmalana – 03	7520	41200	Lanka Sathosa
31.	Kahawatta No – 01	590	3180	Pannilapattu Co- operative Society
32.	Kahawatta No – 02	150	1881	
33.	Eheliyagoda No – 01	435	2337	Ehaliyagoda Co-operative Society Ltd.
34.	Eheliyagoda No – 02	435	2373	
35.	Eheliyagoda No – 03	900	4806	
36.	Haputale No – 01	130	1653	Haputale Co- operative Society
37.	Haputale No - 02	120	1806	
38.	Ratnapura Warehouse / Thudugalwatta Warehouse	1800	9611	Bambarabotuwa MarapanaCo-operative Society Ltd. and Lanka Sathosa
39.	Matale No 01	3000	21448	
40.	Katugastota Warehouse	1700	6490	Trends Marketing
41.	Batticaloa No - 01	6000	18000	Brandix Apparel
42.	Batticaloa No - 02	6000	17600	Brandix Apparel
43.	Batticaloa No - 03	6000	17600	Brandix Apparel
44.	Kahandawa - New	1900	7090	Miyami Company
45.	Veyangoda - 09	5400	28860	SUNMIK FOODS (PVT) LTD 2019.11.01 – 2020.12.31
46.	Veyangoda - 13	6800	24288	CBL GLOBAL FOODS LIMITED 2019.11.01– 2020.12.31
	Total	106880	517833	

Warehouses Handed Over to Public Sector Institutions Free of Rent

Serial Nu.	Warehouse Name	Capacity (Mt.)	Square Feet	Currently in Use Institutions
1	Orugodawatta - 07	5000	20304	Department of Disaster Management
2	Ratmalana - 01	8530	50350	Economic Center
3	Ratmalana - 04	2580	19032	Department of Labor
4	Ratmalana - 05	2900	21008	Lanka Sathosa
5	Gettuwana No - 01	2000	6336	Lanka Sathosa / Paddy

				Marketing Board
6	Gettuwana No - 03	2000	5544	Sathosa Institute
7	Gettuwana No -04	2000	5544	Sathosa Institute
8	Kekirawa No - 01	1275	7950	Paddy Marketing Board
9	Kekirawa No - 02	1145	7150	
10	Mahawa No - 01	800	4698	Paddy Marketing Board
11	Mahawa No -02	1300	13118	
12	Senanayaka No - 02	396	2461	Ministry of Indigenous Medicine
13	Senanayaka No - 03	2400	11017	Paddy Marketing Board
14	Hingurakgoda No - 01	4400	23550	Paddy Marketing Board
15	Hingurakgoda No - 02	4400	23550	Sathosa Institute
16	Moneragala No - 01	3150	22480	Paddy Marketing Board
17	Moneragala No -02	1250	7000	Sathosa Institute
18	Veyangoda - 14			Economic Ceneter
19	Welisara			Ministry of Rural Economy
20	Murukkan	1500	9720	Given to the World Food Program
21	Mannaram	450	4356	
22	Ampara 01	2125	11368	Paddy Marketing Board
23	Kahandawa 01	1900	3517	Paddy Marketing Board
24	Boosa 01			Handed over to the Navy
25	Wellawatta - 01	2000	10266	Ministry of Health
26	Wellawatt - 02	2000	10915	
27	Wellawatt - 03	2000	11100	
28	Wellawatt - 04	2000	11100	Navy
	Total	59501	323434	

Warehouses Use by the Food Department

Serial Nu	Warehouse name	Capacity (MT.)	Square Feet
1	Veyangoda - 03	1200	6142
2	Veyangoda -07	5400	28860
3	Veyangoda -06	1100	7568
4	Veyangoda - 16	1200	6370
5	Veyangoda - 05	1400	12373
6	Veyangoda - 10	5400	28860
7	Veyangoda - 01	5900	29040
8	Veyangoda - 11	6200	33200
9	Veyangoda - 08	5400	28860
10	Badulla No - 01	1380	7245
11	Ampara No -02	2125	11368
12	Orugodawatta -02	4000	16560
13	Orugodawatta-09	4000	16560
14	Opanayaka No - 01	1335	7730
15	Hambantota Warehouse	4500	14023
16	Shravasthipura No - 01	3575	25520
17	Shravasthipura No - 02	3350	23930
18	Kanduruwela No - 01	2880	13419
19	Kanduruwela No - 02	3200	20187
20	Boossa 02	3750	23721
21	Boossa -03	3750	23721
22	Wattegama	1000	5120
23	Maddawatta No - 01	965	7264
24	Gattuwana No -02	2000	5544
	Total	75010	403185

Warehouse's in the Custody of the Divisional Secretary/ District Secretary

Serial Nu.	Warehouse Name	Capacity (MT.)	Square Feet	Divisional Secretary/ District Secretary
1	Puttalam No - 01	600	5600	} District Secretary (Puttalam)
2	Puttalam No - 02	1000	9600	
3-5	Nawakkuli (Warehouse 03)	7500	43200	District Secretary(Jaffna)
6	Boossa No - 04		56784	} Hikkaduwa Divisional Secretariat
7	Boossa No - 05		55770	
8	Meddawatta No - 0	1870	10000	District Secretary(Matara)
9	Kegalle Paragammana 01	1500	5500	} District Secretary(Kegalle)
10	Kegalle Paragammana 02	1500	5500	
11	Kegalle Paragammana 03		3960	
12	Vavuniya 02	165	4165	} District Secretary(Vavuniya)
13	Vavuniya 03	160	684	
14-16	Veeravila Warehouses (Warehouses 03)	4500	13856	Thissamaharama Divisional Secretariat
17	Nikaweratiya	4000	10496	Nikaweratiya Divisional Secretariat
18	Koggala	925	5000	Habaraduwa Divisional Secretariat
19	Batticaloa No - 04	2800	13560	District Secretary(Batticaloa)
20	Veyangoda No 14	860	5368	Attanagalla Divisional Secretariat
	Total	27380	249043	

Unusable Warehouses

Serial Nu.	Warehouse Name	Capacity (MT.)	Square Feet	Divisional Secretary/ District Secretary
1	Vavuniya No - 01	775	3763	Sathosa
2	Pallekele	1500	15484	Mr. Dharmasena
	Total	2275	19247	

Scientific Warehouse Modernization (2012 – 2019)
Annexure 03

Warehouse Name Number -----	Square Size -----	Warehouse Capacity -----	Cost of Modernization -----	Year of Repair ----- Year
	Square feet	M.T	Rs.	
Veyangoda - 01	29040	5900	292,311,945	2017/2019
Veyangoda - 07	28860	5400		2016/2017
Veyangoda - 08	28860	5400		2016/2017
Veyangoda - 09	28860	5400		2013/2014
Veyangoda - 10	28860	5400		2012/2016/2017
Veyangoda - 13	24288	6800		2018/2019
Engineering and consulting fees,Increasing the power capacity , Rest room renovation, Construction of water tank				2017/2018
	----- 168768 =====	----- 34300 =====		

Utilization of Scientific Warehouses

Annexure 04

Name of the Warehouse	Name of the Department / Corporation to which the Stocks of Rice Belonging	Period During Which Rice Stocks Remained	Number of years / months	Stuffs Other Than Rice	Stock of Quantity of Rice Mt.
Veyangoda - 01	-	-	-	-	-
Veyangoda - 07	Co-operative Wholesale Establishment Department of Agrarian Development (Pumpkin)	From 2018-02-07 To 2018- 11- 14 From 2019-02-03 To 2019 -04-16	08 months	02 Months	2522.25 -
Veyangoda - 08	Sri Lanka Consumer Co-operative Society (Potatoes)	From 2018-09-01 – To 2018-12-01		02 Months	-
Veyangoda - 09	Department of Co - operatives, Co-operative Wholesale Establishment	From 2014-11-01To August 2017 From 2017-10-27To 2019-02-06	01 year 03 months		4397.72 5143.15

Veyangoda - 10	Department of Food Commissioner, Lanka Sathosa Co-operative Wholesale Establishment	Since October 2012 From 10-16 2014 to August 2015 From 2017-11-13to 2018-11-02	01 Year 03 months 01 Year		661.567 - 3635.05
Veyangoda - 13	-	-	-	-	-

Storage of Rice in Scientific Warehouses

Annexure 05

Year	The Institution that Owns the Stock of Rice	The Period Which the Rice was Stored		Amount of Rice Stored MT.	Expenditure on Electricity for the Premises	
		Duration	Months		No. of Units	Amount Rs.
2012	Department of Food Commissioner	2012 – 2014	15	661.567	14,294	474,663
2013					100,691	3,125,776
2014					31,146	1,014,070
2015	-	-	-	-	46,782	1,364,688
2016	-	-	-	-	5,403	265,180
2017	Sathosa	2017.11.26 –	04	13,691.3	24,291	794,093
2018		2018.03.15			218,086	5,900,162
From 2019.01.01 to 2019.06.30	-	-	-	-	87,712	2,263,065
				----- 14,352.867 =====		----- 15,201,697 =====

Warehouses Given to Paddy Marketing Board

Annexure 06

Serial Nu.	Warehouse Name	Date on which the Warehouse were Handed Over to the Paddy Marketing Board	Amount of paddy stored in warehouses from 2012 to 30.06.2019 (MT)							
			2012	2013	2014	2015	2016	2017	2018	2019.06.30
1	Gattuwana - 01	2007	760.40	3,584.44	-	906.10	133.10	-	-	4.45
2	Hambantota	From 2011.08.11 to 2017.10.24 From 2018.04.04 up to now	1,546.74	2,083.23	-	3,023.31	681.15	-	-	-
3	Sravasthipura - 01	Since 2009	1,476	-	-	5,581.50	-	-	-	-
4	Sravasthipura - 02	Since 2009	1,875	933.50	-	4,379.30	-	-	-	-
5	Kekirawa - 01	Since 2009	-	-	-	1,476.00	762.36	-	-	-
6	Kekirawa - 02	Since 2009	112.50	-	-	-	-	-	-	-
7	Mahawa - 01		-	3,404.85	-	1,173.10	19.95	-	-	88.10
8	Mahawa - 02		-	1,191.20	-	773.55	17.60	-	-	-
9	Senanayaka 03	Since 2009	398.82	-	-	-	620.30	-	-	-
10	Kaduruwela 01		-	-	-	-	-	-	-	-
11	Kaduruwela 02		-	-	-	-	-	-	-	-
12	Monaragala (Hulandawa) 01	2010.11.04 Up to now	2,724.21	4,285.57	388.48	2,969.22	108.00	-	366.25	-
13	Ampara 01		1,066.10	955.75	-	747.60	1,302.90	-	-	703.55

14	Department of Food 02		-	3,928.76	-	1,371.30	530.50	-	-	-
15	Kahandawa 01	From 2009.08.13 to 2017.10.24 From 2018.05.21 Up to now	499.48	566.68	-	490.48	-	-	57.74	117.45
16	Kahandawa 02	2010.08.19	557.94	467.50	-	-	-	-	-	-
17	Maddawatta 01	From 2011.08.01 to 2018.09.17 From 2019.02.25 Up to now	-	-	-	741.67	-	-	-	196.4
18	Kaduruwela (Food)	2012	2,222.55	3,398.30	-	1,801.60	1,417.15	-	-	-

Storage of Rice belonging to the Co-operative Wholesale Corporation

Annexure - 07

Name of the Warehouse	Capacity of the Warehouse	Time of Storage of Rice	No. of Months	Amount of Rice stored	Frequency of fumigation	Money spent on fumigation	Institutions that paid for fumigation	
-----	-----	-----	-----	----- MT.	-----	----- Rs.	-----	
Veyangoda - 07	5400	2018.02.07 2018.11.14	-	08 months	2522.25	4	336,554	Ceylon pest control
Veyangoda 09	5400	2017.11.01 2018.11.16	-	01 year	1753.50	-		Ceylon pest control

Veyangoda 09	5400	2017.10.27 – 2019.02.06	01 year 03 months	5143.15	13	3,206,582	Ceylon pest control
Veyangoda-10	5400	2017.11.13- 2018.11.02	01 year	3635.05	12	2,528,486	Ceylon pest control
Gettuwana - 02	2000	2017.12.01- 2018.11.16	01 year	2694.30	-	-	Ceylon pest control
Orugodawatta -01	5000	2018.02.03-2018.12.24	10 months	4250.80	4	707,425	Ceylon pest control
Orugodawatta -06	5000	2018.01.27-2018.11.10	10 months	3610.05	4	357,086	Ceylon pest control
Orugodawatta-09	4000	2018.01.24-2018.11.03	10 months	3041.05	5		
				----- 26650.15 =====		----- 7,136,133 =====	

Arrears of Warehouse Rent due on 31 December 2019**Annexure 08**

Warehouse Name -----	Name f the lessee -----	Deficit Value -----
Veyangoda No 02 Warehouse	Able Holdings Pvt Ltd.	840,418
Veyangoda No 04 Warehouse	HEALTHYFLA (PVT)LTD	3,884,490
Veyangoda No 17 Warehouse	Central Engineering	52,373
Malkaduwwa (GI)Warehouse	S.B.M.W. Bandaranayaka	108,000
MalkaduwwaNo 1,2 Warehouse	K.M.M.Syed Mohamed	108,864
KatugodaWarehouseNo 01	Trico Maritime Pvt Ltd	108,863
Katugoda WarehouseNo 02	Trico Maritime Pvt Ltd	65,205
WeligamaWarehouseNo 01	Piyasiri Warehouse	168,617
SenanayakaWarehouseNo 01,04	Inter FarmusPvt Ltd	912,600
KahawattaWarehouse	PannilpattuM.P.C.S.	1,456,575
EheliyagodaWarehouseNo 1,2,3	EheliyagodaM.P.C.S	-
LiptonWarehouse	Haputale M.P.C.S	39,690
HunupitiyaWarehouse	Sunitha Gunasinghe	6,598
BlackpoolWarehouseNo 1,2,3	Agricultural Co-operative Society	239,820
Matale WarehouseNo 1	S.Mohammed Azrap	186,345
Tangalle Kahandawa Land	Miami Export Pvt Ltd	-
Tangalle Kahandawa Land (ii)	Miami Export Pvt Ltd	192,987
Opanayake WarehouseNo 02	ELEC Engineer Palmadulla	99,022
KatugastotaWarehouse	Trance Marketing	3,240,600
BadullaWarehouse	C.E.B	346,782
RatnapuraWarehouse	BambarabotuwaM.P.C.S	1,166,018
RatnapuraWarehouseNo 03	Lanka C.W.E	2,447,033
Thudugalawatta Warehouse	LankaC.W.E	153,743

VeyangodaNo 09	Sunmick Foods	405,540
VeyangodaNo13	CBL Global Foods	405,540
Batticaloa 01,02,03	Brandix Apparel Company	1,354,106
OrugodawattaWarehouseNo 12	Sri Lanka Custom	3,737,289
Room arts in Orugodawatta Warehouse	MEANING MARKET CO/OPLBOUR SOCIETY	
Orugodawatta	Dell Lanka Holdings	3,781,563
Orugodawatta Warehouse Garage ,Office Room ,Water Tanks	RANK CONTAINES TERMINALS	111,234
OrugodawattaWarehouse	RANK CONTAINES TERMINALS	28,195
OrugodawattaWarehouse No 10,14,15,16	RANK CONTAINES TERMINALS	2,071,389
OrugodawattaWarehouse	RANK CONTAINES TERMINALS	163,517
OrugodawattaNo 01	RANK CONTAINES TERMINALS	821,760
OrugodawattaNo 03	RANK CONTAINES TERMINALS	607,824
OrugodawattaNo 05	RANK CONTAINES TERMINALS	-
OrugodawattaOffice room	RANK CONTAINES TERMINALS	11,340
OrugodawattaNo 06	RANK CONTAINES TERMINALS	1,267,988
Parts of the canteen	S.L.MILK FEDURATION LTD	38,606.93
Parts of the canteen	G.A. Ranjith kumara	674,584
Parts of the canteen (herble porripdg)	Agricultural Co-operative Society	16,422

Parts of the canteen (welfare shop)	Agricultural Co-operative Society	23,460
Food Department Canteen	S.A.D.Anura Shantha	78,000
Pallekele Warehouse No 01	M.R.M.Shalim	806,447
Narahenpita Warehouse No 06	Sri Lanka Consumer Co-operative Society	352,180
Veyangoda Warehouse No 05	Attanagalla Distribution Process	56,632
Senanayaka Warehouse No 02	Sri Lanka Army	116,308
Ratmalana Warehouse No 01	J.A.Salam	442,298
Koggala Warehouse	Southern Development Authority	470,174
Veyangoda Warehouse No 09	Don Myung Lanka (Pvt) Ltd	823,460
Narahenpita Warehouse No 07A and Office room	K.Telecom (Pvt) Ltd	596,996
Orugodawatta Office	K.Porty (Pvt) Ltd	1,734,094
Maddawatta Warehouse	Sisira Apparels	293,377
Badulla Warehouse	Sri Lanka Co- operative Society	571,498
Kekirawa Warehouse No 02	Plenty Foods Pvt Ltd	3,448
Senanayaka Warehouse No 03	Wckrmaratna (Pvt) Ltd	140,985
Meddawatta Warehouse	Sri Lanka Co- operative Society	105,944
aragammana Warehouse No 01,02,03	Vijitha Group Pvt Ltd.	541,017
Veyangoda Warehouse No 05	MY OF CULTURE	137,649
Malkaduwawa Office room	Nikaweratiya Green Sand	2,298,029
Orugodawatta Warehouse No 08	STATE MINISTRY	2,851,527
Orugodawatta Warehouse No 06	STATE MINISTRY	6,102,557
Orugodawatta Warehouse No 03	Department of Education Publications	770,920
Orugodawatta Warehouse No 05	Icon Distribution	695,776
Pallakele Warehouse	S.M.Dharmasena	7,434,128

OrugodawattaWarehouseNo 01	Business A.R.C (Pvt) Ltd	4,979,543
OpanayakaWarehouseNo 01	Lal Warehouse	50,027
OrugodawattaNo 05	Hayleys Agriculture	1,753,869
Orugodawattaoffice room	Hayleys Agriculture	35,190
VeyangodaWarehouseNo 16	C.W.E	221,227
VeyangodaWarehouseNo 10	C.W.E	1,731,348
Orugodawatta 09	C.W.E	5,150,037
Orugodawatta 06	C.W.E	6,141,534
Orugodawatta 03	C.W.E	6,141,534
Gattuwana 02	C.W.E	1,995,273
VeyangodaWarehouseNo 09	C.W.E	2,494,128
		----- 89,462,175 -----
	Lanka Sathosa	24,653,123
		----- 114,115,298 =====