පාර්ලිමේන්තු ප්‍රකාශන මාලා අංකය : 397

ආයතනයේ නම : ලංකා සතොස ලිමිටඩ්

පාර්ලිමේන්තුවේ පොදු ව්‍යාපාර පිළිබඳ කාරක සභාව විසින් සභාගත කරන ලද වාර්තා
සම්බන්ධයෙන් ස්ථාවර නියෝග අංක 120 (4) යටතේ ගරු ආයතන භාර අමාත්‍යවරයාගේ නිරීක්ෂණ හා ගනු ලබන පියවර
පාර්ලිමේන්තුව වෙත ඉදිරිපත් කිරීම

பாராளுமன்ற வெளியீட்டுத் தொடர் இலக்கம் : 397

நிறுவனத்தின் பெயர் : லங்கா சதொச லிமிட்டட்

பாராளுமன்றத்தின் அரச கணக்குக் குழுவினால்
முன்வைக்கப்பட்ட அறிக்கை தொடர்பாக நிலையியற் கட்டளை
இலக்கம் 120(4) இன் கீழ் நிறுவனங்களிற்குப் பொறுப்பான கௌரவ
அமைச்சரின் அவதானிப்புக்களும் மற்றும் அது தொடர்பாக
எடுக்கப்படும் நடவடிக்கைகளும் பாராளுமன்றத்திற்கு
சமர்ப்பித்தல்.

**Parliament Series No : 397**

**Name of the Institution: Lanka Sathosa Limited**

**Submission of observations of the Hon. Minister in charge of the Institute and steps taken with regard to the reports tabled by the Committee on Public Enterprises in terms of Standing Order No.120 (4)**

| [illegible] | [illegible] | [illegible] | Decisions taken by the institution |
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| **6** | **General matters pertaining to the institution** | | |
| 6.1 | Establishment of Lanka Sathosa Limited | The functions of the Cooperative Wholesale Department should not be a deterrent to the activities of Lanka Sathosa Limited | Upon the recommendations of COPE, Lanka Sathosa Limited functions presently as a separate legal entity and a private company. |
| 6.2 | Vision and objectives of Lanka Sathosa Limited. | i. Reviewing vision and objectives of the company<br>ii. That the goals & objectives of the company should be adapted to align with the present | The Action Plan for the year 2026 has been presented to the Board of Directors and accordingly the vision and the objectives of the company have been communicated to the line ministry. |
| 6.3 | Risk Committee | That there should be a team with knowledge on risks and an officer who can provide specific information on risks. | The first risk committee was held on 22.01.2026 under the guidance of the Chief Internal Auditor with the participation of three board members. |
| 6.4 | Strategic Plan | i. Updating the corporate plan to be aligned with the policies of the new government and submitting same to the Auditor General and the relevant Committee.<br>ii. Preparing the corporate plan in such manner so as to cause it to be updated annually. (Rolling Model) | The activities of the Strategic Plan for the years 2025-2029 have been completed approximately 50%. Action will be taken to finalize remaining activities and submit for approval subject to the approval of the Board of Directors within two weeks. |
| 6.5 | Action Plan | i. Submitting the Action Plan to the Committee and the Auditor General. | The relevant plan finalized on 21.01.2026 was referred to the Ministry of Trade, Commerce, Food Security & Cooperative Development on 26.01.2026 for approval and future activities with the approval of the Chairman. |

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| 6.6 | Tabling annual reports in Parliament | i. The Annual Report of the year 2023 has been referred to the National Audit Office for the inspection of accounts and necessary action is being pursued to table the said report expeditiously. | The Annual Report relevant to the year 2023 has been sent for printing which will thereafter be presented to Parliament. |
| 6.7 | Internal Audit | At the time the Deputy General Manager of the Internal Audit Division was appointed to cover the duties of the Chief Executive Officer, he was released from the duties of the post of Internal Auditor and the present situation thereof. | Previous Deputy General Manager of the Internal Audit Division- Internal Auditor has totally withdrawn from that post and he serves fulltime in the post Chief Executive Officer and the Internal Audit Division functions independently under the Chief Internal Auditor. |
| 6.8 | Staff Composition | i. Paying due attention to the fact that the executive level posts of the company which are the key posts being maintained on contract basis and acting basis. | Presently, discussions are being conducted with the Department of Management Services seeking approval for a new staff and all these designations will be corrected subsequent to the reviewing of all posts of the approved cadre and the approval for the new staff. |
| | | ii. Reconsidering the requests regarding the staff vacancies. | |
| | | iii. Carrying out recruitment activities subsequent to specific approvals. | |
| | | iv. Preparing a comprehensive report on the staff of the institution. | |
| | | v. Maintaining a staff aligned with the structure of the institution. | |
| 6.9 | Outlets and stock management | Responsibility of the marketing management for making the company profitable. | A committee comprising officers of respective divisions has been appointed for this purpose. Conducting a proper feasibility study and opening outlets only if there is potential for profit following a duly conducted a cost benefit analysis. |

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| 6.10 | Bank overdraft interest | Present situation regarding the bank overdraft interest. | The bank overdraft facility of Lanka Sathosa Limited was paid off by the General Treasury on 22.12.2025 and currently operations are being carried out under a minimum overdraft facility. |
| **7. Progress of the recommendations made at the meeting of the Committee on Public Enterprises held on 22nd June 2023** | | | |
| 7.1 | Importation of rice in the years 2014 & 2015 | i. Conducting an internal inquiry responsible for causing such a huge loss to the institution.<br>ii. Paying attention to the legal process in this regard. | Auditor General Department has already submitted a comprehensive report on this matter. Accordingly , further actions will be taken with the involvement of Auditor General Department. |
| 8. **Matters disclosed by audit reports of the years 2021 and 2022 and the present situation** | | | |
| 8.1 | Incentives | i. Paying due attention to this matter and taking necessary measures. | Incentives have been in the years 2021, 2023 & 2024. Payments have been made subject to the Board approval. If incentives are to be paid in future, measures will be taken to secure the approval of the Department of Public Enterprises. |
| 8.2 | Obtaining buildings of the company on rent. | That cases have been filed against 18 out of 29 building owners to recover the dues. | According to the Legal Division of Lanka Sathosa, there is a sum of Rs. 36 million paid as lease rent advances. It has been reported as a balance carried forward for 05 years. Action is being pursued to recover it fully through the Legal Division. However, the company does not pay any lease rental at present for these properties. |

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| 8.3 | Leasing out the 15,000 square feet building belonging to the Company at Kilinochchi town | i. Taking necessary action to explore the possibility of regaining this building back to the Company.<br>ii. Strengthening internal audit & conducting investigations. | Due to the need to regain the ownership of this building to the company, the relevant parties have been notified through the Legal Division to vacate the building. Necessary action in this regard is being pursued by the Legal Division. |
| 8.4 | Changing the designation of the Deputy General Manager (Marketing) as Head of Online Trading. | Regarding the payment of salaries. | The post Head of Marketing was abolished with effect from 26.04.2025 and the period of contract of the officer recruited to the post was ended. Action will be taken in the future to recruit an officer on contract basis to the post of Deputy General Manager- Marketing. |
| 8.5 | Appointment of an advisor to obtain the licenses of foreign liquor outlet. | i. That the Department of Management Services should pay close attention to recruitments.<br>ii. Forwarding a copy relevant to all appointments to be made in the future to the staff to the Auditor General. | As per the approval of the Director, an officer has been recruited on the basis of a monthly allowance for the opening of foreign liquor outlets. As the company did not have officers with relevant expertise and knowledge, the service of a person with expertise has been procured. His service was terminated on 14.08.2025. A permanent employee has been deployed as of now to carry out such duties. |
| 8.6 | The loss incurred by the company as a result of reducing taxes on sugar. | The loss that has not been recovered was Rs.64,954,000. | All the relevant documents relating to the purchase of sugar have been handed over to the Commission to Investigate Allegations of Bribery & Corruption. |
| 8.7 | Integrated Enterprise Resource Planning | That a direct intervention is required for the ERP system. | As transactions of some problematic nature have been reported as to Ewis POS System, a system audit thereto is underway. Further, on the approval of the Board of Directors, a forensic audit is being conducted regarding extraordinary transactions within the system. Future action will be taken accordingly. |

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| 8.8 | Performance allowances and professional allowances. | i. That the performance should be audited.<br>ii. That internal audit should be conducted responsibly. | Action is being taken for the evaluation of the contract period of these officers on annual basis and after the progress of the evaluation is reported to the Board of Directors, either a service extension is granted or the contract agreement is terminated. |
| 8.9 | Transport allowances | Paying transport allowances to officers not entitled to transport allowances and increasing the transport allowance of Deputy General Managers without the approval of the Treasury. | If it is not done, it will not be possible to retain officers in the said post. The availability of capable, experienced senior officers is essential for making the institution profitable. Action will be taken in the future to discuss the matter with the Department of Management Services and make these posts permanent. |
| **9. Observations as to present performance** | | | |
| 9.1 | Importing sugar not fit for human consumption in the year 2023. | Conducting a forensic audit regarding both the loss incurred by the company as a result of reducing the tax levied on sugar with effect from 14 October 2020 and the selling sugar unfit for human consumption in 2023. | Action is being taken to conduct a forensic audit as per the decisions taken by the Board of Directors following extraordinary transactions being reported in previous years. |
| **10 Other matters** | | | |
| 10.1 | Outlets at Ja-ela and Bambalapitiya | | As per the instructions given by the Board of Directors, action was taken to shut down loss making outlets and transfer the stocks at such outlets to other outlets and return the buildings to their owners. |