2022

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உணவு ஆணையாளர் திணைக்களம்
FOOD COMMISSIONER'S DEPARTMENT

කාර්ය සාධන වාර්තාව
செயற்திறன் அறிக்கை
Performance Report

Performance Report 2022

Food Commissioner’s Department

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(01) Institutional Profile

1.1 Introduction

The vision of the Food Commissioner's Department under the Ministry of Trade, Commerce and Food Security is to ensure 'safe, sustainable, nutritious staple grain foods for every household'. The Food Commissioner's Department has been established in year 1941 and accordingly powers have been vested in the Department for the importation, storing and determination of the prices of food stuffs. In terms of the Cabinet Decision No 06/0238/218/010 dated 08 February 2006, it has been decided to alienate the properties and equipment of the Department to the Agri Production Marketing Authority of Sri Lanka. However, having taken into consideration the international food crisis and the uncertainty, which may be arisen in the food supply inf future as a result of the food crisis, a proposal has been made by the Cabinet Memorandum No TMMC/2008/18 dated 11 August 2008, which has been submitted the then Minister of Trade. Marketing Development, Co-operative and Consumer Services, to restructure the Food Commissioner's Department and it has been approved by the Cabinet Decision No 08/1481/342/016 dated 11.08.2008. Accordingly, approval of the Cabinet of Ministers has been granted to cancel the decision to alienate the properties and equipment of the Department to Agri Production Marketing Authority of Sri Lanka, entrust the management of all other stores and the immovable properties belonging to such stores except the stores of the Department located at Shravasthipura, Polonnaruwa, Ampara, Weyangoda, Narahenpitra, Orugodawaththa, and Rathmalana to respective District Secretaries until further orders and further restart the functions of the Department , which has been restructured, with the aim of storing 100,000 mt of rice per year to secure food security with a limited staff. Accordingly, Rs. 88.4 million and Rs. 273.6 million have been allocated to the Food Commissioner's Department for year 2022 as recurrent and capital expenditures.

The effect caused by the Covid pandemic, which started at the beginning of year 2020, was still there in year 2022 also and under such circumstances the Food Commissioner's Department has shouldered the responsibility to accept and on behalf of the Government of Sri Lanka the food stocks granted as aids by foreign countries to deliver among families adversely affected by the pandemic and take action to get them cleared from the customs. Accordingly, the subsidies including rice, milk powder, and medicine Granted from India, China, Malayasia, Myanmar, Thailand and Thaiwan were accepted by the Department on behalf of the Government of Sri Lanka and they were delivered after getting them cleared from the customs. In the meantime, distribution of subsidies granted to the Department of National Planning under World Food Programme was also made during year 2022.

Further Department had provided its stores to various government and private institutions on rent and during year 2022 the Department was able to remit Rs. 189 million to the state income. In the meantime, the housing units belonging to the Department and located in Dhanyagama, Trincomalle have been provided on concessionary rental basis to public servants and employees of Prima Company, who had no housing facilities, and thereby the Department had remitted Rs. 6 million to state income during year 2022. Even though the approved cadre of the Food Commissioner's Department was 209, actual staff serving in the Department in 2022 was 69. The Department could get the maximum contribution of this staff and it has been a great support for the progress of the Department. Department could maintain all activities continuously and successfully during year 2022 even amidst the adverse situation prevailed throughout the year due to the pandemic.

1.2

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."

Objectives

- Making background for the General Public for obtaining grain foods from the market
- Distribution of food items provided as subsidies by foreign countries at special occasions to the General Public.
- Provision of stores facilities required for the supply process of paddy and other food items undertaken by government, semi government and private institutions.

1.3 Key Functions

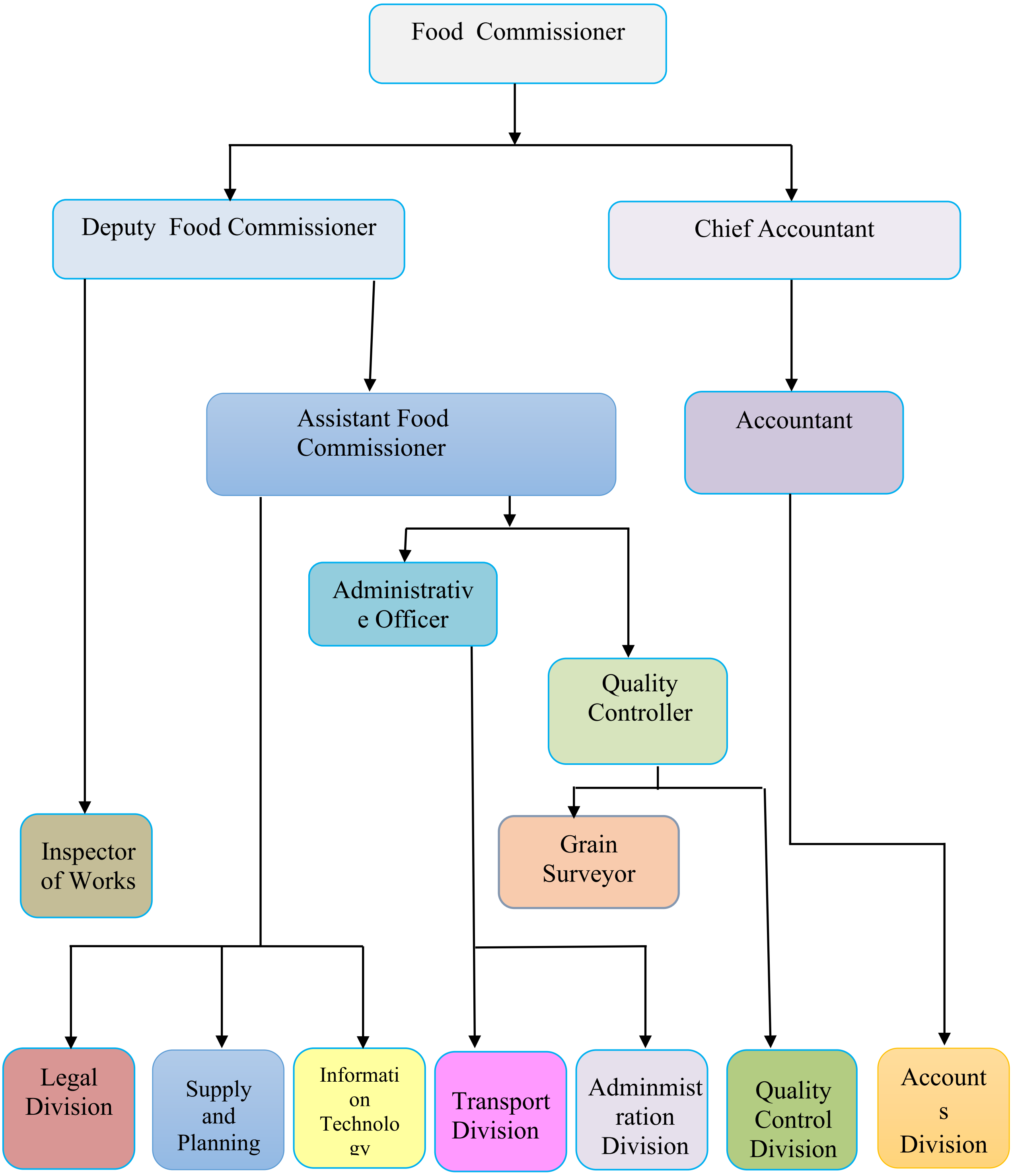
1. **Maintenance of a special rice buffer stock of rice 8000 MT as per the Colombo Declaration and 16th Conference of South Asian Association for Regional Co-operation (SAARC)**
   It has been decided at the 16th conference of said organization that Sri Lanka should maintain 8000 MT of rice buffer stock to be used at the emergency and disastrous situations of Regional Countries of South Asia.

2. **Ensure the availability of rice at the Market.**
   Maintaining a buffer stock of 100,000 mt of rice at the stores belonging to the Department in order to release to the market wherever necessary with the objective of controlling the fluctuation of the price of rice due to the rice scarcity at the market

3. **Management of the resources of the Department at optimum level and ensuring proper coordination with private and public sectors**
   Contributing to the state income by way of utilizing the stores belonging to the Department in a productive way and providing such facilities to private and public sectors on rental basis depending on the valuation of the Government

4. **Provision of facilities for storing grains applying scientific methods.**
   Ensuring food supply with higher standards to consumers by storing foods with the application of scientific methods whilst maintaining the quality of food items at a higher level

1.4 Organizational Structure



1.5 Main Divisions of the Department

- Establishments Division
- Accounts Division
- Planning Division
- Supply Division
- Legal Division
- Information Technology Division

1.6 Funds under the Department

An amount of Rs. 376.7 million has been provided by budgets of 2020 and 2021 for the programme for uplifting small and middle scale rice mill owners. At present, that money has been provided as a circular fund to the Rice Producers' Cooperative societies and Multipurpose Cooperative Societies to use for purchasing paddy.

1.7 Foreign funded projects

(a) Name of the project - Construction of a Store Complex with temperature and humidity control with the capacity of storing 5000 MT of fresh vegetables and fruits at Dambulla area .

(b) Funding Agency - Government of India and Government of Sri Lanka

(c) Estimate Expenditure – Rs. 625 Mn. (Rs. 300 Mn. direct funding of the government of India and the rest is borne by the government of Sri Lanka.

(d) Duration of the project – This project, which was proposed to commence on 30 March 2019 and to conclude constructions within 06 months, could not be completed so far due to technical issues arisen in the project works and unexpected conditions arisen due to the Covid 19 pandemic. However, it is expected to expedite construction works and commence operations in due course.

Constructions works of the stores complex are in process

View of the store complex with temperature and humidity control after completion

Chapter 02- Progress and Future Vision

Achievements

The Department could earn and remit to the state income in 2022 an amount of Rs. 189 million by providing 53 stores belonging to the Department to the private sector and Rs. 6 million by providing housing units of the housing complex at Dhanyagama, Trincomalee on concessionary terms. Stores of Food Commissioner’s Department have been renovated in year 2022 spending Rs. 11 million. In the meantime, the subsidies received from foreign countries for the benefit of families severely affected by economic crisis were accepted on behalf of the Government and then they were handed over to the District Secretaries with proper coordination.

Challenges

Even though an amount of Rs. 50 million has been allocated to the Food Commissioner’s Department for maintaining a buffer stock of rice, that allocation has been transferred to the Sri Lanka State Trading (General) Corporation as the amount received was not sufficient to maintain a buffer stock of 8,000 mt of rice.

Future targets

It is proposed to commence the operations of the Store Complex with temperature and humidity control with the capacity of storing 5000 MT of fresh vegetables and fruits at Dambulla area, which is being constructed now, after concluding construction works in due course. Further, necessary plans have been prepared to maintain the properties belonging to the Department in an economically productive way and therefore, it is expected to enhance the state income by way of renovating stores and utilizing the unutilized stores and lands with the coordination of private sector.

D. D. Upul Shantha De Alwis
Food Commissioner
Food Commissioner’s Department

(03) Financial Performance

3.1 Statement of financial performance

ACA-F

Statement of financial performance for the year ended 31 December 2022

Budget 2022 Rs		Note	Actual 2022 Rs	Actual 2021 Rs	
-	**Receipt of income**		-	-	
-	Income tax	**1**	-	-	
-	Tax on local good and services	**2**	-	-	ACA-1
-	Tax on international trade	**3**	-	-	
-	Non tax income and other	**4**	-	-	
-	**Total receipt from income (a)**		-	-	
-	**Total non-income receipts**		**-**	-	
-	Treasury imprest		324,898,000	148,085,000.00	ACA -3
-	Deposit advance account		30,102,353	84,050,043.00	ACA -4
-			6,056,772	7,956,354.00	ACA -5
	Receipts from other main ledger accounts		-	-	
-	**Total non - income receipts (b)**		**361,057,125**	240,091,397.00	
-	**Total income receipts and**		**361,057,125**	**240,091,397.00**	

	non-income receipts c = (a)+(b)				
	Remittances to Treasury (d)		4,401,326	10,941,854.00	
	Net income receipts and non-income receiptse = (c)-(d)		356,655,799	229,149,543.00	
	Less : Expenses				
-	**Recurrent expenditure**		**-**	-	
35,600,000.00	Salaries, wages and other employees' benefits	**5**	46,476,971	42,776,645.00	
52,300,000.00	Other goods and services	**6**	37,681,349	31,208,742.00	**ACA - 2(ii)**
500,000.00	subsidies, and transfers	**7**	454,694.00	398,308.00	
-	Payment of interests	**8**	-	-	
-	Other Recurrent expenditure	**9**	-	-	
	VAT		1,116,000		
88,400,000.00	**Total recurrent expenditure (f)**		**85,729,014**	74,383,695.00	
	Capital expenditure				
14,500,000.00	Rehabilitation and improvement of capital assets	**10**	13,606,103	164,694,043.00	
248,500,000.00	Acquiring capital assets	**11**	2,235,331	682,120.00	
-	transfer of capital	**12**	-	-	**ඒසීඒ-2(ii)**
-	Acquiring financial assets	**13**	-	-	

600,000.00	Capacity building	**14**	387,250	-	
10,000,000.00	Other financial expenditures	**15**	-	299,794,470.00	
273,600,000.00	**Total financial expenditure (g)**		**16,228,684**	465,170,633.00	
	Payment of deposits		23,471,605	78,422,984.00	ඒසීඒ-4
	Payment of advances		4,695,231	3,996,000.00	ඒසීඒ-5
	Payment of other main ledger accounts		-	-	
	Main ledger payments (h)		28,166,836	82,418,984.00	
	Total expenditure i = (f+g+h)		130,124,534	621,973,312.00	
-	**Balance as at 31 December j = (f-j)**		226,531,266	(392,823,769.00)	
	Balance as per statement of imprest as at 31 December		226,531,266	(392,823,769.00)	ඒසීඒ-7
					ඒසීඒ-3
			-	-	

ACA-7

Imprest reconciliation statement

Income added to reporting institute by other institutes		
Expenditure borne by reporting institute for other heads	449,985,744.00	
Debits made by reporting institute for advance b account under other heads	1,688,480.00	
Credits made by other heads to advance b account	29,119.00	**451,703,343.00**
Less:		
Income added by reporting institute for other revenue heads	210,027,474.00	
Expenses borne by other institutes for reporting institute	14,245,775.00	
Credits made by reporting institute for advance b account under other heads	895078	
Debits made by other heads to advance b account	3750	**225,172,077.00**
Balance as per statement of imprest as at 31 December 2022		**226,531,266.00**

*** Relevant items can be adjusted in addition to above mentioned items**

3.3. Statement of Financial Position

Statement of financial position as at 31 December 2022 ACA-8

		Actual	
Note		2022	2021
		Rs	Rs
Non-financial assets			
Property, plant and equipment	ACA 6	5,002,876,021.00	4,911,893,190.00
Financial Assets			
Advance Account	ACA-5/5/ (a)	12,717,845.00	14,079,386.00
Cash and cash equivalents	ACA-3	2,681,919.00	10,941,854.00
VAT control		402,886.00	
Total assets		5,018,678,671.00	4,936,914,430.00
Net assets/equity			
Net assets to General Treasury		(96,974,412.00)	(89,385,008.00)
Property plant and equipment reserve		4,913,756,745.00	4,911,893,190.00
Rent and work advance reserve	ACA – (b)	89,119,276.00	
Current assets			
Deposit account	ACA-4	110,095,143.00	103,464,394.00
Imprest balance	ACA-3	2,681,919.00	4,936,914,430.00
Total liabilities			

Particulars of accounts submitted by formats from page no 7 to 31 and ACA-1 to ACA-7 and notes of accounts in annexures from page no 32 to 43 are also integral parts of these financial statements. These financial statements have been prepared in complying with the generally accepted accounting principles whereas most appropriate accounting policies are applied as revealed in the notes to financial statements and hereby certify that figures in these financial statements, notes to accounts and other relevant accounts were reconciled with the treasury books of accounts and found to in agreement.

It is hereby certified that productive internal control system is available in the institute for financial control, and further reviews are made from time to time to supervise the productivity of internal control system and to make necessary changes to implement such systems in more productive way.

……………………
Chief Accounting Officer
Name :
Designation :
Date :
A.M.P.M.B. Atapattu
Secretary
Ministry of Trade, Commerce and Food Security

……………………
Accounting Officer
Name :
Designation :
Date : 27.02.2023
D.D. Upul Shantha De Alwis
Food Commissioner
Food Commissioner's Department
330, Union Place

……………………
Chief Financial Officer/ Chief Accountant/ Director (Finance)/ Commissioner (Finance)
Name :
Date :
G.C.N. Fonseka
Chief Accountant
Food Commissioner's Department
No. 330, Union Place,
Colombo 02.

3.4 Statement of cash flow

ACA-C

Cash flow statement for the year ended 31 December 2022
Cash flow statement

	Actual 2022 Rs	2021 Rs
Cash flows derived from operational activities		-
Total receipts on taxes	-	-
Charges, surcharges, fines and permits	-	-
Profits	-	-
Non- income receipts	210,027,474	184,492,238
Income collected for other revenue heads	-	-
Receipt of imprest	324,898,000.00	148,085,000
Recovery of advances	5,263,370	6,998,734
Other main ledgers		2,111,837
Receipts from deposits	30,102,353	84,050,043
Cash flows derived from operational activities (a)	**570,291,197**	**425,737,852**
Less : Expenses		
Personal wages and salaries and operational expenses	83,935,017	317,221,062
Subsidies and transfers	454,694	398,308
Expenses made for other heads	449,985,744	8,738,379
Imprest settled to General Treasury	4,401,326	10,941,854
Advance payments	4,691,481	3,996,000
Other main ledgers		5,337,145
VAT	1,115,999	
Payments for deposits	23,471,605	78,422,984
Money paid for operational activities	**568,055,866**	**425,055,732**
Net cash flow derived from operational activities (c)=(a)-(b)	**2,235,331**	**682,120**
Cash flow derived from investment activities		

Interests	-	-
Dividends	-	-
Allocations for removal of entitlements and sale of physical properties	-	-
Recovery of sub-loans	-	-
Cash flow derived from investment activities (d)	**-**	**-**
<u>**Less: Expenses made in cash**</u>		
Construction, purchase of physical assets and acquiring other investments	2,235,331	682,120
Total cash flow spent for investment activities (i)	**2,235,331**	**682,120**
Net cash flow derived from operational activities (f)=(d)-(e)	**(2,235,331)**	**(682,120)**
Net cash flow derived from operational and investment activities (g) = (c) + (f)		**-**
<u>**Cash flows derived from financial activities**</u>		
Obtaining local loans	-	-
Obtaining foreign loans	-	-
Receipt of grants	-	-
Net cash flow derived from cash flows(h)	**-**	**-**
<u>**Less: Expenses**</u>		
Repayment of local loans	-	-
Repayment of foreign loans	-	-
Total cash flow spent for financial activities (i)	**-**	**-**
<u>**Cash flows derived from financial activities**</u> **(j)=(h)-(i)**	**-**	**-**
Net changes in cash (k) = (g)+(j)	**-**	**-**
Opening balance as at January 01	**-**	**-**
Ending balance as at 31 December	**-**	**-**

3.5 Notes to financial statements

Not available

3.6 Performance in the collection of income Rs. ,000

Revenue Code	Description of revenue code	Estimate of income		Collecting income	
		Initial estimate	Final estimate	Amount (Rs)	As a % of the final statement of income
20.02.01.01	Stores rental (s)	148,919	171,683.476	189,354.271	110.29%
	House rental	6908	6138.671	6,423.868	104.6%

3.7 Performance in the utilization of the allocated provisions Rs. ,000

Type of provisions	Allocated provisions		Actual expense	Utilized provisions as a % of the financial provisions, which were concluded
	Initial provisions	Financial provisions		
Recurrent	88,400	88,400	85,729	96.97 %
Capital	273,000	273,000	16,228	5.94 %

3.8 Provisions made to this Department/District Secretariat/Provincial Council as a representative of another Ministry as per F.R 208

Rs,000

Serial No	Ministry/ Department which provided provisions	Aim of the provision	Provision		Actual expenditure	Utilized provisions as a % of the financial provisions, which were granted
			Initial provision	Final provision		
01	Ministry of Health	Settling the rental in arrears at stores of Veyangoda	1,600	4,800	4,800	100.00 %
02	Ministry of Trade, Commerce, and Food Security	Get clearance for the essential food items handed over as foreign subsidies and transporting them to stores, storing them and re -transporting	100,000	429,246	342,301	79.80 %
03	Department of national Planning	Get clearance for the essential food items handed over as foreign subsidies and transporting them to stores, storing them and re -transporting	3,582	87,879	82,317	93.70 %
04	Ministry of Education	Get clearance for the rice handed over by China as subsidies and transporting them to stores	11,828	25,000	19,724	78.90 %
05	Department of pensions	Payment of pension	-	-	1,024	-

3.9 Performance in the reporting of non-financial assets

Rs. ,000

Asset Code	Code Description	Balance as per the board of survey on 31.12.2022	Balance as per the statement of financial position on 31.12.2022	To be accounted in due course	Reporting progress as a %
9151	Buildings and structures	6,978,604	6,978,604	-	100 %
9152	Machinery	65,613	65,613	-	100 %
9153	Lands	2,780,751	2,780,751	-	100 %
9154	Intangible Assets	-	-	-	100 %
9155	Biological assets	-	-	-	100 %
9160	Works in progress	177,900	177,900	-	100 %
9180	Assets provided on lease	-	-	-	100 %

3.10 Report of the Auditor General

From page no 33 to 45

Chapter (04) Performance Indicators

4.1 Performance indicators of the Institute (Based on the action plan)

Special Indicators	Actual output as a % of the expected output		
	100 %-90%	**75%-89%**	**50%-74%**
Food buffer stock of 100,000 mt of rice	-	-	(50%) Store facilities have been enhanced to maintain buffer stocks of rice.
Availability of rice at the market	-	-	(60%) Contributed to maintain the availability of rice with the supervision of the rice production programme of small and middle scale rice mill owners
Coordination with relevant parties to ensure proper maintenance of the resource of institute	(95%) Contributing to the state income by way of providing stores and housing units on rent	-	-

Chapter (05) Performance in the achievement of Sustainable Development Goals

5.1 identified Sustainable Development Goals

Target/ objectives	Targets	Indicators of achievement	Progress in achievement up to now as a (%)		
			0 - 49	50-74	75-100
Zero Hunger	*Preventing fluctuation of food prices *Maintaining buffer stocks of food	*Commencing construction of a cold storage facility complex for storing vegetable and fruit. *Constructing storing facilities with scientific base for maintaining buffer stocks of rice			✓ ✓

5.2 Achievements and challenges in the achievement of sustainable development goals

Sustainable development goal identified by the Food Commissioner's Department is 'Zero Hunger'.

Food Commissioner's Department is bound to provide facilities to store rice, which is the main food item of Sri Lanka, as per the vision and mission of the Department. Accordingly, with a view to provide storing facilities to ensure food security during times, where the production and supplies are declining, stores belonging to the Department have been renovated in order to store food items. .

Further, with a view to enhance the sustainable agriculture and minimize post-harvest damages, action has been taken to construct a temperature and humidity controlled cold facility at Dambulla to store vegetable and fruits.

With a view to contribute to reduce the ration of population living below the national poverty line by 2023, the Sustainable Development Goal of the Food Commissioner's Department has been prepared.

Chapter (06) Human Resource Profile

6.1 Cadre Management

	Approved Cadre	Actual Staff	Vacancies	Cadre in excess
Senior	06	02	04	–
Tertiary	03	01	02	–
Secondary	109	37	72	–
Primary	91	29	62	04

6.2 Effects made by the lack or excess in human resource for the performance of the institute

It is possible to ensure a service delivery in more efficient and productive manner if the Department can engage approved cadre in duties.

6.3 Human Resources development

Name of the programme	No of employees trained	Duration of the programme	Total investment (Rs)		Nature of the programme (Local/Foreign)	Output/ knowledge gained*
			Local	Foreign		
Procurement reports and tender procedure	1	03 days	18,000.00	-	**Local**	Knowledge on Procurement reports and tender procedure
Office systems and Establishments Code	3	03 days	54,000.00	-	**Local**	Knowledge on Office systems and Establishments Code
MS Excel Skills	4	03 days	52,000.00	-	**Local**	Knowledge on MS Excel

Name of the programme	No of employees trained	Duration of the programme	Total investment (Rs)		Nature of the programme (Local/Foreign)	Output/ knowledge gained*
			Local	**Foreign**		
Bid evaluation and common procurement	1	03 days	18,000.00	-	Local	Knowledge on Bid evaluation and common procurement
Efficient food storing methodologies and management systems	1	03 days	Local programme conducted free of charge			
Planning and monitoring procurement guidelines	4	03 days	72,000.00	-	Local	Knowledge on Planning and monitoring procurement guidelines
Certificate course on Tamil language	17	150 hours	56,250.00	-	Local	Competency in official languages
Code of ethics and disciplinary for drivers and minor employees	2	02 days	17,000.00	-	Local	Knowledge on ethics and discipline
Procurement management and administration of agreements	1	Online	100,000	-	Local	Knowledge on procurement management

(07) Compliance Report

No	Requirement to be made applicable	Position of compliance (Comply/not comply)	Clarification in brief, if it is not complied	Measures to be taken to avoid noncompliance in future
01 . Following financial statements/ accounts have been submitted on due date				
1.1	Annual Financial Statements	Comply		
1.2	Advance Account of Public Officers	Comply		
1.3	Business and production advance account (Commercial advance account)	Not comply	At present this advance account is not maintained by the Department.	Taking action to prepare this account in due course as appropriately if it becomes applicable to Department as per standards or circulars
1.4	Stores advance account	Not comply		
1.5	Special advance account	Not comply		
1.6	Other	Not comply		
02 . Maintenance of books and documents (F. R. 445)				
2.1	Maintenance of fixed assets register as per Public Administration Circular 267/2018 with necessary updating	Comply		
2.2	Maintenance of registers or cards of wages with necessary updating	Comply		
2.3	Maintenance of audit query register with necessary updating	Comply		
2.4	Maintenance of internal audit report register with necessary updating	Not comply	Unavailability of an Internal Auditor to the Department	Since there is no an Internal Auditor in the approved cadre of the Department, action will be taken in due course to create such post

2.5	Preparation of all monthly accounts summaries on due date and submission them to General Treasury (CIGAS)	Comply		
2.6	Maintenance of cheques and money order register with necessary updating	Comply		
2.7	Maintenance of inventory with necessary updating	Comply		
2.8	Maintenance of stock register with necessary updating	Comply		
2.9	Maintenance of losses and damages register with necessary updating	Comply		
2.10	Maintenance of liability register with necessary updating	Comply		
2.11	Maintenance of counter foils register with necessary updating (GA-N20)	Comply		
03 . Delegation of functions for financial control (F. R. 135)				
3.1	Vesting of powers for financial control within the institute	Comply		
3.2	Making the aware of the institute regarding the delegation of authority on financial control	Comply		
3.3	Vesting authority to grant approval for every transaction by two or more officers	Comply		
3.4	Taking action subject to the control of the Accountants when applying Public Salaries Software package as per Public Accounts Circular no 171/2004 dated 11.05. 2914 2014	Comply		
04 .Preparation of annual plans				
4.1	Preparation of annual action plan	Comply		
4.2	Preparation of annual procurement plan	Comply		

4.3	Preparation of annual audit plan	Not comply	Unavailability of an Internal Auditor in the Department	Since there is no an Internal Auditor in the approved cadre of the Department, action will be taken in due course to create such post
4.4	Preparation of annual estimate and submission of the same to Department of National Budget on due date (NBD)	Comply		
4.5	Submission of annual cash flow statement to the Department of Treasury Operations on due date	Comply		
05 . Audit Queries				
5.1	Providing answers to all queries raised by the Auditor General on the date prescribed by the A.G	Comply		
6 . Internal Audit				
6.1	Preparation of the internal audit plan at the beginning of the year communicating with the Auditor General as per F R 134(2) DMA/1-2019	Not comply	Unavailability of an Internal Auditor in the Department	Since there is no an Internal Auditor in the approved cadre of the Department, action will be taken in due course to create such post.
6.2	Providing answers to every internal audit report within a period of one month	Not comply		
6.3	Submission of the copies of all internal audit reports to the Department of management Audit as per sub section 40 (4) of the National Audit Act No 19 of 2018	Not comply		
6.4	Submission of the copies of all internal audit reports to the Auditor General as per Financial Regulation 134 (3)	Not comply		

07 . Audit and Management Committees				
7.1	Conducting at least 04 meetings of Audit and Management Committee within the relevant years as per DMA Circular 1-2019	Comply		
08 . Management of assets				
8.1	Submission of the particulars on the purchase and disposal of assets to Comptroller General's office as per chapter 07 of the Assets Management Circular No 01/2017	Comply		
8.2	Appointment of an appropriate coordinating officer to implement such provisions of the said circular as per chapter 13 of the same and reporting his particulars to Comptroller General's Office	Comply		
8.3	Conducting board of surveys as per Public Finance Circular no 05/2016 and submitting relevant reports to Auditor General on due date	Comply		
8.4	Taking actions on excesses, deficits and recommendations made by annual board of survey within the period prescribed in the circular	Comply		
8.5	Disposal of unserviceable items as per F R 772	Not comply	Disposal of unserviceable items as per F R 772 has been commenced	Completing disposal activities within due period in future
09 . Management of vehicles				
9.1	Preparation of daily and running charts and monthly summaries for pool vehicles and submitting them to Auditor General on due date	Comply		
9.2	Disposal of vehicles within a period of less than 06 months from the date they became unserviceable	Not comply	Disposal works pertaining to vehicles have been commenced	Conducting disposal works in future within due time frame

9.3	Maintaining vehicle log books with necessary updating	Comply		
9.4	Taking action on every vehicle accident as per F R 103,104, 109 and 110	Comply		
9.5	Reexamination of the fuel consumption of vehicles as per the provisions indicated in para 3.1 of Circular no 30/2016 dated 29.12.2016	Comply		
9.6	Taming over the fully ownership of the log books of leased vehicles at the end of the period on lease	Comply		
10 . Management of bank accounts				
10.1	Preparation of bank reconciliations on due date and submission of them for audit after certifying	Comply		
10.2	Settling inactive accounts which were brought forward either from the year under review or years prior to the above year	Comply		
10.3	Taking action as per financial regulations on the balances revealed by bank reconciliation statements and to be adjusted and settling them within a period of one month	Comply		
11 . Utilization of provisions				
11.1	Making expenses using provided allocations so as not to exceed limits	Comply		
11.2	Entering in to liabilities so as not to exceed the limit of remaining balance at the end of year after utilizing from the provisions made as per F R 94 (1)	Comply		
12 . Advance account of public officers				
12.1	Conforming to the limits	Comply		
12.2	Making a time analysis on the debtors' balances which were in arrears	Comply		

12.3	Settling loan balances which were remaining in arrears for more than one year	Comply		
13 .General Deposit Account				
13.1	Taking action on expired deposits as per F R 571	Comply		
13.2	Maintaining control account on general deposits with necessary updating	Comply		
14 Imprest Account				
14.1	Remitting the balance of the cash book to the Department of Treasury Operations at the end of the year under review	Comply		
14.2	Settling the interim ad hoc imprest within one month from the completion of work as per F R 371	Comply		
14.3	Issuance of interim ad hoc imprest so as not exceed the limit as per F R 371	Comply		
14.4	Reconciling monthly the balance of imprest account with the treasury books	Comply		
15 . Revenue Account				
15.1	Making refunding from the collected income conforming to the relevant regulations	Comply		
15.2	Crediting directly the collected income to the revenue without crediting them to deposit account	Comply		
15.3	Non-submission of report on income in arrears to Auditor General as per F R 176.	Comply		
16 . Human Resources Management				
16.1	Maintaining the staff within the limits of approved cadre	Comply		
16.2	Issuance in writing the duty lists to all the members of the staff of institution	Comply		

16.3	Submission of all reports to the Department of Management Services as per MSD Circular No 04/2017 dated 20.09.2017	Comply		
17 . Providing information to General Public				
17.1	Maintaining a register for provision of information appointing an Information Officer as per Rights To Information Act and other relevant regulations	Comply		
17.2	Information on the institution has been opened through a website and making facilities to general public to extend their commendations /complaints through website or alternative ways	Comply		
17.3	Submission of reports one cot twice a year as per section 08 and 10 of Right To Information Act	Comply		
18 . Implementation of citizen charter				
18.1	Circular no 05/2008 and 05/2018 (1)of the Ministry of Public Administration and Management	Comply		
18.2	Preparation of a methodology for the supervision and evaluation of the formulation and implementation of citizen charter as per para 2.3 of the above circular	Comply		
19 . Formulation of Human Resources Plan				
19.1	Formulation of a Human Resources Plan as per the specimen 02 of Public Administration Circular 02/2018 dated 24.01.2018	Comply		
19.2	Ensuring a training of at least not less than 12 hours for every member of the staff in the above mentioned human resources plan	Comply		

19.3	Signing annual performance agreement with the whole staff based on the specimen given in annex 01 of the above mentioned circular	Comply		
19.4	Appointment of a senior officer entrusting the responsibility for the preparation of human resources plan, development of capacity development programmes, implementation of skill development programmes as per para 6.5 of the above circular	Comply		
20 . Making response to audit paras				
20.1	Rectification of the defects pointed out by the audit paras issued by Auditor General	Comply		

My No TAC/C/AFD/FA/2022 31 May 2023

Food Commissioner,
Food Commissioner's Department

<u>Summary Report of the Auditor General on the Financial Statements of the Food Commissioner's Department for the year ended 31 December 2021 as per Section11(1) of National Audit Act No 19 of 2018.</u>

1. Financial Statements

1.1 Qualified Opinion

Head-300

The audit of the financial statements of the Food Commissioner's Department for the year ended 31 December 2022 comprising the statement of financial position, statement of financial performance and cash flow statement, for the year then ended, was carried out under my direction in pursuance of provisions of the National Audit Act No. 19 of 2018 read in conjunction with provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. This report contains my views and observations on the financial statements submitted to the Department of Agrarian Development as per section 11 (1) of the National Audit Act No. 19 of 2018. My report will be tabled in the Parliament in due course, in terms of the section 10 of the National Audit Act No. 19 of 2018 read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in the para 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the fund as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with generally accepted Accounting Standards.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with the matters indicated in para 1.6 of the report. My audit was carried out conforming to Sri Lanka Auditing Standards (SLAuSs). My responsibilities on the financial statements have been described further, under the Auditor's Responsibilities. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of the Accounting Officer on the Financial Statements

Accounting Officer is responsible for the preparation of these financial statements that give a true and fair view in accordance with generally accepted Accounting Standards and the provisions in section 38 of the National Audit Act No 19 of 2018 and for determining such

internal control which is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In terms of the section 16 (1) of the National Audit Act No 19 of 2018, Department should maintain books and reports on its income, expenditure, assets, and liabilities enabling to prepare annual and timely financial statements.
In terms of the section 38 (1) (c) of the National Audit Act, Accounting Officer should assure that a productive internal control system is maintained for the financial control of the Department and further a review should be made from time to time on the effectiveness of the system and necessary changes should also be made to ensure the continuation of the system in a productive manner.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

1.5. Report on other legal and regulatory requirements

In terms of the Section 6(1) (d) of the National Audit Act No. 19 of 2018, I hereby state the following matters.

(a) Financial Statements comply with the preceding year.

(b) Recommendations, which have been made by me on the financial statements of the preceding year, have been implemented.

1.6. Comments on financial statements

1.6.1. Imprest reconciliation statement

(a) Even though the value of the credits made to Advance B account by other Heads is Rs. 1,688,480, they have been indicated in the imprest reconciliation statement as debits made to the Advance B account by reporting institute for the other Heads. Further, it has been indicated that the credits made to Advance B account by other Heads as Rs. 29,119.

(b) Even though the expenses made by other institutions for the reposting institute is Rs. 14,216,655, it has been over stated by Rs. 29,119 as Rs. 14,245,775.

1.6.2. Financial Assets

(i) Even though the cash balance of Rs. 2,681,919, which has been remitted to the General Treasury by the reporting institute at the end of the financial term, should not be included in the balance of cash and cash equivalent as per para 7.9 of Public Accounting Guidelines No 05/2022 dated 13 December 2022, it has been included in the same.

(ii) A balance to the value of Rs. 402,886 has been shown as VAT control under financial assets of the statement of financial position.

1.6.3. Net Assets/ Equity

Even though, the net value of assets should be calculated to the General Treasury under Net Assets/ Equity of Statement of Financial Position by deducting the value of deposits account from Advance Accounts as per para 7.8 of Public Accounting Guidelines, no action has been taken in the above manner.

1.6.4. Reserve of property, plant and equipment

Even though a value equivalent to the value of property, plant and equipment should be shown as a reserve under Net Assets/ Equity of the Statement of Financial Statement, as per para 7.7 of the Public Accounting Guidelines No 05/2022 dated 13 December 2022, and further the rent and work advance account of Rs. 89,119,276 of statement of financial position (ACA-P) should also be shown under Advance Account, the balances of Property, plant and equipment account and Property, plant and equipment reserve account have been changed by an amount equivalent to the above as a result of showing it as a total sum under the property, plant and equipment.

1.6.5. Balances of Deposit Accounts

Even though the opening balance of the deposit account no 6000-0-0-016-0-120 is Rs. 16,574,196 as per the books of the Department, it has been shown in ACA- 4 format as Rs. 1,657,419. Accordingly, the total of the opening balances of deposit accounts is Rs. 103,464,394 but it has been shown in ACA-4 formats as RS88,547,618 understating it by Rs.14,916,776.

1.6.6. Balances of Advance Accounts

There is a difference of Rs. 332,250 between opening and ending balances of the Advance Account of Public Officers in books of the General Treasury and books of the Department but no action has been taken even by 31 December 2022 to identify this difference and to settle it.

1.6.7 Balance of imprest

Even though there was no balance of imprest as per the books of the Department, a balance of Rs. 2,681,919 has been included in the Statement of Financial Position

1.6.8 Unavailability of evidences for auditing

Provisions have not been made for subject 1701 by the budget estimate but provisions to the value of Rs. 4,150,000 have been transferred to that subject by transfers under F R 66. Even though write offs have been made by this subject to the value of Rs. 4,129,525 under writing off losses and damages, no written evidence has been submitted to the auditing in this regard.

1.6.9 Rectifying defects in accounting

An amount of Rs. 1,719,407, which is the surplus credited to miscellaneous income account for rectifying accounting defect arisen due to over settlement made to General Treasury owing to the surplus caused in the liquidating of advance account for distribution of essential goods, has been shown as treasury advance under expenses for operational activities both in statement of financial performance and cash flow statement.

2. Financial Review

2.1 Management of expenditure

Following observations are made in this regard.

(a) Even where it has been informed by para 2.2. (a) of the National Budget Circular No 01/2021 dated 28 July 2021 that salaries, wages and other allowances should be calculated for each employee separately based on the actual cadre as at 01 July 2021 and further no allocation is made for nee recruitments during year 2022 as new recruitments are discouraged, following situations have been observed due to non-preparation of estimates accordingly.

- Rs. 3,000,000 i.e 9% has been transferred from subject 1001, (salaries and wages) to other subjects under F R 66 but Rs. 1,484,341 i.e 5% from the revised estimate is remaining further even after bearing such expenses.

- Rs. 1,100,000 i.e 6.9% has been transferred from subject 1003, (other allowances) to other subjects under F R 66 but Rs. 485,905 i.e 3.26% from the revised estimate is remaining further even after bearing such expenses.

(b) If the difference between total net provision of a subject and actual expense is higher than 5% from the net provision of that subject or Rs. 10,000, whichever is higher, it is required to submit reasons for such difference as per para 3.4 of Public Accounting Guidelines no 05/2022 dated 13 December 2022, reasons have not been submitted for differences in 09 subjects.

2.2 Entering in liabilities and obligations

Following observations are made in this regard

(a) In respect of 06 subjects, obligations have been made to the values of Rs. 4,122,969 exceeding the remaining balance.
(b) 2 liabilities to the value of Rs. 99,800 in the statement of liabilities and obligations have not been settled even by 30 March 2023.
(c) Since it has been informed that all welfare and subsidies programmes should be reviewed and they should be provided to the most essential beneficiaries or low-income people as per para xii of the Budget Circular 03/2022 dated 26 April 2022, provisions of Rs. 50,000,000, which has been provided under the programme for uplifting small and middle scale rice mill owners, has been totally saved without spending paying attention to the above notification. However, a liability to the value of Rs. 30,000,000 has been shown to the Registrar of Cooperative Societies and Commissioner of the Cooperative Development of Western Province under subject 300-1-1-4-2506 and only Rs. 20,000,000 has been paid in February even where no action has been taken in this regard or without entering in an agreement in 2022.
(d) Even though only an obligation to the value of Rs. 216,039 should be include in the statement of obligations made for liabilities as per Financial Regulations 94 (2) and (3) in statement of liabilities (i), (annex iv) of Financial Statement, Rs. 4,253,468 has been overstated in the statement of obligations made for the liabilities made as per F R 94 (2) and (3), as a result of including a liability of Rs. 4,469,507 included in annex (iii).
(e) Even though the expenses of the distribution of Indian subsidies and World Food Programme has been made under the votes of Ministry of Trade and Presidential Secretariat, which are votes of other institutes, Rs. 173,883, which is for overtime payments and holiday pay relevant to these programmes, has been paid under vote 300-1-1-0-1002 of the Department of Commissioner of Food.

2.3. Utilizing the provisions provided by other Ministries and Departments

The programme for granting 40,000 mt of rice, 400 mt of milk powder, and 50 mt of medicine, which were provided as humanitarian aids under the coordination of the Officer of the High Commissioner of India for Sri Lanka, has been implemented under three phases. All the measures from clearing these aids from the harbor up to distribution of them to District Secretariats have been taken by the Department of Commerce. Under phase one, 9,000 mt of rice, 50 mt of milk powder have been granted and then 14,643 mt of rice and 250 mt of milk powder have been granted under phase two. Under the third phase, 16,356.05 mt of rice and

200 mt of milk powder have been granted. In the meantime, an allocation of Rs. 481,340,167 has been provided by the Ministry of Trade, Commerce, and Food Security to the Food Commissioner's Department for bearing expenses in the distribution process. Following observations are made in this regard.

(a) Selecting a clearing agency

(i) Calling of quotation for clearance works of the aids received under phase one has been made on 17 May 2022 and following matters have been observed in this regard.

- Even though a period of 05 days should be allowed by calling quotations through emails as per para 3.4 of Procurement Guidelines of 2006, only 03 days have been given for the purpose. As per the quotations provided by 03 institutes, 01 private company has been selected and no written evidence has been submitted to the audit to the effect that quotations have been given.
- However, due to changes in the scope, quotations have been called again on 19 May 2022 from 07 institutes and only the private company, which provided quotation at the first occasion, has submitted quotations. Even though, quotations have been called due to changes in scope, those changes have not been informed to the audit.

(ii) For the clearance of aids received at phase two and three, quotations have been called again on 08 June 2022 by a notification published in the newspapers. Accordingly, quotations have been submitted by 02 institutions and the same company mentioned above has been selected at this occasion also but the Technical Evaluation Committee has rejected that quotation stating that the institute, which submitted the lowest quotation, has not fulfilled basic qualifications required for the comprehensive evaluation.

(b) Distribution plan

It was observed that there were differences between the amounts, which were confirmed for distribution and planned to be distributed. Accordingly, 7,250 mt of rice and 450 mt of milk powder at the phase one, 33,950 mt of rice and 600 mt of milk powder at the phase two and 256,050 mt of rice and 1,245 mt of milk powder at the phase three have not been included in the distribution plan respectively.

(c) Storing stocks of subsidies and obtaining store facilities on rental basis

(i) The store number C2-F4 of store complex of the Department of Railway situated at Colombo has been obtained on a monthly lease rent of Rs. 517,440for a period of one year from 23 May 2022 to 22 May 2023 for storing subsidies provided by India. For this purpose, a refundable deposit of Rs. 2,993,760 has also been made. However, it had to pay an additional amount of Rs. 278,025 for sanitary facilities as a result of obtaining the facility without considering whether sanitary facilities were available.

(ii) In addition to the above store, the store no C20c belonging to the Department of Railway has also been obtained on rent from 29 July 2022 for storing Indian subsidies and even though Rs. 206,976 and Rs. 413,952 have been paid as monthly lease rent and security deposit including VAT, no lease agreement has been signed.

(iii) Even though it was observed that a large storage capacity was remaining unused in two stores in Maradana Railway Stores on the day that the physical verification was conducted on the distribution of Indian subsidies, the rice stocks were not stored at them as planned but they were stored at Orugodawatta store. Under such circumstances, an additional transport cost of Rs. 1,631,700 has been born for the period from 04 July to 18 2022 for transporting relevant stocks from Orugadawatta to Maradana.

(iv) Even though it was mentioned that the rice collected in both Orugodawatta and Maradana stores were cleaned again and then distributed after packing due to damaging the rice packings, no sufficient information has not been submitted for the audit and Rs. 101,320 has been paid during the period from 14 June 2022 to 16 July 2022 for altering rice bags, cleaning railway stores etc. and again Rs. 787,250 has been paid for the purchase of bags for rice collected by sweeping from 03 June 2022 to 12 September 2022.

(v) Laborers have used rice bags as supporters for them to walk on when they took rice stocks to wagons and it has caused destruction of rice stocks but no action has been taken to avoid such situation.

(d) Damaged stocks and deficits

(i) The amount of rice stock received was 40,000,000 kg as per the BOL but the amount cleared from the harbor was 39,960,350 kg and accordingly a deficit of 39,650 kg was observed. Further, the amount of rice stock received to Orugodawaththa and Maradana stores was 39,957,650 and therefore a deficit of 2,700 kg was observed between rice stocks cleared from harbor and received by stores. In addition to the above, 42,300 kg of rice, which were collected by sweeping in the ship, were also there to be distributed after cleaning. At these three phases there were differences between the milk powder stocks indicated in BOL and cleared from the harbor. Accordingly, the deficit observed was 6840 kg.

(ii) Further a deficit of 10,910 kg was observed between the amount of rice distributed to District/ Divisional Secretariats and received by them under phase I, II and III and the deficit observed in milk powder stocks under the same process was 160 kg.

Dist/Div Secretariat	Amount delivered(kg)		Amount confirmed as received (kg)		Deficit	
	Rice	Milk Powder	Rice	Milk Powder	Rice	Milk Powder
Phase I						
Nuwara eliya	894,000	-	893,700	-	300	-
Mannar	241,400	-	239,250	-	2,150	-
Mullativu	251,500	-	251,460	-	40	-
Killinochchi	222,500	-	221,900	-	600	-
Ampara	494,750	-	494,400	-	350	-

Trincomalee	252,000	-	251,650	-	350	-
Rathnapura	247,350	-	247,250	-	100	-
Badulla	-	4,950	-	4,886	-	64
Colombo Div Sec	120,000		119,960		40	
Phase II						
Kandy	-	-	-	-	-	-
Pathadumbara	20,000	-	18,750	-	1,250	-
Gampaha	-	-	-	-	-	-
Divulapitiya	180,000	-	178,650	-	1,350	-
Meerigama	90,000	-	89,550	-	450	-
Aththanagalla	135,000	-	134,950	-	50	-
Polonnaruwa	443,000	6,000	441,180	5,994	1,820	06
Anuradhapura	1,982,500	22,488	1,980,500	22,428	2,000	60
Phase III						
Colombo	20,000	-	19,940	-	60	-
Colombo Div Sec	-	9,000	-	8,970	-	30
Total	5,594,000	42,438	5,583,090	42,278	10,910	160

(e) Excesses found in distribution

It was observed that the District Secretaries have confirmed instances where stocks in excess to the ordered amount and they are as follows. Accordingly, it became problematic to the audit whether the distribution has been made under proper supervision and examination.

Dis/ Div Sec	Amount distributed	Amount confirmed as received	Amount in excess
	Rice (kg)	Rice (kg)	Rice (kg)
Jaffna- phase I	977,250	978,650	1,700
Badulla- phase II	90,000	91,100	1,100
Galle, Boossa- phase II	45,000	46,350	1350

(f) Expenses for distribution

(i) Even though 05 mt of rice and 7.5 mt of milk powder have been transported to Monaragala District Secretariat, Rs. 298,024 has been paid in excess to due amount as a result of calculating transport cost stating that 20 mt of rice and 25 mt of milk powder have been transported.

(ii) A decision has been taken by the Procurement to recover Rs. 35 per one kilometer in transporting 01 mt and it was observed that payments have been made over the number of metric tons of milk powder transported i.e. based on the capacity of the lorry. The amount paid in excess to due amount as transport cost is Rs. 771,308 as per the sample checked.

(iii) Even where selected transport company has agreed to bear the transport cost, it has to pay Rs. 457,494 in excess as a result of obtaining distribution services from other private transport services.

(iv) In addition to the expenditure items relevant to the calculation of unit cost agreed as per the quotations called for clearance expenses, Rs. 1,429,828 has been paid as other expenses for phase I, II and III. Accordingly, Department has paid Rs. 9,495,008 and Rs. 9,651,650 respectively as harbor charges and custom duties in addition to Rs. 540,979 and Rs. 729,532 as harbor charges and customs duties included in the above.
(v) Rs. 135.90 has been recovered per unit of 50 kg for phase II and III for the clearance and distribution of subsidies and Rs. 98.15 out of the above was transport expenditure. Even though Rs.98.15 has been paid as transport charges per one unit of 50 kgs in transportation of rice, Rs. 1,866,650 has been paid in excess for the lorries in transportation of milk powder at a rate of Rs. 25,000 per lorry. Under phase II, 53 lorries have been used to transport 250 mt of milk powder and under phase III, 57 lorries have been used to transport 200 mt of milk powder. In such a situation where 53 lorries were used to transport 250 mt, the number of lorries to be used to transport 200 mt should be lower than the above. Under such circumstances audit could not accept the usage of 57 lorries for transportation. The expense born for transportation by lorries was shown as Rs. 84,801,727 but the amount of Rs. 4,407,915 to be settled as transport expenses further should also be added to that expense. In addition to the above, the total of transport charges has amounted to Rs.92, 251,829 including Rs. 3,042,187 born under other expenses.

2.4. Certifications to be made by Accounting Officer
Even though, the Accounting Officer should confirm that a productive method is available to implement internal audit process as per section 38 of the National Audit Act No 19 0f 2018, it has not been satisfied as per the observation in para 4.1 of the report.
2.5. Noncompliance to the laws, rules and regulations
Instances were observed on the noncompliance in the following manner.

Reference to law/rule, order	Description
(a) Financial Regulation 138 (1)	Even though the relevant officer should, at the time of certifying a voucher, certify correctly that the relevant head, programme, project class, project will be an expenditure to the relevant account, Rs. 1,041,797 has been paid as overtime payments for three months such as May, June and July under subject 1002 of the vote (300) of the Food Commissioner, where there was no space to pay overtime payments for the distribution of Indian subsidies without such certification.
(b) Financial regulation 371 9(2) (b)	Even though an ad hoc interim imprest can be made only to staff officers, advances to the value of Rs.895, 000 have been issued to non-staff officers.

2.6. Deposits

There was a balance to the value of Rs. 110,095,143 relevant to the general deposits of the Department as at 31 December 2022 and it consisted of Rs. 54,930,690, of which the period is between 02 to 10 years, and Rs. 25,448,939, of which the period is more than 10 years. No action has been taken in this regard as per Financial Regulation 571.

2.7. Directing bank accounts

Following matters were observed in the examination of bank reconciliation statements prepared as at 31 December 2022.

(i) The value of the receipts, which have not been realized as at 31 December 2022, was Rs. 887,592 and a balance of Rs. 55,000, of which the period was more than 07 years, was also included in the same.

(ii) The unidentified receipts of Rs. 1,442,310 consisted of Rs. 36,650, which has not been identified for more than 2 years, Rs. 31,775, which has not been identified for more than a year and Rs. 1,353,885, which has not been identified for more than a month. However, no action has been taken to identify them even by the date of audit.

3. Operational Review

3.1. Performance

3.1.1. Planning

Requirements of imprest for annual activities have not been included in the action plan, which were to be included as per guideline no 12 issued in relation to Public Finance Circular No 02/2020 dated 28 August 2020.

3.1.2. Tasks not performed

Even though the requirement of updating website of the Department has been identified in the action plan with a view to provide information to the General Public by Information Technology Division, website of the Department has not been updated even by the date of audit.

3.1.3 Non achieving the expected results

(a) Following tasks have been identified as required tasks of the Food Commissioner's Department, which is operated under the vision 'Guarantee the availability, accessibility and affordability of staple grain *Foods* for every household'.

(i) Maintaining a special buffer stock of 8000mt of rice as per the Colombo charter of Sount Asian Regional Association for Regional Cooperation'.

(ii) Maintaining a buffer stock of 100,000 mt of rice at stores belonging to the Food Commissioner's Department and spread all over the Island as per the Cabinet Decision dated 27 August 2007.

However, the total provision of Rs. 100,000,000, which has been made for subjects 300-1-1-3-2506 and 300-1-14-2506 by the budget estimate for the performance of those tasks during year 2022, was remaining unspent. Even though, contribution has been made to ensure the availability of rice in the market by supervising the rice production programme of small and middle scale rice mill owners under performance indicator under subject 300-1-1-4-2506 of the performance report and further, it has been shown as a result of the expected output within the range between 75%-89% of actual output. Under the progress of the procurement plan, a progress of 100% has been shown.

(b) Even though, it has been identified that the contribution to state income, which has been generated from giving stores and housing units on rent under the coordination with relevant parties for the proper management of the resources of the institute, was at the level 100%-90%, but the rent in arrears for stores and the housing units was Rs. 95,448,000 and Rs.8,763,133 as at 31 December 2022.

3.1.4 Delays in the completion of projects

Even though an agreement has been signed to construct a cold storage facility complex at Dambulla for a period of 06 months from 26 June 2019 to 26 December 2019, action has not been taken to get the construction works completed even after the lapse of 03 years from the date on which the project should have to be concluded. In the procurement plan for 2022, it has been indicated that the construction works were to be completed by 30 April 2022 and an estimate has been prepared to the sum of Rs. 625 million treating it as a priority work. Even though it has been estimated as Rs. 246,000,000 under subject 2104 of local funds, foreign grants, and cost related to foreign financing in the annual estimate 2022, net provisions of 100% of the local funds and foreign grants, which was Rs. 205,400,000 and 99% from the net provisions relevant to cost related to foreign financing which was Rs. 39,128,224 were remaining unspent. Even under such situation, a progress of 80% has been shown under the progress of procurements as at 31 December 2022.

3.1.5 Annual Performance Report

Statement of Financial Performance, Statement of Financial Position and Cash Flow Statement, which were to be submitted as per para 03 of the annual performance report as per Guideline No 14 issued related to para 12.2 of the Public Finance Circular No 02/2020 dated 28 August 2020, have not been submitted. Further, the performance indicators should have to be submitted as per chapter 04 based on the action plan of the institute, they have not been prepared accordingly.

3.2 Management of Assets

Following observations are made in this regard.

(a) Even though there were 11 vehicles belonging to the Department, only 09 vehicles have been included in the CIGAS asset register.
(b) 02 vehicles of the Department were remaining idle for more than 05 years and action has not been taken on those vehicles as per Assets Management Circular No 05/2020 dated 02 October 2020.
(c) 28 buildings and lands belonging to the Department and located in 15 districts have not been valuated further as per Assets Management Circular No 04/2018 dated 31 December 2018.

3.3. Not-answering to the audit queries

Answers have not been made to 04 audit queries made by the Auditor General in relation to year 2022 even by 29 May 2023 and the period of delay pertaining to these audit queries was between the period from one month to three months.

3.4. Inefficiencies in the Management

(a) Matters which were observed in the examination made on the housing complex at Dhanyagama are as follows.

(i) The land of this Housing Complex at Dhanyagama, which has been handed over officially on 21 November 1981 to the Ministry of Food and Cooperatives after constructing it by the National Housing Development Authority as a housing complex consists of 366 housing units, has not been taken over by the Department even by the date of audit.

(ii) 26 housing units out of 366 units were in a dilapidated condition and no repair has been made to 09 out of them even where they were in such a condition for more than 10 years.

(iii) Even though the lands and buildings are to be evaluated once in every 5 years as per Assets Management Circular No 04/2018 dated 31 December 2018, the housing units of Dhanyagama housing complex have been valued for the last time on 15 May 2017.

(b) Department has 103 stores with the capacity for storing 265,035 and the arrears of rental to be recovered from these stores and buildings as at 31 December was Rs. 95,448,000. Rs. 42,876,740 out of the above was due from 23 lessees to whom the Department had provided these facilities and Rs. 52,571,260 was due from the buildings of which the possession has been recovered by the Department from lessees. When the lessees neglected the payment of lease rent, the owner has the right to recover the possession of the premises as per the conditions of the lease agreement but no action has been taken against the 23 lessees, who were neglecting constantly the payment of lease rent.

(c) An agreement has been made to provide the canteen building to a private company on lease for the period from 15 August 2019 to 14 August 2022 on a lease rent of Rs. 131,000, Rs. 139,400 and Rs. 156,000 respectively for first, second and third years. Even though Rs. 5,116,800 should have to be received for these three years as the lease rent, invoices to the values of Rs. 2,966,000 have been issued only for the period from 01 December 2020 to 30 November 2022. Rs. 2,443,000 has been in arrears out of the above. However, no action has been taken to cancel the agreement due to the violation of the para 28 of the agreement. On 22 December 2022, the Department has made a complaint against the canteen and accordingly it has been sealed. But lease rent in arrears has not been recovered up to now and at least procurement works have not been commenced to provide the building on lease to another party.

(d) Even though, a request under Financial Regulation 113 for writing off the loan balances in arrears should be made to Department of Public Finance of the General Treasury for referring it to the Deputy Secretary/Secretary of the General Treasury along with the documents to prove that relevant action has been taken as per para (f) of the guideline on the lapsed loans, after taking action as per section 4.4, 4.2.4, and 4.2.5 , chapter XXIV of the Establishments Code to recover the loans provided under Advance B Account of Public Officers as per Guideline 01 of the Public Finance Circular No 01/2021, the Department has shown Rs. 1,387,731, which was the total of the loans in arrears from those who demised, retired, suspended and vacated of post, in the statement of losses and damages to be written off or recovered, without taking action in the above manner. Loan balances to the value of Rs. 346,500 of which the period was from 1-2 years was also included in that statement.

(e) Good Governance

4.1 Internal Audit

No Internal Audit Unit has been established in the Department as per section 40 (1) and 40 (2) under National Audit Act No 19 of 2019.

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For Auditor General