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செயலாற்றுகை அறிக்கை  
**PERFORMANCE REPORT**  
**2021**

**Prepared as per the Guidelines No. PFD / RED / COPA / 2019 / 01 dated 30.01.2020 and submitted through the Department of Public Finance of the Ministry of Finance, Economy and Policy Development of the Democratic, Socialist, Republic of Sri Lanka**

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## Annual performance Report for the year 2021

Name of the Department - Excise Department of Sri Lanka  
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Vote No. - 248 - Excise Department  
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# Chapter 01

## **Institutional Profile / Executive Summary**

- 1.1 Introduction
- 1.2 Vision, Mission and Objectives of the Excise Department of Sri Lanka
  - 1.2.1 Vision
  - 1.2.2 Mission
  - 1.2.3 Objectives
  - 1.2.4 Key functions and values
- 1.3 Organizational Structure of the Excise Department of Sri Lanka
- 1.4 Geographical Locations of the Regional Offices of the Excise Department of Sri Lanka

## 1.1 Introduction

Excise Department of Sri Lanka over one hundred and six-years old history, is a primary government revenue collection institution. In addition, the Department carries into effect three-missions as excise revenue and tobacco revenue management, enforcing the relevant laws and social security. Over the period of one hundred and nine years from the year 1912, a number of special events were reported and in the year 2021 under review was a challenging year for this department.

I was appointed as the Commissioner General of Excise of the Excise Department of Sri Lanka on the decision of the Cabinet of the Parliament of Sri Lanka on 16.12.2020. Additional Commissioner General of Excise, Acting Additional Commissioner General of Excise and two Commissioners of Excise, a Chief Accountant and 02 Accountants, 06 Deputy Commissioners of Excise and 02 Administrative Officers have served in the department for administrative and monitoring activities for the year under review. An Audit Division and an Internal Audit Division are implemented for representing the Auditor General's Department to streamline the internal control of the Head Office of Excise Department. There was also a Statistics Division consisting of a Statistician attached to the Department of Census and Statistics.

Department extends an island wide service with 13 Offices of Assistant Commissioners of Excise, 30 Offices of Superintendents of Excise, 56 Excise Stations, 05 Special excise Operation units and a Narcotic Unit covering all Provinces. In addition to the above, permanent staff have been deployed in the excise units related to Tobacco and Alcohol manufactories.

At the beginning of the year, action plan has been prepared with great enthusiasm and commitment to collect the targeted revenue of rupees 160 billion for the Treasury for the year 2021. In accordance with the action plan, the expected target for the first quarter of 2021 could be surpassed the expected excise revenue target despite of the outbreak of Covid pandemic. At the beginning of second quarter the expected excise revenue target has been revised to Rs. 140 billion due to accede to the quarantine guidelines. it is gratified that the Department was able to collect Rs. 138.67 billion out of that amount, the impact of the Covid Pandemic situation on the entire staff is directly affected on overall performance in 2021.

In the year 2021, 39,108 cases of illegal liquor and narcotics were prosecuted by the Excise officers island wide and the number of fines collected was rupees 131,138,426.00. the number of 4,098 licensing violations

were reported at licensed premises in which a total of rupees 121,110,848.20 of composition fees was recovered.

As at the 31 December, the actual number of employees was 1293. The number of vacancies was 346 which is 21.1% of the approved number of employees. It is gratefully acknowledged that the contribution of the whole staff in such a situation has massively contributed to the achievement of the expected performance.

In the year 2021, the Human Resources Division in the Excise Department of Sri Lanka. was able to grant promotions to 201 officers at all levels as Senior, Tertiary, Secondary and Primary, 38 new Excise Inspectors were trained to the Excise Training College. The Excise Training College has been able to provide training to all promoted officers in spite of some obstructions in the overall officer training due to the prevailing Covid 19 Pandemic situation.

Although the implementation of the security sticker system for revenue management and the achievement of the expected revenue targets were restricted during the year under review, all actions were taken to implement it at the beginning of the year 2022.

I highly appreciate the support extended by all the officers of the Ministry of Finance and the Treasury, and all the institutions including the Sri Lanka Police, Sri Lanka Customs, Department of Inland Revenue, Sri Lanka Tourism Development Authority, National Dangerous Drugs Control Board, Department of Government Analyst, National Authority on Tobacco and Alcohol, and the Attorney General's Department to carry out the overall activities of the Excise Department of Sri Lanka.

I hereby express my gratitude to all the excise staff including the officers of all island service and all the officers of the Excise Department of Sri Lanka for their support to achieve a higher percentage of institutional performance in the said year, despite to the performance of the excise Department of Sri Lanka by the impact of the Covid 19 pandemic in the all public service in the year 2021.



M.J. Gunasiri  
Commissioner General of Excise

**M. J. Gunasiri**  
**Commissioner General of Excise**

## 1.2 Vision, Mission and objectives of the Excise Department of Sri Lanka



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Excise Department of Sri Lanka

*“ වගකීමෙන් සුරක්ෂාවට ”*  
*“ Protection through responsibility ”*

### **Vision**

To be dedicated the most respectful and responsible revenue collection public institution in order to enhance the public revenue through formally regulating the tobacco and liquor manufacturing.

### **Mission**

“Efficient and effective administration of liquor and other approved alcohol within the country in order to assist economic growth and development through creating incisive awareness programs which are against the improper usage of illegal liquor, dangerous drugs and psychotropic substances abuse by empowering the conformity to all rules and regulations in which we have the power to take action by providing facilities for earning legal trade revenues”

## Objectives

- Maximizing Revenue collection through risk management and improving compliance of organizational prospect for the assistance of effective decision making at the strategic, operational and tactical levels.
- To provide facilities for trade through encouraging compliance of stakeholders with the laws pertaining to achieve through perpetual knowledge sharing aimed at enhancing revenue.
- Effective utilization of risk management principles is the core for achieving the equilibrium between control and providing facilities of liquor and tobacco revenue.
- Building good faith among the public on efficiency and the honesty at the time of collecting excise tax
- Regulating production and sale of alcohol, rectified spirit and denatured spirit and other approved intoxicants.
- Implementation of laws, rules and regulations to intercept illegal distillation of spirits and unlicensed distillation of spirits clandestinely.
- Improving capacity and abilities of employees to make sure sufficient professional and technical staff by incessant training and development.
- Maintaining dedicated staff for the service having well trained and utmost satisfaction.
- Prevention of the use of alcohol and liquor and to keep away from the illicit trafficking of drugs and psychotropic substances.
- Take necessary action to eradicate the toxic drugs and toxic liquor in trade and safeguard the public of them.
- Maintaining efficient tax system with good relationship of the Ministry of Finance and other external institutes

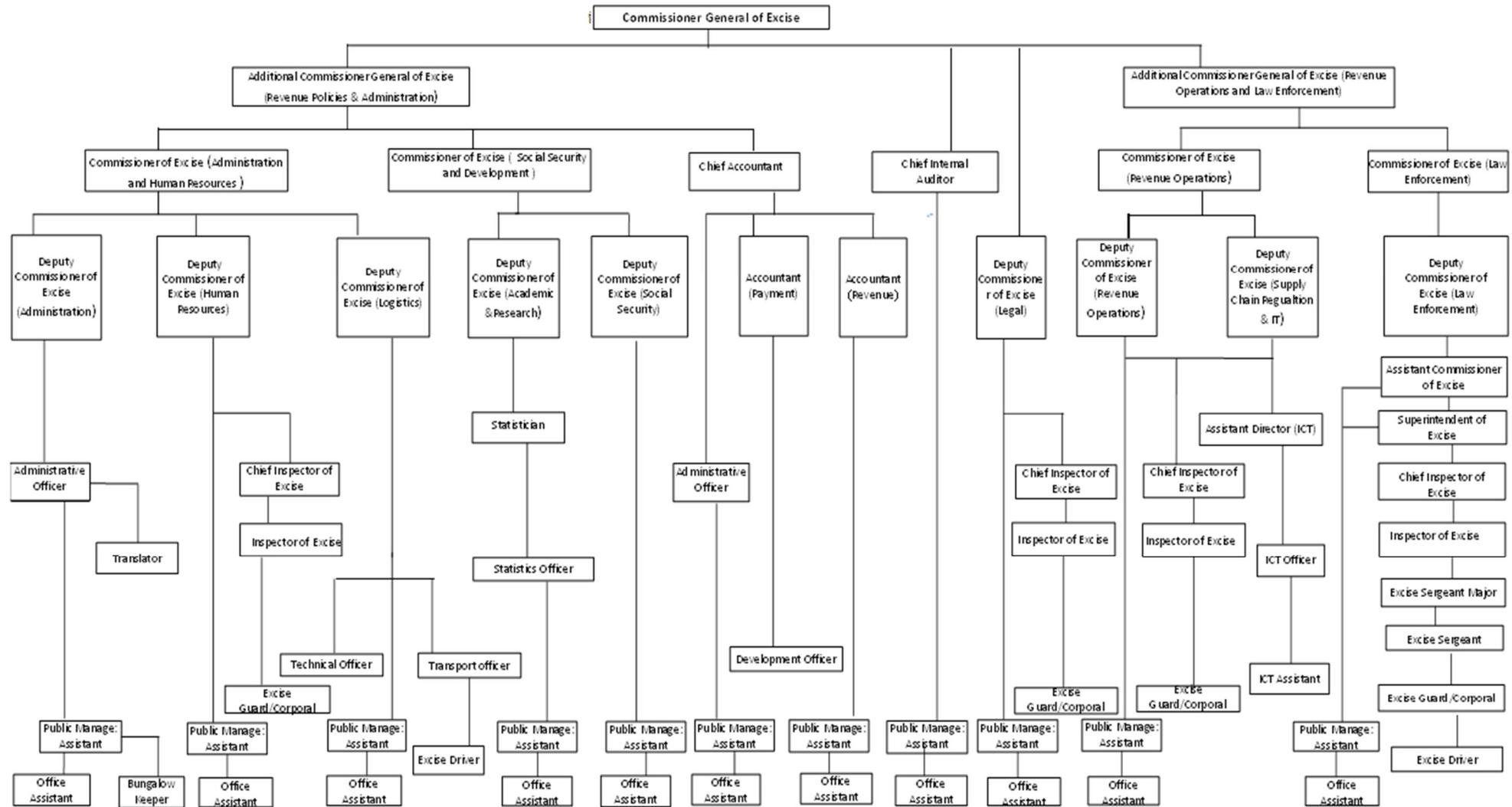
## **Functions**

- Supervision and control of all Excise licensed premises and the collection of revenue thereof.
- Efficient and effective implementation of Excise Ordinance and Tobacco Tax Act.
- Act as a law enforcement institution regarding the Poisons, Opium and Dangerous Drugs Ordinance.
- Implementation of National Authority of Tobacco and Alcohol Act for the social protection of the nation.
- Building a close relationship with other law enforcement institutions such as Police, Customs and Inland Revenue Department in Sri Lanka.
- Make awareness through institutional programs against the illicit liquor and drugs abuse and make aware students and the community about the harmfulness of illicit liquor and dangerous drugs abuse.
- Implementation of Convention against Illicit Trafficking in Narcotics Drugs and Psychotropic Substances Act No: 01 of 2008.
- Providing training for all levels of employees within the expected year.
- Active participation for meetings and discussions with all stake holders.

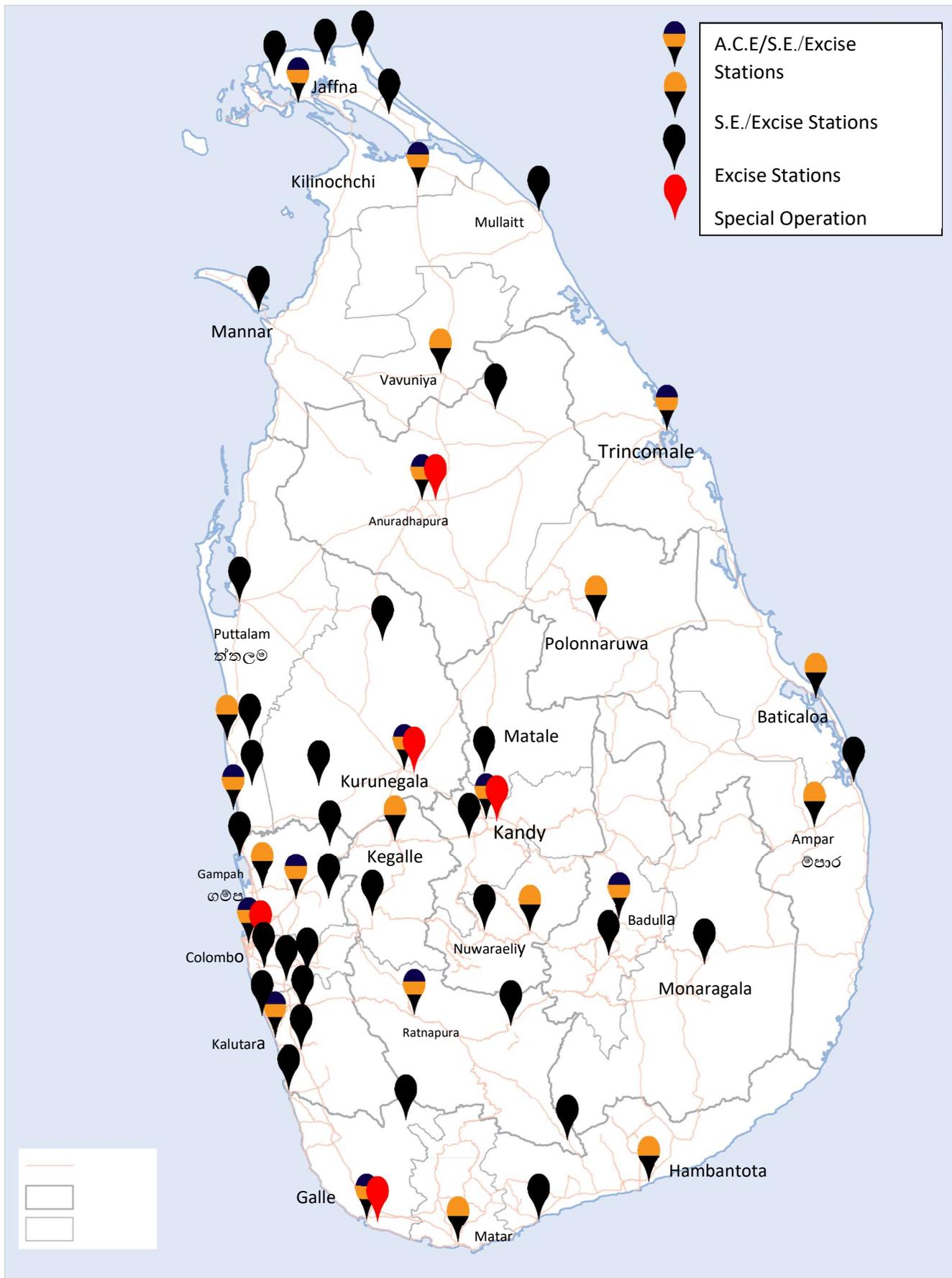
## **Values**

- Maintaining a culture for granting friendly and transparent service that treated as everyone equally.
- Having a dedicated staff with a team spirit who can move towards to achieve ultimate goal.
- Eliminate illicit alcohol and drugs aimed to chasten the children for protective future.
- Socialized a person having valued human values.
- Performing within a formal strategic plan.
- Providing efficient and utmost service to the clients through new technical methodologies.
- Accurate tax collection through modern technology.
- Maintain a reliable database.
- Implementation of programs for reducing the use of toxic drugs and toxic liquor.
- Maintain good coordination with external institutions.

### 1.3 Organizational Structure of the Excise Department of Sri Lanka



# 1.4 Geographical Locations of the Regional Offices of the Excise Department of Sri Lanka



### Progress and the Future Outlook

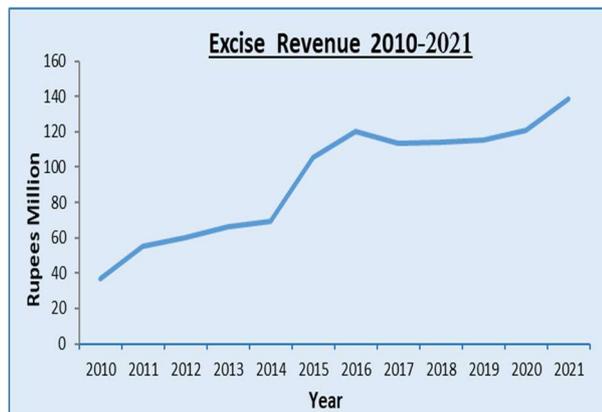
- 2.1 Special Achievements
  - 2.1.1 Revenue
  - 2.1.2 Administration
  - 2.1.3 Information Technology
  - 2.1.4 Law Enforcement
  - 2.1.5 Logistics
  - 2.1.6 Research & Academic
- 2.2 Challenges – Future Goals
- 2.3 Welfare

## 2.1 Special Achievements

### 2 : 1 : 1 Revenue

It was a challenging year 2021 for the entire Sri Lanka. The main cause for this was the impact on the lives of the community due to the outbreak of the Covid 19 Pandemic throughout the island. The Sri Lanka Excise Department has acceded to collect Rupees 160 billion in excise and tobacco tax revenue as per the Action Plan 2021 presented to the Ministry of Finance at the beginning of the year, but the total revenue collected as at 31 December 2021 was Rs. 138.67 billion. This is 15% increase compared to the previous year. Tobacco tax revenue showed a 4% decrease compared to 2020. In spite of the closure of liquor manufactories and retail outlets under health and quarantine laws, this was a significant achievement and it was the highest revenue reported for the year 1912-2021. In accordance with the quarantine rules, the lost excise revenue has been estimated to be around 24 billion rupees due to the closure of manufactories, liquor shops and the decline of tourism industry.

It is also significant matter to collect rupees 138.67 billion even after tax rebate of rupees 3 billion on liquor and soft liquor exports.



All actions have been made to affix the foolproof stickers for imported liquor and also for all locally manufactured liquor by 2021, and from 03<sup>rd</sup> of January 2022, actions have been taken to affix this foolproof sticker on approved liquor.

In addition to the affixing the fool proof sticker, the use of security features for the

manufactories that it is the procedure introduced for Manufactories Accordingly, the expected revenue for the year 2022 will be increased up to rupees 180 billion. Necessary laws and innovations were made for this purpose and those notifications were introduced by the Extraordinary Gazette No.04/2019, 07/2021 and 10/2021.

Despite of the loss of two lives of Excise officers and the nearly 200 officers caused to the Covid 19 Pandemic, the Law Enforcement Division conducted 39,108 raids on illicit liquor, cigarettes and narcotics throughout Sri Lanka. The penalties of rupees 131,138,426.00 was imposed on the cases filed regarding those detections. In addition, special achievement granted to the government by submitting 4,098 technical crime reports against the breach of licensed conditions and collected a composition fees of rupees 121,110,848.20

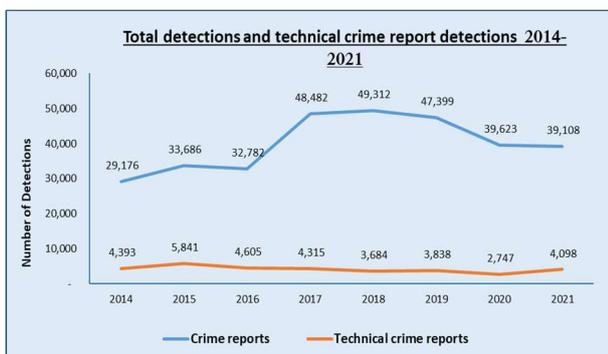
### 2 : 1 : 2 Administration

In the year 2021, Actions have been taken by the administration division for granting promotions to the highest number of male and female officers in recent history. Senior level 02 posts of Excise Commissioner, 02 posts of Deputy Commissioner of Excise and 05 posts of Assistant Commissioner of Excise, 18 posts of Chief Excise Inspector as tertiary level promotions, 33 posts of Excise Sergeant Major as secondary level promotions and 138 posts of Excise Corporal and 05 posts of Excise Sergeants. In addition, 514 increments of uniformed staff and 135 increments of civil staff were granted, and the efficiency bar examinations for the posts of Inspector of Excise, Excise Sergeant and Excise guards were successfully conducted. In the year 2021, 15 new excise drivers and 01 Technical officer were recruited for the posts and 38 new Excise Inspectors were too recruited. As well as recruitment for the post of Legal Officer was also taken place. It is a pleasure to note that these recruitments made after a period of 05 years from 2016.

### 2 : 1 : 3 Information Technology

- The required data can be provided to the Inland Revenue Department by online from interfaces.
- Capability of exchanging data and provide Training
- facilities online method for excise related import and export activities through the ASYCUDA system of the Sri Lanka Customs Department
- Obtaining IT Infrastructure from SLT for the foolproof sticker Project proposed to be implemented in the year 2022 and entering into a triparty agreement with NLSP, Excise Department of Sri Lanka and SLT for the same.
- When implementation of Revenue Administration System for Excise Department identified the digital revenue collection system of the department under the implementation of the orders of the Committee on Public Accounts for obtaining the consent and financial proposal of the scholars of the University of Moratuwa to obtain the consultancy service for RASED. Preparation of first draft for SRS (System Requirement Specification).

### 2:1:4 Law Enforcement (Crimes)



- The government was able to obtain rupees 121,110,848.20 as composition fees by submitting 4,098 technical crime reports related to violation of licensing conditions

through entire supervision and administration of excise licensed premises in island wide. In addition, 39,108 raids on illegal drugs and liquor were carried out island wide and collected Rupees 131,138,426.00 as court fines.

- 2,609 complaints were received through the 24-hours operation of the Special Telephone Number (hot line) 1913, 24 hours to link closely with the public and to make priority to the public complaints and those complaints were immediately sent to the Excise Regional Offices.
- Actions have been taken with the coordination of the Ministry of Defense for the purchase of 140 - 9mm pistols for the self-defense of law enforcement officers, the procurement is expected to be completed in the year 2022.

### 2:1:5 Logistics

- Due to the Covid 19 Pandemic, in spite of the deterioration in the field of construction, the Department was able to complete the construction work of both Excise Stations Ampara and Mullaitivu at a cost of rupees 71 million, It is a significant achievement. In addition, the Department has completed 80% of the construction work of the buildings of Excise Station and the Excise Superintendent's Office, Point Pedro which is scheduled to open before the mid of 2022.

- The revenue of Rupees 19,817,500.00 has been earned by auctioning 8 obsolete vehicles in the year 2021.
- It is really required to maintain a central laboratory to analyze the illegal liquor and non-potable liquor to assist the court and upon the departmental requirements such as to maintain the quality of the process of manufacturing the liquor types which are manufactured locally, to maintain the standards of the liquor in the market which are imported from foreign countries and to use raw materials for the distillation of the liquor.

- Accordingly, a new building which maintaining at pugoda belongs to the Excise Department of Sri Lanka has been selected to establish a central laboratory and initiation of the first level activities is a great achievement. It is anticipated to complete this project at the end of the year 2022 and it is expected that the ministry of Finance would provide the necessary provision for said purpose.

### • 2:1:6 Research and Studies

Obstacles have been occurred to control the manufacturing of artificial toddy as no proper standards have been prepared for natural toddy within Sri Lanka. Accordingly necessary researches to prepare a proper standard to coconut, palmyrah and Kithul toddy have been initiated linking with studies and research unit of Excise Department of Sri Lanka and Industrial Technological Institute. At present its progress is at the level of 70%. This project is scheduled to be completed on 30th June 2022.

In addition, standards for arrack, beer and locally manufactured foreign liquors have been prepared and completed with the collaboration of the Sri Lanka Standards Institution (SLSI).

### 2:2 Challenges – Future Goals.

- The revised target for liquor and tobacco set by the Ministry of Finance for the year 2021 was rupees 140 billion and it has been targeted at rupees 180 billion for the year 2022.
- A severe shortage of officers of secondary level has been arisen due to the awarding promotions of the officers in all ranks of the uniform staff of the entire department during this year. Particularly there is a shortage of 168 posts of female and male excise guards. New recruitments should have been made for that purpose.
- Number of Regional office of Excise Department of Sri Lanka are being functioned in the buildings which obtained upon rent or lease and barriers have been arisen to improve the infrastructural facilities such as purchasing of vehicles to the department due to the

limitation of importing of vehicles as a government policy. The obtaining Departmental Buildings is essential for the Narcotics Division and the Island-wide Special Operations Unit.

- While considering entire role of the Excise department of Sri Lanka, it has been reported of frequent interruptions of the duties and accidents while officers are conducting raids on dangerous drugs and illicit liquor. Therefore, purchasing of communication equipment and mobile communication equipment is an important requirement of the department.
- It is expected to identify a resource person to identify the necessary requirements of RASED system and to develop that software system and to conduct its development activities according to the modular method and to develop information communication infrastructural facilities of the department.
- The 26 manufactories where handling of bottling of high strength liquor, Beer, Wine and Sake, 14 distilleries, 15 warehouses are existed under the supervision of this Department. After issuing the liquor manufactured from the said manufactories to the market by the 56 regional excise offices. Supervision duties with respect to the standard of the manufacturing have been carried out. At least one hydrometer set to be provided to every station, it is an essential requirement to be achieved. It is estimated that the Rupees 25 Million would be spent to fulfill this task.
- It is necessary to introduce a new service minute for the uniform staff of the Excise Department to obtain efficient service and it is at the final stage.
- Though the fool proof sticker or digital marking for every liquor types made locally is due to be started at the beginning of the year 2022, barriers have been arisen as the relevant equipment not being fixed by the relevant Indian Company due to the covid-19 Pandemic situation but these activities scheduled to be initiated on 3<sup>rd</sup> January 2022.

- Special attention has been drawn by the Excise Department regarding the proper collection and directing to recycling of empty bottles empty beer cans which are used in the manufacturing of liquor and arrangements have been taken to prepare a proper procedure by discussing with the central environmental authority and other relevant external institutes. Necessary steps are being taken to implement this procedure successfully in the year 2022.
- Religious, Social and political resistance arisen on issuing new retail liquor shop licenses (F.L.04) with the anticipation of increasing the revenue on excise has been affected to the entire performance of the department.
- Barriers to purchase of vehicles to the Logistic division and the shortage of spare parts in the market to repair the vehicles have been made a drastic effect for the administration of the

vehicles of the department as well as there is a requirement to recruit 07 new drivers to the department.

- The primary required details specification requirements system (DSRS) is required to prepare according to the action plan for the development of RASED system.

### **2:3 Welfare**

The Excise Department of Sri Lanka expects to make efficiency of the welfare of employees and set up a canteen with all facilities by establishing a welfare society.

- Actions were taken to submit a proposal to the Ministry of Finance to provide incentives for the motivation of all the staff performing duties in the Excise Department who dedicated for the growth of government revenue.

### Overall Financial Performance of the year

- 3.1 Statement of Financial Performance
- 3.2 Position Of Financial Performance
- 3.3 Statement of Cash Flows
- 3.4 Statement of Financial Performance -Excise Reward Fund
- 3.5 Position of Financial Performance - Excise Reward Fund
- 3.6 Statement of Cash Flows - Excise Reward Fund
- 3.7 Notes of the Financial Statement
- 3.8 Performance of the Utilization of Allocation
- 3.9 In terms of F.R.208 granting of Excise Department of Sri Lanka for the year 2021 as an agent
- 3.10 Performance of Reporting Non-Financial Assets
- 3.11 The Summary Report of the Auditor General on the financial Statements of the Excise Department of Sri Lanka for the year ended 31 December 2021
- 3.12 The Auditor General Summary Report with respect to the financial statements on Excise Reward Fund for the year ended 31 December 2021

### 3.1 Statement of Financial Performance

for the period ended 31<sup>st</sup> December 2021

Budget 2021		Note	Actual 2021 Rs.	Actual Again adjusted 2020 Rs.	
-	<b>Revenue Receipts</b>				
-	Income Tax	1	-	-	} ACA-1
140,000,000,000.00	Taxes on Domestic Goods & Services	2	138,674,173,166.00	121,028,522,046.00	
-	Taxes on International Trade	3	-	-	
-	Non Tax Revenue & Others	4	-	-	
<b>140,000,000,000.00</b>	<b>Total Revenue Receipts (A)</b>		<b>138,674,173,166.00</b>	<b>121,028,522,046.00</b>	
-	<b>Non-Revenue Receipts</b>		-	-	
-	Treasury Imprests		679,573,363.00	642,541,411.00	ACA-3
-	Deposits		157,522,980.00	225,970,311.00	ACA-4
43,000,000.00	Advance Accounts		49,331,953.00	37,999,209.00	ACA-5
-	Other ledger Accounts Receipts		-	-	
-	<b>Total Non-Revenue Receipts (B)</b>		<b>886,428,296.00</b>	<b>906,510,931.00</b>	
<b>43,000,000.00</b>	<b>Net Total Revenue Receipts &amp; Non-Revenue Receipts C = (A)+(B)</b>		<b>139,560,601,462.00</b>	<b>121,935,032,977.00</b>	
	<b>Treasury Remittance (d)</b>		138,142,330,124.00	120,662,711,195.00	
	<b>Total Revenue Receipts &amp; Non-Revenue Receipts E = (c)-(d)</b>		<b>1,418,271,338.00</b>	<b>1,272,321,782.00</b>	
	<b>Less: Expenditure</b>				
-	<b>Recurrent Expenditure</b>		-	-	} ACA-2(ii)
1,023,100,000.00	Wages, Salaries & Other Employment Benefits	5	976,986,009.00	832,327,903.00	
225,400,000.00	Other Goods & Services	6	260,405,523.00	174,959,209.00	
9,500,000.00	Subsidies, Grants and Transfers	7	7,126,398.00	8,235,451.00	
-	Interest Payments	8	-	-	
-	Other Recurrent Expenditure	9	-	-	
<b>1,258,000,000.00</b>	<b>Total Recurrent Expenditure (F)</b>		<b>1,244,517,930.00</b>	<b>1,015,522,563.00</b>	
	<b>Capital Expenditure</b>				
37,200,000.00	Rehabilitation & Improvement of Capital Assets	10	30,960,540.00	15,512,876.00	} ACA-2(ii)
75,863,200.00	Acquisition of Capital Assets	11	74,742,255.00	107,829,775.00	
-	Capital Transfers	12	-	-	
-	Acquisition of Financial Assets	13	-	-	
10,000,000.00	Capacity Building	14	9,246,670.00	5,248,681.00	
-	Other Capital Expenditure	15	-	-	
<b>123,063,200.00</b>	<b>Total Capital Expenditure (G)</b>		<b>114,949,465.00</b>	<b>128,591,332.00</b>	
	<b>Deposit Payments</b>		212,750,718.00	210,106,606.00	ACA-4
	<b>Advanced payments</b>		40,135,614.00	30,886,181.00	ACA-5
	<b>Other Main Ledger payments</b>		-	-	
	<b>Main ledger Expenditure H</b>		<b>252,886,332.00</b>	<b>240,992,787.00</b>	
<b>1,381,063,200.00</b>	<b>Total Expenditure I = (F+G+H)</b>		<b>1,612,353,727.00</b>	<b>1,385,106,682.00</b>	
	<b>Balance as at 31st December I = (E-I)</b>		<b>(194,082,389.00)</b>	<b>(112,784,900.00)</b>	
	<b>balance according to the imprest statement</b>		(195,860,768.00)	(138,058,262.00)	ACA-7
	<b>Imprest Balance as at 31 December</b>		1,778,379.00	25,273,362.00	ACA-3
			<b>(194,082,389.00)</b>	<b>(112,784,900.00)</b>	

## 3.2 Position of Financial Performance

ACA-P

### Statement of Financial Position As at 31st December 2021

	Note	Actual	
		2021 Rs	2020 Rs
<b>Non Financial Assets</b>			
Property, Plant & Equipment	ACA-6	1,681,654,585.00	1,458,969,403.00
<b>Financial Assets</b>			
Advance Accounts	ACA-5/5(a)	161,298,581.00	170,494,920.00
Cash & Cash Equivalents	ACA-3	1,778,379.00	25,273,362.00
<b>Total Assets</b>		<b>1,844,731,545.00</b>	<b>1,654,737,685.00</b>
<b>Net Assets / Equity</b>			
Not Worth to Treasury		(144,913,418.00)	(190,944,818.00)
Property, Plant & Equipment Reserve		1,681,654,585.00	1,458,969,403.00
Rent and Work Advance Reserve	ACA-5(b)		
<b>Current Liabilities</b>			
Deposits Accounts	ACA-4	306,211,999.00	361,439,738.00
Unsettled Imprest Balance	ACA-3	1,778,379.00	25,273,362.00
<b>Total Liabilities</b>		<b>1,844,731,545.00</b>	<b>1,654,737,685.00</b>

Detail Accounting Statements in ACA format Nos. 1 to 7 presented in pages from .....6.... to...48... and Notes to accounts presented in pages from ... 49... to .....74..... form an integral part of these Financial Statements. The Financial Statements have been prepared in complying with the Generally Accepted Accounting Principles whereas most appropriate Accounting Policies are used as disclosed in the Notes to the 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 in agreement.

We hereby certify that an effective internal control system for the financial control exists in the Reporting Entity and carried out periodic reviews to monitor the effectiveness of internal control system for the financial control and accordingly make alterations as required for such systems to be effectively carried out.

Sgd.

Chief Accounting Officer  
Name: S.R. Attygalle  
Designation: Secretary  
Date: 27.02.2022

**S. R. Attygalle**

Secretary to the Treasury and  
Secretary to the Ministry of Finance  
The Secretariat  
Colombo 01

Sgd.

Accounting Officer  
Name: M.J. Gunasiri  
Designation: Commissioner General  
Date: 23.02.2022

**M. J. Gunasiri**

Commissioner General of Excise  
Excise Department of Sri Lanka  
No: 353, Kotte Road, Rajagiriya

Sgd.

Chief Financial Officer/ Chief Accountant/  
Director (Finance)/ Commissioner (Finance)  
Name: G. Ajitha Chandani  
Date: 23.02.2022

**G. Ajitha Chandani**

Chief Financial Officer  
Excise Department of Sri Lanka  
No. 353, Kotte Road,  
Rajagiriya.

### 3.3 Statement of Cash Flows

#### Cash flow statement for the year ended 31 December 2021

	Actual 2021 ₹.	Actual 2020 ₹.
<b>Cash Flows from Operating Activities</b>		
Total Tax Receipts	138,674,173,166.00	121,028,522,046.00
Fees, Fines, penalties and license		
Profit	-	-
Non- revenue Receipts	25,273,362.00	19,757,386.00
Revenue Collected from the Other Heads	101,811,040.00	94,204,670.00
Imprest received		
Advance receipts		
Deposit Receipts	679,573,363.00	642,541,411.00
<b>Total cash generated from Operations ( a )</b>	<b>43,579,534.00</b>	<b>32,413,702.00</b>
	<b>157,522,980.00</b>	<b>225,970,311.00</b>
	<b>139,681,933,445.00</b>	<b>122,043,409,526.00</b>
<b>Less – cash disbursed for :</b>		
Personal Emoluments & operating payments		
Subsides & Transfer Payments		
Expenditure on Other Heads	1,243,628,244.00	1,014,775,453.00
Imprest Settlement to Treasury		
Advance Payments		
Deposit Payments	-	-
<b>Total Cash disbursed for Operations ( b )</b>	<b>6,635,771.00</b>	<b>9,657,138.00</b>
	<b>138,142,330,124.00</b>	<b>120,680,875,742.00</b>
<b>Net cash flow from operating activities ( c ) = ( a ) – ( b )</b>	<b>29,788,634.00</b>	<b>25,807,754.00</b>
	<b>212,750,718.00</b>	<b>210,106,606.00</b>
	<b>139,635,133,491.00</b>	<b>121,941,222,693.00</b>
<b>Cash Flows from Investing Activities</b>		
Interest		
dividends	46,799,954.00	102,186,833.00
Divestiture Proceeds & Sale of Physical Assets		
Recoveries from on Lending		
Recoveries from Advance	-	-
<b>Total cash generated from Investing Activities ( d )</b>	<b>-</b>	<b>-</b>
	<b>19,794,100.00</b>	<b>1,110,821.00</b>
	<b>-</b>	<b>-</b>
<b>Less – cash disbursed for:</b>		
Purchase or Construction of physical Assets & Acquisition of		
Other investment	<b>19,794,100.00</b>	<b>1,110,821.00</b>
<b>Total cash disbursed for Investing Activities ( e )</b>	<b>64,815,675.00</b>	<b>78,024,292.00</b>
<b>Net cash flows from investing activities ( f ) = ( d ) – ( e )</b>	<b>64,815,675.00</b>	<b>78,024,292.00</b>
	<b>(45,021,575.00)</b>	<b>(76,913,471.00)</b>
<b>Net cash flows from operating &amp; Investment activities ( g ) = ( c ) + ( f )</b>		
<b>Cash Flows from Financial Activities</b>		
Local Borrowings	1,778,379.00	25,273,362.00
Foreign Borrowings		
Grants received	-	-
Deposit Received	-	-
<b>Total Cash generated from Financial activities ( H )</b>	<b>-</b>	<b>-</b>
	<b>-</b>	<b>-</b>
<b>Less – cash disbursed for :</b>		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
<b>Total cash disbursed for Financing Activities ( I )</b>	<b>-</b>	<b>-</b>
<b>Net cash flow from financing activities ( H ) = ( J ) – ( I )</b>	<b>-</b>	<b>-</b>
<b>Net Movement in Cash ( k ) = ( g ) + ( j )</b>	<b>-</b>	<b>-</b>
<b>Opening Cash Balance as 01<sup>st</sup> January</b>	<b>0.00</b>	<b>0.00</b>
<b>Closing Cash balance as at 31<sup>st</sup> December</b>	<b>1,778,379.00</b>	<b>25,273,362.00</b>

### 3.4 Statement of Financial Performance – Excise Reward Fund

**Excise Department of Sri Lanka - Excise Reward Fund**  
**Statement of Financial Performance as at 31 December 2021**  
**(in Rupees)**

	2021	2020
<b>REVENUE</b>		
T.C.R. Fees	115,792,100.70	150,286,449.81
Cigarette Fines	5,318,747.50	6,003,900.00
Receivable T.C.R. Fees		
Receivable Cigarette Fines		
<b>Total Revenue</b>	<b>121,110,848.20</b>	<b>156,290,349.81</b>
<b>Expenditure</b>		
Payment of Rewards	156,433,104.11	120,589,193.59
To Government Revenue - (T.C.R) 15%	17,443,815.11	22,542,967.47
To Government Revenue - Cigarettes Fines 75%	4,132,385.63	4,502,925.00
Payables to Tobacco Reward Fund	1,329,686.88	1,401,700.00
Special Raids		
Other	249,000.00	11,300.00
Depreciations (Schedule 01)	9,359,640.29	
Refund to Licensees	3,826,000.00	65,000.00
<b>Total Expenditure</b>	<b>192,773,632.02</b>	<b>149,113,086.06</b>
<b>Surplus / (Deficiency)</b>	<b>(71,662,783.82)</b>	<b>7,177,263.75</b>

Prepared by :- 

Checked by :- 

**G. Ajitha Chandhani**  
Chief Financial officer

Sgd.

**G. Ajitha Chandani**  
Chief Financial Officer  
Excise Department of Sri Lanka  
No. 353, Kotte Road,  
Rajagiriya.

### 3.5 Position of Financial Performance - Excise Reward Fund

**Excise Department of Sri Lanka - Excise Reward Fund**  
**Statement of Financial Position**  
**as at 31 December 2021**

Monetary Unit - Rupees	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
T.C.R Receipts and Payment Account	142,637,736.07	202,765,306.08
Receivable T.C.R	19,922,877.50	17,912,825.00
Receivable Cigarette Fees	282,900.00	474,000.00
	<b>162,843,513.57</b>	<b>221,152,131.08</b>
<b>Non Current Assets</b>		
Land and Building (Schedule 02)	47,134,000.00	47,134,000.00
Vehicles (Schedule 03)	1,077,975.12	1,916,399.36
Furniture and Equipment (Schedule 04)	860,599.15	1,529,954.04
Electronic Appliances (Schedule 05)	12,397.46	19,371.02
Office Equipment (Schedule 06)	13,917,665.48	21,741,664.82
Sports Items (Schedule 07)	3,928.10	6,137.66
Library Books (Schedule 08)	25,457.82	39,777.85
Other Equipment (Schedule 09)	4,436.73	5,794.91
Depreciation Reserve Fund Asset	258,907.50	
Depreciation Reserve Fund	65,385,315.76	56,284,582.97
	<b>128,680,683.12</b>	<b>128,677,682.63</b>
<b>Total Assets</b>	<b>291,524,196.69</b>	<b>349,829,813.71</b>
<b>Liabilities</b>		
<b>Short Term Liabilities.</b>		
Payables to Government Revenue - T.C.R.	2,988,431.63	2,686,923.75
Payables to Government Revenue - Cigarette Fine	212,175.00	355,500.00
Payables to Tobacco Reward Fund	70,725.00	118,500.00
Payables amount as Rewards	15,136,472.30	3,219,400.26
<b>Long Term Liabilities.</b>		
Payable to Tobacco Reward Fund	20,437,066.32	19,107,379.44
<b>Net Assets</b>	<b>252,679,326.45</b>	<b>324,342,110.26</b>
<b>Net Assets / Equity</b>		
Accumulative Fund	324,342,110.26	367,155,501.70
Previous year Adjustment		(49,990,655.19)
(Deficiency) / Surplus	(71,662,783.82)	7,177,263.75
<b>Total Equity</b>	<b>252,679,326.45</b>	<b>324,342,110.26</b>

Prepared Sgd.

Checked I Sgd.

Entries from page no. 18 to 44 and Accounting policies from on page no. 07 to 08 are part of this financial statement. The responsibility of preparation and submission of this financial statement is belonged to the Administrative Committee. Administrative Committee approved the Amended financial statement prepared relevant to the year 2021.

Sgd.

**Rohana Senarathana**  
Commissioner of Excise

Rohana Senarathna  
Excise Commissioner  
(Administration & Human Resource)  
Excise Department of Sri Lanka  
No.353, Kotte Road,  
Rajagiriya.

Sgd.

**M.J. Gunasinghe**  
Commissioner General of Excise

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Sgd.

Commissioner of Excise

**PILA KUMARASINGHE**

COMMISSIONER OF EXCISE - LAW ENFORCEMENT

### 3.6 Statement of Cash Flows - Excise Reward Fund

Excise Department of Sri Lanka – Reward Fund  
Cash flow statement for the year ended 31 December 2021  
(In Rupees)

	2021	2020
<u>Cash flows from operational activities</u>		
<u>Receipts</u>		
Receipts of Composition Fees	113,782,048.20	186,950,908.36
Receipts of cigarette fines	5,509,847.50	6,401,000.00
<b>Total Receipts from operational activities</b>	<b>119,291,895.70</b>	<b>193,351,908.36</b>
<u>Payments</u>		
Composition Reward Money	144,710,346.15	158,302,755.99
Public Revenue	21,274,479.18	32,843,386.25
For Special Raids	-	-
Depreciation Reserve Fund ( Schedule 01)	9,359,640.29	-
Repayments for Licensees	3,826,000.00	65,000.00
Other	249,000.00	11,300.00
<b>Total payments from operational activities</b>	<b>179,419,465.62</b>	<b>191,222,442.24</b>
Net Cash Flows	(60,127,569.92)	2,129,466.12
<u>Cash flows from Investment activities</u>		
Net cash flows from Investment activities	-	-
Net increase/decrease of cash	(60,127,569.92)	2,129,466.12
Cash at the beginning of the period	202,765,839.96	200,635,839.96
<b>Balance as at 31.12.2021</b>	<b>142,637,736.07</b>	<b>202,765,306.08</b>

Prepared by: - Sgd./ illegibly

Checked by: - Sgd./ illegibly

Sgd./ illegibly

G Ajitha Chandani

Chief Financial Officer

### 3.7 Notes of the Financial Statement

Revenue Code	Description of the Revenue Code	Revenue Estimate		Collected Revenue	
		Original Estimate (Rs.)	Final Estimate (Rs.)	Amount (Rs.)	as a % of Final Revenue Estimate
1002.04.01	Liquor	160,000,000,000.00	140,000,000,000.00	138,637,149,955.16	99.03
1002.06.00	Tobacco Tax	35,000,000.00	35,000,000.00	37,023,211.28	105.78
2002.01.01	Government Building Rentals	700,000.00	530,000.00	153,836.37	29.02
2002.02.99	Other Interests	6,250,000.00	6,250,000.00	6,666,703.16	106.67
2003.01.00	Departmental Sales	1,000,000.00	1,000,000.00	3,639,540.00	363.95
2003.02.99	Miscellaneous	20,000,000.00	35,000,000.00	52,762,286.74	150.75
2004.01.00	Social Security Contributory fees Central Government	-	-	38,588,673.41	-

### 3.8 Performance of the Utilization of Allocation

Type of Provision	Allocation		Actual Expenditure (Rs.)	Utilized allocation, Allocation Utilization as a % of Final Allocation (%)
	Original Allocation (Rs.)	Final Allocation (Rs.)		
Recurrent	1,114,400,000.00	1,258,000,000.00	1,244,517,930.42	98.93
Capital	275,600,000.00	123,063,200.00	114,949,464.34	93.41

### 3.9 In terms of F.R.208, granting allocations of excise Department of Sri Lanka for the year 2021 as an agent

Serial No	Allocation Received from Which Ministry /Department	Purpose of the Provision	Allocation		Actual Expenditure (Rs.)	Allocation Utilization as a % of Final Allocation
			Original Allocation (Rs.)	Final Allocation (Rs.)		
01.	Building Department (309)	Building Construction	53,460,669.73	31,460,669.73	31,460,669.73	100

02.	Building Department (309)	Building Renovation	8,000,000.00	8,000,000.00	7,274,339.64	90.93
03.	District Secretary - Kalutara (257)	Building Renovation	845,665.21	845,665.21	830,679.46	98.23
04.	District Secretary Colombo (255)	Building Renovation	186,869.61	186,869.61	160,468.45	85.87
05	District Secretary Colombo (255)	Building Renovation	217,012.40	217,012.40	216,783.50	99.89
06	District Secretary Ratnapura (278)	Building Renovation	1,092,867.28	1,092,867.28	-	-
07.	District Secretary Puttalam(273)	Building Renovation	1,546,030.00	1,546,030.00	1,504,604.32	97.32
08.	District Secretary Puttalam (273)	Building Renovation	439,001.40	537,292.30	537,292.30	100
09.	District Secretary Puttalam (273)	Building Renovation	835,676.84	835,676.84	748,098.15	89.52
10.	District Secretary Badulla (276)	Building Renovation	664,044.24	664,044.24	659,073.43	99.25
11.	District Secretary Mannar (265)	Building Renovation	71,000.00	71,000.00	70,319.00	99.04
12.	District Secretary Trincomalee (271)	Building Renovation	3,000,000.00	3,000,000.00	2,621,189.37	87.37
13.	District Secretary Nuwara Eliya (260)	Building Renovation	1,280,000.00	1,280,000.00	1,109,771.03	86.70
14.	District Secretary Hambantota (260)	Building Renovation	2,899,800.00	2,899,800.00	2,899,547.20	99.99

15.	District Secretary Hambantota (260)	Building Maintenance	64,391.00	64,391.00	62,515.60	97.09
16.	Department of Railways(306)	Railway Warrant	279,550.00	279,550.00	279,550.00	100
17.	Department of Government Printing - (211)	Printing Activities	547,620.75	547,620.75	547,620.75	100

### 3.10 Performance of Reporting Non-Financial Assets

Asset Code	Code Description	Balance as per the Board of Survey Report as at 31.12.2021 (Rs.)	Balance as per the Financial Position Report as at 31.12.2021 (Rs.)	Yet to be accounted	Reporting Progress as a %
9151	Building and Structures	448,902,207.66	448,902,207.66		100%
9152	Plant & Equipment	669,147,156.31	669,147,156.31		100%
9153	Land	257,325,000.00	257,325,000.00		100%
9154	Intangible Assets	3,803,200.00	3,803,200.00		100%
9155	Biological Assets	-	-		-
9160	Works in Progress	174,869,318.22	174,869,318.22		100%
9180	Assets leased	127,607,703.00	127,607,703.00		100%

### **3.11 The Summary Report of the Auditor General on the financial Statements of the Excise Department of Sri Lanka for the year ended 31 December 2021**

**Commissioner General of Excise  
Excise Department of Sri Lanka**

**The Summary Report of the Auditor General on the Financial Statements of the Excise Department of Sri Lanka for the year ended 31 December 2021 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018.**

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#### **1. Financial Statements**

##### **1.1 The Qualified Opinion**

The audit of the financial statements of the Excise Department of Sri Lanka for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. This report contains my views and observations on these financial statements submitted to the Excise Department in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report was issued to the Accounting Officer in the future in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. The report of the Auditor General in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018 will be tabled in Parliament in due course.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements of the excise Department of Sri Lanka give a true and fair view of the financial position of the Excise Department of Sri Lanka as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles.

##### **1.2 The Basis for the qualified opinion**

My opinion is qualified based on the matters cited in the paragraph 1.6 of this report. The audit has been made in accordance with the Sri Lanka Auditing Standards (SLAS). My responsibility under these audit standards is further described in the section of Auditor's responsibility regarding the financial statements of this report. I believe that the audit evidences which have been obtained by me are sufficient and appropriate to provide the basis for my qualified opinion.

### **1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in compliance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In terms of Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carried out.

### **1.4 Auditor's Responsibility 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 collectively, 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, exercised by me as professional judgment and maintain professional scepticism throughout the audit. I further:

- 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 internal control.
- Evaluate including of financial statements represent the underlying transactions and events in a manner that achieves fair presentation and including the disclosures of structure and content of the financial statements
- 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 make aware the Accounting Officer regarding, significant audit findings, any significant short comings in internal control and other matters that I identify during my audit.

## **1.5 Report on Other Legal Requirements**

I declare the following matters in terms of the Section 6 (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements were consistent with the preceding year.
- (b) The recommendations made by me had been implemented regarding the financial statements submitted for the preceding year.

## **1.6 Comments on financial statements**

### **1.6.1 Financial Performance Statement**

#### **1.6.1.1 Revenue Receipts**

The following observations are made.

- (a) Estimated tobacco tax revenue of Rupees 35,000,000 / - was not entered for the submitting the budget information in the financial performance statement for the year under review.
- (b) The tax deductions of rupees 3,689,638,848 in total refund of liquor exported in the year under review were not disclosed in the financial statements.

### **1.6.2 Statement on Financial position**

#### **1.6.2.1 Non-financial assets**

Even the balance of property and equipment at the statement of financial position statement as at end of the year was 1,458,969,403, the initial balance in A.C.A.06 in the year under review was Rs. 1,458,163,819 by dint of difference of Rs. 805,584 was observed.

### **1.6.3 Documents and books have not been maintained**

The following documents had not been duly maintained by the Excise Department.

<b>Type of document</b>	<b>Relevant regulation</b>	<b>Observation</b>
Damage and Loss Register	F.R. 110	Not Updated
Security Register	F.R. 891(1)	Not Updated
Liquor Manufacturing Income Tax Register Updated	F.R.445	Not
Tax deduction register on liquor exports	F.R.445	Not maintained

## **2. Financial Review**

### **2.1. Public Officers Advance "B" Accounts**

The following observations are made.

- (a) Balance of loan in arrears receivable from 05 deceased officers was Rs. 587,077 and the loan balance of one officer receivable was rupees 238,110 in arrears for 2-3 years.
- (b) The total amount of 10 officers who dismissed, resigned and vacate the service, was receivable rupees 1,296,611, the total amount of loan balance of five officers was rupees 488,127 and has been in arrears for more than 5 years.
- (c) The loan balance in arrears of 14 retired officers was rupees 1,066,723 for a period of 3-12 months.
- (d) The loan balance receivable from 17 suspended officers was Rs. 2,077,880 and the total of loan balance of two officers rupees 140,202 had been in arrears for more than 5 years.

### **2.2 Revenue Management**

#### **(a) Collection of Excise Tax**

The observations are as follows

- (i) Even the estimated excise revenue for the year under review was Rs. 160 billion, the reasons for non-achievement of these estimated excise revenue targets were the Covid vaccination, the collapse of the tourism industry and the closure of manufacturing companies, the revenue of Rs. 27 billion lost that it was reported by the Department. It was requested to revise the revenue target from Rs. 160 billion to Rs. 135 billion by rupees 25 billion or 15.62 per cent on October 28, 2021. Accordingly revised revenue estimate is Rs. 140 billion.
- (ii) The revenue growth was observed as Rs. 17.6 billion or 14.64 percent in the year under review. However, the estimated excise revenue for the year under review was Rs. 160 billion compared to the collected actual revenue (including revenue in arrears) of Rs. 138 billion moreover Rs. 22 billion in revenue could not be collected. Accordingly, the revenue collected as a percentage of the estimated revenue was 86.25 percent.
- (iii) It was observed that only 04 companies had exceeded the target revenue limit in the range of 03% to 28, during the sample test conducted on the fulfillment of the targets granted to each manufactory on a monthly basis for the year under review. 14 companies did not meet the targets in the range of 10% to 68% and 9 out of them did not achieve the targets of more than 30%. Attention of the management had not been paid in this regard.
- (iv) 44 bottle toddy manufactories were existed in operation during the year under review and the amount of Rs. 66,618,289 received from 11 coconut toddy bottle manufactories and the amount of Rs. 20,536,816 received from 22 palm toddy bottle manufactories as the total revenue that earned, was Rs. 87,155,105. further 5 coconut toddy manufactories and 6 palm toddy manufactories were inactive during the year under review as a result of that bottle toddy manufacturing tax revenue from those manufactories had been lost.

## **(b) Failure to recover the revenue in arrears**

The observations are as follows.

- (i) As per the revenue report for the year ended under review, the amount of Rs. 4,537,361,087 from liquor manufacturing companies and Rs. 857,186 from toddy manufacturing companies and Rs. 12,455,210 from distilleries as total arrears of taxes and late fees as total amount of Rs. 4,550,673,483 to be payable for the Excise Department. It was observed that this is an increase of 14.63 percent compared to the revenue in arrears for the year 2020.
- (ii) The amount of tax in arrears related to the 05 companies which could not be recovered for more than 5 years is Rs. 360,625,439 and the late fees till the end of the year under review were Rs. 2,085,140,188 including Rs. 1,724,514,749 which could not be recovered.

Three companies out of them had agreed to pay the excise tax in arrears and late fees in case of drafting the preliminary matters required to file the case but those agreements had been violated by relevant companies and failed to pay the arrears of taxes and late fees.

- (iii) The amount of tax receivable from a company whose manufacturing has been suspended up at the end of the year under review is Rs. 1,248,194,257 and the late fees was Rs. 793,225,429. The company had agreed on June 23, 2021 to pay Rs. 100,000,000 initially to start manufacturing activities and to pay the rest of the amount in 24 installments. Although the initial payment was made in two installments and the first installment was to be paid on June 30, 2021, action had been taken to suspend the manufacturing licenses again on a decision of Cabinet of Ministers.

## **2.3 Expenditure management**

The following observations are made.

- (a) The provisions for five recurrent votes are Rs. 33,000,000 but out of the total allocations made for those votes Rs. 28,919,335 only had been utilized. The remaining in those votes was in the range from 06 percent to 28 percent of the net provisions.
- (b) Provisions for 04 capital expenditure votes of 45,200,000 had been made but the total out of them Rs. 37,631,029 only had been utilized. The remaining in those votes was in the range from 07 percent to 20 percent of the net provisions.
- (c) Provisions of Rs.200, 000,000 provided under the 248-1-1-0-2104 (59) on building construction vote but said provisions have not been utilized duly for the respective tasks upto the month of September in the year under review. The amount of Rs. 14,200,000 under F.R. 66 had been transferred to another vote during the month of October 2021 and on two occasions the total amount was Rs. 152,000,000 had been returned. Accordingly, the construction of 08 regional offices that planned, had not been implemented during the year under review.
- (d) Allocation for the incentive vote no 248-1-1-0-1003-5 / 11 in the Annual Budget Estimate for the year under review was Rs. 23,000,000 and the estimated provisions for the models No. A.C.A.2, A.C.A.2 (i) , A.C.A.2 (ii) A.C.A.2 (iii) were showed more than that due to the adjustment of supplementary estimate provision rupees 19,800,000 and the supplementary estimate provision showed in less.
- (e) The sum of budget information in 2021 related to the salaries and other employee benefits in the financial performance statement was less in Rs. 2,000,000.

(f)The amount of 2,000,000 entered more due to preliminary value entered instead of the budgeted revised value of subsidies, grants and transfers in the financial performance statement.

## 2.4 Balances of Deposit Account

The following observations are made.

- (a) Actions have not been taken in terms of the Financial Regulation 571 regarding the total amount of 10 deposits of Rs. 854,211 in the three accounts more than two years during the year under review.
- (b)(B) Money retained uncertainly under F.R. 571 (3) shall be credited to the relevant account or government revenue, as the case may be, unless allowing money to be taken as an overdue deposit, unless as soon as to be payable in the deposit account no. 6000-0-0-18-0-119, actions have not been taken of the amount of Rs. 80,000 of such 10 deposits.

## 2.5 Imprest Account Balance

In terms of the Public Accounts Circular No. 2021/02, the balance of Rs. 1,778,379 in the imprest account No. 7002/0000/00/0072/0021/000 had not yet been transferred to the imprest account 2022 by transfer notes in the month of April 2022.

## 2.6 Non-compliance with Laws, Rules, and Regulations

The following observations are made.

### Reference to Laws, Rules & Regulations

- (a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka (i) F.R. 104(4)

- (ii) F.R. 395 (c)

### Non-compliance

If there is a delay of more than 07 days to submit a complete report on the damage, preliminary report in accordance with Financial Regulation 104 (07) and a complete report within three months from the date of the damage in terms of the Financial Regulation 104 (4) should be submitted even though the total amount of Rs. 850,318 regarding the losses but 02 cases have been observed that no actions have been taken accordingly.

Even the monthly bank reconciliation reports should be prepared regarding the financial position of each and every month before the 15<sup>th</sup> of following month no actions have accordingly been taken regarding 15 cases related to 02 bank accounts for the year under review.

(b) The Public Finance Circular No. 01/2014 dated 17 February 2014

The action plans including revenue collection index for measuring the progress of those actions had not been prepared for the year under review as distilleries, bottle toddy manufactories, monthly sources of revenue such as imports of potable and non-potable spirits and imports of foreign liquor, measures taken to achieve those targets and index for measuring the progress of those actions.

(c) Paragraph 07 of Fiscal Policy Circular No. 01/2015 dated 20 July 2015

Although the report for the revenue code to be submitted by the Commissioner General of Excise to the Director General of Fiscal policy before 10<sup>th</sup> of following month but from 04 days to 60 days delays had been made to submit the reports. Further any quarterly report had not been submitted for the year under review.

(d) Paragraph 9 of the Fiscal Policy Circular No. 01/2020 dated 28th August 2020, F.R.31, F.R.880 and the Public Officers' Security Ordinance chapter 612

Even though it had been mentioned that every Head of the Department as the Accounting Officer who is responsible, is bound to furnish security regarding the custody and security of public finances, security has been taken from only two officers by the Excise Department.

## **2.7 Informal Transactions**

It was observed that there were 10 times of importation of non-potable spirits by 08 companies without a permit from the Excise Department and 17 times of shipment of spirits before obtaining approval. However, Actions have been taken by the Excise Department to issue permits for all these imports after imposing the fine on technical crime reports.

However, it was emphasized that no one shall import, export, manufacture, possess, store, sell, transport, display for sale or display any of the non-potable spirits cited in its schedule 1 except under the licensed authority issued for the task of someone under the provisions of excise ordinance by the commissioner General of Excise in accordance with the section 3(i) in the excise notification No. 07/2018 dated 21 February 2018 as excise tax for the importation of non-potable sprits. In addition, if those terms and conditions were violated, action would have been taken under sections 56 or 48 of the Excise Ordinance, no actions had accordingly been taken by the excise department.

## **2.8 Handling bank accounts**

The following observations are made.

- (a) even the actions are being taken to introduce the method of customer identification system while the tax payment made from banks by the liquor manufactories, distilleries and other licensed premises but its activities had not been completed and it was observed that unidentified receipts were in the in the bank reconciliation.
- (b) Non identified total amount of receipts rupees 1,740,752 which is in the bank reconciliation for 25 receipts out of 35 in the month of December of the year under review related to the two bank accounts of this department, had not been identified up to now.

## **3. Review on operation**

### **3.1 Performance**

#### **3.1.1. Action Plan**

##### **(a) Fool proof Sticker Management System**

It was observed further that the achievement of the relevant project objectives of Fool proof Sticker Management System due to continuous delays in the planned work up for software development including other activities up to the year under review by the foreign consultation company currently involved in the system operating of digital sticker and manual system of 70 liquor manufactories and bottled toddy manufactories.

##### **(b) Obtaining clear deeds or acquisition of government lands in respect of 17 lands used by the Excise Office has not been completed in the year under review.**

##### **(c) Computer software**

Even the budget allocation of Rs. 10 million has been provided for the operation of computer software system of the department, because the relevant project has not been implemented, the amount of Rs. 536,800 has been re-allocated out of them and Rs. 9,060,000 had been transferred by F.R .66 for other expenses. Accordingly, the expected benefit had been lost.

(d) Integrated computer data system

Although the draft of specification of the system requirements has been prepared but draft of specification of the system requirements in details is being prepared upon and its activities had been delayed due to the lack of service of specialists in the ministry in the year under review. Getting delay for the approval of financial proposals related to the proposed consultation service. Requirement of entering into agreement has not been made even though the data transferring in the integrated computer data system with the Inland Revenue Department.

Reference for the Act -----	No. of detection of crimes made -----				
	2021 -----	2020 -----	2019 -----	2018 -----	2017 -----
Excise Ordinance	31,952	31,916	34,111	36,844	35,488
Poisons, Opium and Dangerous drugs ordinance	4,278	4,988	8,243	6,047	6,103
Tobacco Tax Act	2,576	2,253	3,602	3,479	2,485
National Authority Act on Tobacco and Liquor	302	466	1,435	2,902	4,406
No. of Total Detections	39,108	39,623	47,391	49,272	48,482

(e) The progress of the existing measures was not in adequate level, taken by the department for the implementation of recommendations made by 19 factors included in the report and it was observed in the performance audit made for the appraisal of the regulatory efficiency of the Excise Department on 6 manufacturing companies which make a very low contribution to the government revenue out of 23 licensed liquor manufactories.

**(f) Detections conducted**

Description regarding the crimes detected (raids) by the Department of Excise for the year 2021 and for the past four years relevant to the objectives and duties to be fulfilled of the Department of Excise is as follows,

Following observations have been made.

- (i) According to the above information, it has been observed that no. of total detections 830 or 2% have been increased in 2018 compared to the year 2017 and no. of total detections have been decreased gradually in the year 2019 compared to 2020 and 2021.
- (ii) The 81.7 percent of the total detections in the year 2021 is represented under the Excise Ordinance and 18.3 percent representing the crimes detections under the Poisons, Opium and Dangerous Drugs Ordinance, Tobacco Tax Act, National Authority on Tobacco and Alcohol Act. It was 11 percent, 6.6 percent, and 0.7 percent, respectively.

**(g) Detections of crimes conducted**

(i) According to the information which submitted to the audit, provided by the Law Enforcement Division of the Excise Department regarding the detections of technical crime in the year under review and last 04 years for the number of raid targets has been gradually reduced annually from the year 2017 to the year 2020. Although the number of detections had been increased compared to the target detections, the number of detections from 2017 to 2020 had gradually decreased. Although the actual number of detections in 2021 was 4098 but it was observed that the originally planned target detections had been reduced by 857 or 25 percent from 3428 to 2571.

year	Detection target	Number of Detections	Number of detections for each year Decrease/Increase	Percentage Decrease/Increase
2017	3613	4,315	(278)	(6)
2018	3623	3,684	(631)	(14)
2019	3623	,3838	154	4.1
2020	2272	2,747	(1,091)	(28)
2021	2571	4,098	1351	49

**h) Excise Tax deductions on Liquor Exports**

It was observed that the related information entered in the accounts branch have not been updated the excise tax deductions on not denatured potable and bottled liquor export for sale cited in the

Excise Notification No.1020/19 published in the Extraordinary Gazette Notification No. 2155/19 dated 27<sup>th</sup> December 2019. The amount of excise tax of Rs. 3,689,638,848 had been deducted in 26 times with the quantity of 11,173,738 liters which has been exported by the 05 liquor manufacturing companies of the year under review.

### **3.2 Procurements**

The delay of procurement process for the purchase of 220 equipment sets 20 per each category of equipment to measure the strength of the liquor under the 11 ranges of the procurement plan has not been carried out even as at the end of the year under review.

### **3.3 Uneconomic transactions**

The amount of Rs. 2,802,000 had to be paid in the year under review for maintaining offices on rent basis due to the non-utilization of provisions made and kept away those because of the delays in construction work of Mullaitivu and Point Pedro, non – safety and non-suitability of the places of constructions of in Jaffna, Hatton.

### **3.4 Management weaknesses**

The following observations are made.

- (a) Even though, half-yearly samples obtained from licensed premises F.L.03 on imported foreign liquor in the local market of all the types of liquor and taken report from the Analyst to certify the standard and quality of them but samples for such reports had been taken from 06 places in 53 times of the year under review in accordance with the Excise Circular No. 04/2021 dated 19<sup>th</sup> February 2021.
- (b) The amount of rupees 387,990 had not been recovered to be receivable for the waste beyond the limit while distilling the spirits twice in the distillery situated in excise authorized area, Marawila related to the half yearly in the year under review. Further the waste of the process of liquor and spirits manufacturing in the manufactories and distilleries is beyond the limit but the audit was not confirmed that the system implemented regarding the collection of excise tax for the waste.
- (c) In the preparing the revenue targets for the year under review, the total tax revenue of Rs. 7,001,935,186 would have been expected from 04 manufactories which are not in operational level but such revenue had not received.
- (d) Twenty-six of licensed manufactories are implemented under the Excise Department, the alcohol manufactured annually by those manufactories for the year 2021 and its contribution to revenue and market share of each manufacturing company was observed during the review year, 21 strength liquor manufacturing companies out of 23 manufacturing companies and 2 grain liquor manufacturing companies contributed 70.81 percent and 29.19 percent to the total revenue respectively. Only four companies contributed 64.6 of the total revenue out of the 21 active liquor companies and 3 manufacturing companies contributed a less value of 3.9 percent and the other 12 companies contributed by 1.8 percent. It was not observed that the management has taken steps to secure government revenue by drawing attention on this situation.

## 4. Sustainable Development

### 4.1. The identification of sustainable development objectives

Although the 07 targets have been identified under 05 objectives for the year under review out of 37 targets to be achieved related to the 15 objectives of the Excise Department in terms of the United Nations Sustainable Development Agenda 2030.

## 5. Good governance

### 5.1 Audit and Management Committee

In terms of the Audit and Management Circular No. DMA / 2009 ( i ) dated June 09, 2009, Four Audit and Management Committee Meetings were held for the year 2020 and 04 Committee Meetings were held for the year 2021.

## 6. Human Resource Management

### 6.1 Attached Staff, actual Staff

The role of the Department extends in island wide service including head office with 13 Offices of Assistant Commissioners of Excise, 30 Offices of Superintendents of Excise, 56 Excise Stations, 05 Special excise Operation units and a law enforcement Unit of Narcotic. Details regarding the staff are as follows.

Type of employees	Approved number of employees	Actual number of employees	Number of vacancies
Senior Level	68	32	36
Territory level	381	295	86
Secondary Level	1048	875	173
Primary Level	142	86	57
Total	1639	1288	352

(a) There were vacancies at the senior level in the posts of Additional Commissioner General of Excise, Chief Financial Officer, Commissioner of Excise, 6 posts of Deputy Commissioner of Excise, 4 posts of Assistant Commissioner of Excise and 20 posts of Superintendent of Excise.

(b) There were 36 vacancies at the senior level and 86 vacancies at the tertiary level which directly affect to the mission of the Department. It was observed that it could adversely affect to the present performance of the department.

(c) The posts of Legal Officer, Assistant Director Information Technology and Administrative Officer have not been filled up yet.

( R.R.M.Abeysingha )  
Deputy Auditor General  
For Auditor General

### 3.12 The Auditor General Summary Report with respect to the financial statements on Excise reward fund for the year ended 31 December 2021

PUR/E/EXD/RF/ 2021/13

31 May2022

Commissioner General of Excise,

Excise Department of Sri Lanka.

The Auditor General Summary Report with respect to the financial statements and other legal and regulation requirements of the Excise reward fund for the year ended 31 December 2021 in terms of the Section 11 (1) of the National Audit Act No. 19 of 2018.

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#### Financial Statements

##### 1.1 Qualified opinion

The audit has been made under my order in terms of the provisions of the National Audit Act No. 19 of 2018 comprising reads with the Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka for the year ended 31 December 2021 comprising with summarized significant Accounting policies, notes related to the Financial statements and cash flow statement for the year ended and the equity changes statements, the statement of financial performance for the year ended and financial position statement of the Excise Reward Fund as at 31 December 2021. My report will be tabled in the Parliament in due course in terms of the 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 section for my qualified opinion of my report, though the financial statements of the fund give a true and fair view of the financial position as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Sri Lanka public sector Accounting Standards.

##### 1.2 The Basis for the qualified opinion

The following observations are made.

- (a) In accordance with 27<sup>th</sup> paragraph of the Sri Lanka public sector Accounting Standard No.03, changes of depreciation policy should be adjusted to the financial statement with the initial balance subject to the effect of equity or net assets in case of the adjustments but actions have not been taken to the related adjustment due to the depreciation expenditure has made in the year under review as a result of that expenditure on depreciation was presented more as rupees 5,223,587 in the year under review.
- (b) Even the amount of Rs. 3,989,060 to be payable to the government as 75% of cigarette fine of Rs. 5,318,747 included in the financial performance statement but it was represented as payable amount of Rs. 4,132,385 in the financial performance statement as a result of that difference of the amount of rupees 143,325 was observed.
- (c) Value of the land and buildings in the statement of Financial Position represented as 47,134,000, it is only the value of the building even though building situated in the land was assessed but not entered into accounts at the end of the year under review. Required documents were not submitted for the audit for the certification of the possession of the land.
- (d) Depreciation adjustments for the buildings of rupees 47,134,000 were not made at the end of the year under review.

The audit has been made in accordance with the Sri Lanka Auditing Standards (SLAS). My responsibility under these audit standards is further described in the section of Auditor's responsibility regarding the financial

statements of this report. I believe that the audit evidences which have been obtained by me are sufficient and appropriate to provide the basis for my qualified opinion.

### **1.3 Responsibilities of the parties administrated and management of Financial Statements**

It is the responsibility of the management for the preparation of financial statements that present a true and fair view in compliance with Sri Lanka Public Sector Accounting standards and for such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

While preparation of financial statements, it is the responsibility of the management to disclose the matters relating to the continuous existence of the fund and keeping accounts on the basis of continuous existence except actions to be taken to suspend the operations unless there is other option or if the management intends to make dissolution of the fund and it is the responsibility of the management to decide the capability of continuous existence of this fund.

Supervision responsibility related to the financial reporting process of the fund is borne by administration Parties.

In terms of the sub section 16 (1) of the National Audit Act No. 19 of 2018, books and records should be maintained properly of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements of the fund as to be prepared.

### **1.4 Auditor's Responsibility 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 audit 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 collectively, 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, exercised by me as professional judgment and maintain professional scepticism throughout the audit. I further:

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 internal control.
- Evaluate including appropriateness of the accounting policies used, the fairness of the accounting estimates and the related disclosures made by management
- The relevancy for using the sustainability basis for accounting of the fund was determined based on the audit evidence obtained as to whether there was quantitative uncertainty about the continuous existence of the Fund due to events or circumstances. If I conclude that there is adequate uncertainty, my audit report should focus on the disclosures made in the financial statements, and if those disclosures are not sufficient, my opinion should be distorted. However, continued existence may be terminated for future events or circumstances.
- 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 make aware the parties administered regarding, significant audit findings, any significant short comings in internal control and other matters that I identify during my audit.

## **2. Report on other legal and regulative Requirements**

Special provisions are included regarding the requirements cited in the National Audit Act, No. 19 of 2018.

- The financial statements were consistent with the preceding year in accordance with the requirements in the section (iii) of 6(1) (d) in the National Audit Act, No. 19 of 2018.
- In accordance with the requirements cited in the sections (iv) of 6 (1) (d) in the National Audit Act, No. 19 of 2018, except the observations regarding the paragraphs No. 1.2 (c) and (d) of these recommendations for my qualified opinion of my report had been included in the financial statements submitted by me for the preceding year.

## **3. Review on operation**

### **3.1 Non-compliance with Laws, Rules, and Regulations**

The following events on non-compliance were observed.

#### Reference to Laws, Rules & Regulations

- (a) Sections I and II of 17 (a) in the Tobacco Tax Act No. 8 of 1999

- (b) The paragraph 15.1 included in Public Finance Circular No. 01/2020 dated 28th August 2020

- (i). Finance Regulation 877 ( 2 )(a)

- (ii) Finance Regulation 877 ( 2 )(d)

#### Non-compliance

Actions had not been taken to set up a Tobacco Reward Fund by 25 percent of the cigarette fines received, but no such fund had not been set up from the opening date of the Fund until the end of the year under review. The allocated amount of Rs. 20,437,066 to be payable for the fund was in the financial statements as at the end of the year under review.

No separate bank account had been maintained for the reward fund until the year under review and receipts to the reward Fund amounting to Rs. 119 million and payments of the Fund amounting to Rs. 179 million had been made through bank accounts of the Excise Department.

Even a performance report with annual financial statements of the Excise Reward Fund for the year 2021 was required to submit but no actions have been taken accordingly.

### 3.2 Net Assets

Even there was an increase in the net assets of the fund in years of 2017 and 2018 it was observed that from 2019 to 2021 there is a decline in net assets from 30,12 and 22 percent respectively Details are as follows,

year	Excess/deficit	Net Assets	Impact on net assets as Percentage (%) vise
-----	-----	-----	-----
	Rs.	Rs.	
2017	28,646,536	490,807,718	6.9
2018	36,759,028	527,566,746	7.49
2019	(160,411,245)	367,155,501	(30.41)
2020	(42,813,392)	324,342,110	(11.66)
2021	(71,662,783)	252,679,326	(22.09)

### 3.3 Deposits

It was not attended to improve the financial position of the fund during the year under review, despite the growth of the Deposit Account of the Fund in the Treasury in the years 2017, 2018 and 2020, a quantitative financial decline of the fund was observed in 2019 and 2021 because incentives have been paid for all employees in the department that it the main cause arisen. Details are as follows,

Year	Net cash increase/(Decrease)	Balance of Deposit Account	Impact on Deposit Account as Percentage (%) vise
-----	-----	-----	-----
	Rs,	Rs.	
2017	25,504,151	388,502,890	7.02
2018	26,882,015	415,384,906	6.9
2019	(214,749,066)	200,635,839	(51)
2020	2,129,466	202,765,306	1.06
2021	(60,127,569)	142,637,736	(29.65)

### 3.4 Investment Management

The amount equal to the annual depreciation for fixed assets will be credited to the depreciation reserve fund of the Treasury which had a balance of Rs. 65,385,315 as at 31 December 2021. Although the approval of the Deputy Secretary to the Treasury had been taken on August 05, 2021 to obtain Rs. 50 million for the purchase of computer accessories and furniture for the Excise Department in the year 2021. Those purchases could not be implemented.

### **3.5 Management activities**

The Excise Notification No. 818 dated March 4, 1994 had been become in force for more than 26 years up to year 2021 and it is considered that the expansion of the role of the Department while the payment of rewards, it was reported to the Audit that the actions would be taken to revise this Excise Notification. But inspection of the progress, it was only submitted to the Ministry of Finance for the revision on the 03<sup>rd</sup> of March 2021.

### **3.6 Performance**

#### **3.6.1 Technical Crime Detections**

(a) In Accordance with the information submitted to the audit by the Legal Enforcement Division of the Excise Department regarding the detections of technical crimes in relation to the year under review and for the last 04 years, the number of raid targets had been gradually reduced annually from the year 2017 to the year 2020. Although the number of detections increased compared to the target detections , the number of detections from 2017 to 2020 had gradually decreased. Although the actual number of detections in 2021 was 4098, the number of originally planned targeted detections had been decreased from 3428 to 2571 by 857 or 25 percent anyway the growth had been achieved by 49 percent. Details are as follows.

Year	Detection Targets	Number of Detections	Number of detections decrease/increase according to the each year	Percentage of Decrease/Increase
-----	-----	-----	-----	-----
2017	3613	4315	-- (278)	-- (6)
2018	3623	3684	(631)	(14)
2019	3623	3838	154	4
2020	2272	2747	(1091)	(28)
2021	2571	4098	1351	49

(b) In terms of the Excise Circular No. 03/2011 dated 11th August 2011, there were 25 major category violations and 35 general category offenses under 09 categories and in accordance with the information audited for the year under review, it was based on 3093 technical crime detections for the payment of reward money. Out of them 2,071 or 67 percent were represented as general offenses and it was observed that only 1022 or 33 per cent were found as major category violations of conditions. Further, 848 detections out of them were in the period from 2015 to 2019, 2099 detections for 2020 and 143 for 2021.

### **3.7 Internal Audit for the Fund**

As per the internal audit program for the year under review, three audit programs had been planned for the Fund but it had not been implemented.

### **3.8 Conducting committee meetings**

Although a committee had been appointed to the Reward Fund in terms of the Excise Notification No. 818, Minutes of the meetings of committee meeting was not submitted to the audit for the certification of the review of financial and operational activities in accordance with the Budget and Action Plan submitted by the committee in the year.

### **3.9 Budget documentary control**

A variation observed in two revenue subjects in the range of 6 percent to 41 percent between budget figures and actual figures for the year under review, whereas eight expenditure subjects varied from 7 percent to 100 percent. Accordingly, it was not observed that the budget used as an effective management control system.

W.W. P. C. Wickramaratne  
Auditor General

## Performance Indicators

- 4.1 Introduction
- 4.2 Performance Indicators of the Institute
  - 4.2.1 Administrative Division
  - 4.2.2 Revenue Division
  - 4.2.3 Law Enforcement Division
  - 4.2.4 Accounts Division
  - 4.2.5 Internal Audit Division
  - 4.2.6 Human Resources Division
  - 4.2.7 Information Technology Division
  - 4.2.8 Transport & Logistics Division
  - 4.2.9 Studies & Research Division
  - 4.2.10 Supply Chain Regulation Division
  - 4.2.11 Legal Division

## 4.1 Introduction

The Performance Indicators of the relevant year have been prepared according to the action Plan submitted to the ministry of finance for the year 2021. However the submitted action plan has been revised again the impacts occurred to the performance due to the covid-19 situation throughout the entire year and by the letter No. MF/01/01/26/A/P - 2022 II dated 19.01 2022 of the secretary to the ministry of finance, approval has been granted for the revised action plan.

According to the action plan for the year 2021 and the revised action plan, it is pleased to notify that the total performance of the Excise department of Sri Lanka when the actual manufacturing is taken as a percentage of Revenue, the percentage for Law Enforcement Division, legal division and revenue division, the progress has been increased beyond 100%. as the said percentage at the limit of 90%-100% existed for seven divisions is also a significant matter.

The progress of the administration branch showed higher performance (100%) than the previous year and the number of promotions of the officers at various levels of the Department which have not been granted for the years, have been granted while compared to the previous years. It is a great achievement of success which obtained during the pandemic situation.

Though there were considerable number of obstacles arisen for the revenue division during the covid 19 Pandemic situation, upon the 109 years of the history of the department, arrangements have been made to credit the highest income of the

department Rs.138.67 billion to the treasury. Accordingly, it is pleasure to hear

that the progress of the revenue division is increased up to the level of 99%. Administration, Revenue, Law enforcement, information Technology, Accounts, transport and supply chain and regulation divisions achieved their performance close to the level of 100%.

Internal Audit Division could achieve the progress of the development of the officers and the research and studies of the human resource division and the research activities of research division at the level of 75%-89% .

However, covid 19 pandemic has severely affected for the training activities of the officers and the progress of that decreased up to the level of 70% of progress as the impacts occurred due to the quarantine rules affected to the training of the officers. But the progress of 85% has been achieved the development of the officers of the human resources division.

The 50% progress has been reported by the academic and research division due to the obstacles occurred for the research activities that it is unfortunate to have less than the progress of 50% being made on the implementation of new projects, research activities and new trends in the legal division.

However, it is remarkable achievement that progress of 07 main divisions of the department is obtained higher value than 90% accordingly, actual output of total performance of the department of the excise department of Sri Lanka as a percentage of expected output is shown a higher successful progress.

## 4.2 Performance Indicators of the Institute (Based on Action Plan 2021 )

Divisions of the Department	Specific Indicators		Actual output as a percentage (%) of the expected output				
			>100%	90 % - 100%	75% - 89 %	50 % - 74 %	0% - 50%
4.2.1 Administrative Division	Establishment and Administrative functions			100%			
4.2.2 Revenue Division	Collection of expected revenue for 2021	Liquor		99%			
		Tobacco	140%				
4.2.3 Law Enforcement Division	9. Enforcement of relevant laws and acts		127%				
	10. Technical crime reports for excise licenses		159%				
	11. Drug related crime reports			100%			
	12. Tobacco related raid targets			100%			
4.2.4 Accounts Division	All accounting activities of the year 2020			100%			
4.2.5 Internal Audit Division	Internal audit program to be completed in the year 2020				80%		
4.2.6 Human Resources Division	5. Trainings for all officers					65%	
	6. Capacity Building of Officers					50%	
4.2.7 IT Division	Updating the web site			90%			
	Implementing new projects	9. Transferring data to the RAMIS system through the interface		100%			
		10. Facilitate online system through ASYCUDA system		100%			
		11. Obtaining the Financial Proposal for the Consultancy Service from the University of Moratuwa for the RASED System		100%			
		12. Preparation of SRS First Draft of RASED Project		100%			
4.2.8 Transport & Logistics Division	Construction of proposed buildings			90%			
	Transport and other related duties			90%			
4.2.9 Studies & Research Division	Studies				87%		
	Research activities						50 %
4.2.10 Supply Chain Regulation Division	Sticker Project	Local		90%			
		Foreign		100%			
4.2.11 Legal Division	Legal requirements		102%				
	Expected new trends						50 %

\*During the whole year from 20.04.2020 to 31.12.2021, the Sri Lanka Excise Department has not been able to achieve 100% of the expected performance output due to the Covid 19 pandemic situation throughout the island

## **Performance of Identifying Sustainable Development Goals (SDG)**

- 5.1 Introduction
- 5.2 Activities of the Excise Department of Sri Lanka based on the Sustainable Development Goals
- 5.3 Progress

## 5.1 Introduction

In terms of the provisions of the sustainable development Act No. 19 of 2017 upon the guidance of the sustainable development council established in Sri Lanka, National Policy on sustainable development is a process with the aim of sustainable development which is to be implemented in every public organization, educational institutions and civil society in the year 2030 to implement 17 sustainable Development objectives. As a main and responsible institution which is collecting state revenue for the sustainable development of Sri Lanka, excise department of Sri Lanka has come into the agreement by discussing with the head of the departments to implement 04 objectives mainly out of 17 sustainable development objectives while introducing the action plan of the year 2021. those objectives are objectives no 01,03,12 and 16. Facts have been presented in detail of paragraph 5.2.

we have collected Rs. 138.67 billion in the year 2021 to implement the first objective which is the most special fact from the above that is to eradicate the all forms of poverty everywhere and the amount has been credited to the Treasury to use it for the development and betterment of the people and for the development of entire citizens of Sri Lanka. It is important to eliminate illicit alcohol and liquor from society, which directly affect economic development which is the key factor in eradicating poverty. The Excise Department of Sri Lanka is providing an excellent contribution in this regard. No solution could be gained only from raids but it is required to reduce the demand for that and it is actually a special matter accordingly huge social awareness programmes and

other awareness programmes for the public are implemented with the participation of other concurrent institutions.

The Excise Department of Sri Lanka dedicated for health guard and security for the benefits of community who suffered and caused to risk

and poverty by increasing tax revenue for annual manufacturing of liquor and tobacco. This will reduce the purchasing power and reduce the demand for it. To tighten the limits on the obtaining liquor among the public, to manufacture the legalized liquor with proper quality, to implement awareness programs for the general public to abstain from liquor as much as possible, and to work with the relevant institutions to reduce the damage to the environment can be illustrated as a very important step.

All manufacturers of liquor are encouraged to comply with the rules and regulations of the Central Environmental Authority and in consistent with the recommendations and instructions of the relevant local authorities while operating of boilers and water purification having provided with natural water sources and clean air.

Instructions are being issued to all uniformed staff to prevent annoying, violence and torture of persons arrested by providing legal justice for all persons. arrangements have been made to perform every duty with clear transparency to secure the state revenue and to reduce the corruptions in prominent manner.

Accordingly, actions have been constantly taken to provide necessary officer training, awareness programs to prevent bribery and corruption and regular training of law enforcement officers to perform their duties free from social violence.

The entire staff, including the Commissioner General of Excise, will be dedicated to ensure each and every activity

without delay in order to achieve the primary objectives of sustainable development within the Excise Department of Sri Lanka by 2030.

## 5.2 Sustainable Development Goals Identified

- The sustainable development goals have been identified and the action plan - 2021 including said goals has been prepared.
- Targeted sustainable development goals of the year 2021 and the specific activities for this are as follows

Goals	Targets	Indicators of the achievement	Progress of the Achievement up to date		
			0% - 49%	50% - 70%	75%- 100%
<p><b>Goal - 01</b></p> <p>Eliminate the poverty in all the ways in every where</p>	<ul style="list-style-type: none"> <li>➤ Contribute to the development of the country through collection of taxes efficiently and effectively, timely crediting taxes to the Treasury for economic and social development and infrastructure development.</li> <li>➤ Eliminate the poverty and development of social security by efficient and effective law enforcement on illicit liquor and dangerous drugs.</li> <li>➤ Conduct awareness programs for creating social development on effective control of liquor and dangerous drugs and its bad effects by selection of villages in each Divisional Secretary's Division.</li> <li>➤ Developing rural economy by increasing annual taxes or increasing prices to discourage the purchase of liquor and tobacco products.</li> <li>➤ Actions are taken to reduce or decrease liquor and tobacco consumption through awareness programs on liquor and tobacco consumption and its bad effects.</li> </ul>				<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>

<p><b>Goal - 03</b></p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> <li>➤ Preparation of standards for all liquors by linking with the Sri Lanka Standards Institution to ensure the quality of the liquor manufactured legally.</li> <li>➤ Reduce and control the spread of illicit alcohol and tobacco products for protecting health and living standards.</li> <li>➤ Establishment of social security through effective prevention programs</li> <li>➤ Law enforcement on illicit liquor and drugs for the wellbeing of the general public</li> <li>➤ Calculate per capita liquor consumption per year for controlling illicit liquor consumption and controlling per capita liquor consumption accordingly.</li> <li>➤ Controlling the sale of liquor and tobacco manufactures for persons under 21 years of age.</li> <li>➤ Conduct awareness programs for communities of all levels to save them of the danger of addiction to liquor and drugs and human lives.</li> </ul>				<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
<p><b>Goal - 12</b></p> <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> <li>➤ Conducting community awareness programs for controlling consumption of liquor and tobacco</li> <li>➤ Introducing a foolproof sticker for liquor to facilitate tax administration and control substitutes flowing into the market and the health.</li> <li>➤ The effective and efficient monitoring of liquor and tobacco manufactories for ensuring liquor and tobacco with high standards and granting instructions for the use of correct sustainable manufacturing methods to the manufacturers.</li> <li>➤ Actions are taken for issuing Certificates of Environmental Safety, Boiler Certificates and Water Purification Certificates of the Central Environmental Authority to all liquor manufactories.</li> </ul>		<p>✓</p>	<p>✓</p>	<p>✓</p> <p>✓</p>

<p><b>Goal - 16</b></p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> <li>➤ Taking action to build a peaceful environment for the community through productive enforcement of law on dangerous drugs, illegal liquor and tobacco products</li> <li>➤ Providing necessary training and awareness to all officers to perform their duties legally.</li> <li>➤ Creating necessary environment for all staff to perform their duties responsibly.</li> <li>➤ Create conducive environment to perform duties in a legal environment by implementing a legal division.</li> <li>➤ Equal opportunities granted for the promotions of female officers and no discrimination on the basis of gender by granting opportunities with reasonable salary for both male and female.</li> <li>➤ Ensuring effective employment through making effective use of the revenue from the legally manufactured liquor and tobacco industry for sustainable development and economic development.</li> </ul>				<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
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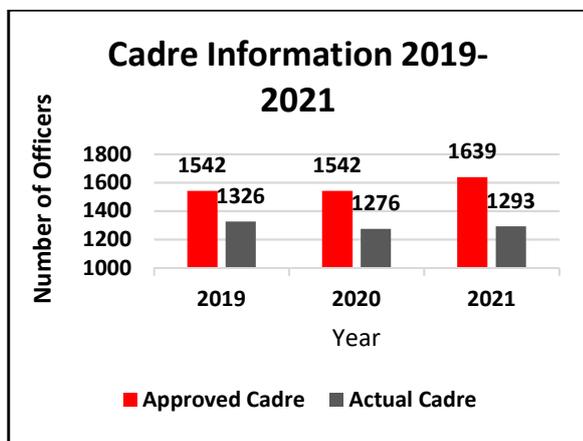
## Human Resource Profile

- 6.1 Cadre Management
- 6.2 The impact of the shortage or excess in human resources for the performance of the institute
- 6.3 Human Resource Development
  - ❖ Method of the training programs contributed to the performance of the institute
  - ❖ Human Resource Development – Method of training programmes conducted

## 6.1 Cadre Management

	As at 2021.12.31		
	Approved Cadre	Actual Cadre	Vacancies
Senior	68	32	36
Territory	381	295	86
Secondary	1048	880	168
Primary	142	86	56
<b>Total</b>	<b>1639</b>	<b>1293</b>	<b>346</b>

## 6.2 Impact on human resource shortage or surplus for the performance of the Excise Department of Sri Lanka.



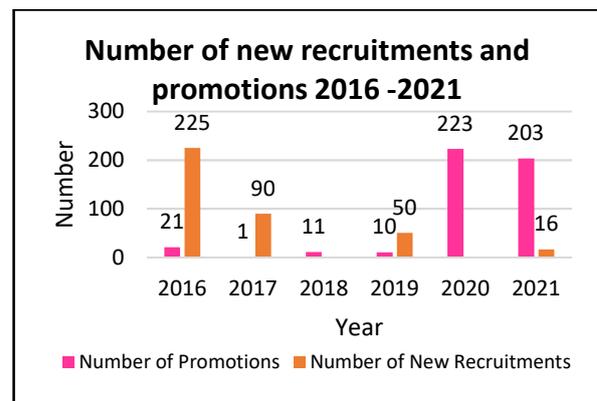
Promotions have been granted for filling the vacancies in the senior level as 02 posts of Commissioner of Excise, 02 posts of Deputy Commissioner of Excise and 05 posts of Assistant Commissioner of Excise in the year 2021

Twenty (20) vacancies in Superintendent of excise in the senior level posts as at 31.12.2021 are vacant and the relevant interview has been held on 19.01.2022 to grant 11 promotions on merit. The interview for the recruitment of a new officer for the vacancy in the post of Legal Officer has been held on 21.12.2021 and the recommendations have been sent to the Public Service Commission.

Promotions have been granted for 18 Chief Excise Inspectors in the year 2021 under filling Accordingly, a large number of staff vacancies in the Excise Department were filled in the year 2021 and it seems to be due to the promotion, the satisfaction of the officers towards their service has been enhanced and motivation built

the vacancies in the tertiary level and 38 new officers selected from the competitive examination conducted under the Open Recruitment Examination to fill the vacancies for the post of Excise Inspector have been attended to the training.

Promotions have been granted for the 33 posts of Excise Sergeant Major out of the second level posts, 05 posts of Excise Sergeant and 138 posts of Excise Corporal in the year 2021. In addition, 15 new appointments have been granted to posts of the Excise Guard Driver. 22 newly appointed Development Officers for the year 2021 have also been attached to the Excise Department.



to perform their duties more efficiently. It also contributed to the proper functioning of many duties which had been delayed due to the lack of adequate staff for the duties.

In addition, three efficiency bar examinations have been conducted for 259 officers who hold the departmental posts during the year 2021 and salary increments have been granted to 649 officers. The disciplinary inquiry files of the departmental officers excised for a long time were able to be finalized and the number of disciplinary files so completed was 48 in the year 2021.

## Details of vacancies in the year 2021

Post	Number of Vacancies	Position as at 31.12.2021	Period that the vacancy existed
Additional Commissioner General of Excise (Revenue Operations and Law Enforcement)	1	No qualified person was appointed as per the recruitment procedure for this post and from 20.08.2020 that post was vacant, Mr. A. Bodaragama has been appointed for that post, upon Mr. A. Bodaragama was appointed as the Commissioner General of Excise from 20.08.2020 and assumed his duties on 24.11.2020. moreover, this post was vacant. Mr. M.D. M.W.K. Dissanayake has been appointed to cover up the duties of this post from 11.12.2020.	2 years
Commissioner of Excise (Social Security and Development)	1	This vacancy existed from 08.02.2019 ,Mr.Kapila Kumarasingha covers duties are covered by Mr. Kapila Kumarasingha from 20.07.2021	3 years
Commissioner of Excise (Administration)	1	This vacancy existed from 28.10.2021 due to the transfer of Mrs. H.G.K.Deepashika	02 months
Commissioner of Excise (Law Enforcement)	1	Mr. Kapila Kumarasinghe who held this post, has been appointed as the Commissioner of Excise (Law enforcement) more over this vacancy has been existed from 19.04.2021 Mr. A.M.G.Adikari covers the duty.	08 months
Deputy Commissioner of Excise (Logistics)	1	This Vacancy existed from 29.11.2021 due to retirement of Mr. W.N.B.R. Fernando Mr.A.A.A. Upul Kumara covers duties of this post .	1 month
Deputy Commissioner of Excise (Human Resources)	1	The post created in the year 2018 is vacant and the P.N.R.Jayawickrama covers the duties of that post up to 31.12.2021.	03 years
Deputy Commissioner of Excise (Social Security)	1	The post created in the year 2018 is vacant. Mr. P.H.C.Silva covers duties of that post from 20/07/2021.	12 months
Deputy Commissioner of Excise (Supply chain Regulation Division and Information Technology)	1	Mr. R.M. Ratnayake who held this post from 15.09.2020 appointed to the post of deputy commissioner of excise (Revenue) more over the vacancy has been existed since that day and Mr. R.M. Ratnayake covers duties of this post.	15 months
Accountant	1	Due to the transfer of Mrs. Priyadarshani on 01.07.2021, Accountant, Mr. Indika Karunaratne, was appointed as the Accountant (Revenue) and Mrs. W.E. Godagama was appointed as Acting Accountant (Payments)	05months
Assistant Commissioner of Excise	4	Vacancies existed due to the retirement of officers	
		1. Mr. J. Shantha Deva Silva – dated 09.01.2021	11 months
		2. Mr. N. Sodinathan – dated 27.05.2021	06 months
		3. Mr. E.M.T.B. Mr. Wickramanayake – dated 17.07.2021	05 months
Superintendent of Excise	20	Vacancy existed due to retirement of officers	
		1. Mr.W.A.M.A .B. Abeykoon - dated 30.01.2021	11 months
		2. K.K.N.Ratnayaka – dated 09.04.2021	08 months
		04 vacancies existed due to four officers promoted	07 months
		14 vacancies existed after promotion of 11 posts with effect from 23.06.2020	17 months
Legal Officer	1	Recruitment activities are being processed for the post created in the year 2019	02 years
Chief Financial Officer	1	Mrs. G.A.Chandani has been appointed for the this post fulltime on acting basis from 01.12.2021	5 Months
Assistant Director ( Information Technology )	1	Request has been made to appoint a suitable officer from Ministry of Public Services, Provincial Council & Local Government through the Ministry of Finance.	05 Years

### 6.3 Human Resource Development

Even though, it has been decided by the human resource division to grant a training of minimum 12 hours per officer in order to develop knowledge, skills, attitudes and capacity building relevant to their service who are connected to the services such as all island, combined services, total uniformed wearing staff of the department, the said due goals could not be achieved due to the covid 19 pandemic situation prevailed throughout the year 2021 and due to comply with the rules and regulations of quarantine of corona.

However, about 30 courses have been conducted by human resource division under year review. Those courses have been successfully completed in the centers as 06 training courses at the Sri Lanka Excise college, 19 courses at government approved universities and external training centers, 05 training programmes at the auditorium of headquarters of the excise department of Sri Lanka. Total number of officers participated in this is 843 and the amount spent for that purpose was Rs. 8,821,208.50. This amount is showed lower level relatively to the said expenditure of the previous years.

Development of officers has been made by conducting awareness programmes on objectivity of criminology on law enforcement, criminology justice procedure, criminal investigation and modern technology. implementation law on narcotics, criminal psychology and consultancy and certificate course on conducting good discipline among

the public service officers and the awareness programme of right to information.

The conducting series of programmes on introducing the software to implement the Security Feature Management system which is to introduced locally in order to secure the government revenue.

The granting firearm training for the protection of officers, training to obey on new road rules introducing for drivers, Stores Management, annual board of survey have been conducted.

No officers have been directed for foreign training courses in the year 2021 during the covid 19 pandemic situation. Establishment of Central laboratory of the excise department of Sri Lanka and the provision of training programmes on laboratory technology, 03 officers of Sri Lanka Accreditation Board have also been made to conduct training on counselling for 10 officers with the participation of consultant doctors, panel of scholar resources persons and under the sponsorship of the national authority for tobacco and alcohol and the agent of Sri Lanka of WHO.

It is compulsory to make a plan to train managers and employees of all licensed liquor shops within the Excise College of Sri Lanka. This training should be started in the year 2022, human resources division has drawn special attention on the matter.

## **Contribution of Training programmes for the performance of the organization.**

The one main factor which decides the quality of the public service, is training and development. Even within the technological era of 21 centuries, human resource becomes the greatest resource and it has become a global concept as at present. Its main factor is the knowledge and skills of the public servants. The constantly training is a much needed factor to develop that knowledge and skills. It is required to develop the human resource according to the plan in order to use the human resource centralized within the public service towards the development of the country efficiently and effectively. The skills of the human resource can be contributed to the development of the institution by providing necessary trainings. It is necessary to update soft skills as well as the hard skills of the entire public service continuously by improving the knowledge skills and the attitudes of the officers.

The local and foreign training and development training programmes are being conducted to fulfill the objectives, targets and activities of the excise department of Sri Lanka in an effective way. These training programmes are being conducted in the places such as Excise training college, reputed state universities, External Training centers approved by the government and in the auditorium of the Excise headquarters, training resource persons of the excise Department of Sri Lanka and external subject oriented resource persons have been used to provide the resource contribution for that purpose.

Covid 19 pandemic and its quarantine rules and regulations have badly affected when conducting training programmes during the

year 2021 and thirty training courses for 843 officers have been successfully completed even under such situation. The details report is following the pages.

Excise officers are being trained constantly on the laws to control the illegal drugs and liquor business which abundantly seen in the society and the new procedures for the control and expanding of drugs which are identified recently. For this purpose, trained resources persons and their laboratory facilities of Sri Lanka police and national board of drugs and National Dangerous drugs and control board are being used for this purpose.

Arrangements have been made to provide the training on criminal investigation an analysis using modern technological system by the reputed universities and the training institutes with state sponsored. Providing such training programmes it is anticipated to grant the ability to confront the challenges received during the daily duties of the officers successfully

The lack of receiving foreign training opportunities for the male and female officers of the Excise Department of Sri Lanka during the three years of 2019,2020 and 2021. The opportunity becomes entitled for overseas training for officers to develop subject-oriented understanding and international relations at an international level. Therefore, it is very important to provide foreign training for the officers in the future that it is cited here.

## Human Resource Development – Method of training programmes conducted

Serial No.	Name of the Program	No. of employees trained	Duration of the program	Total Investment (Rs'000)	Nature of the Program (foreign/ Local)	Output/Knowledge Gained*
01	Program with respect to the the Action Plan for the Year 2021 conducted under the patronage of the newly appointed Commissioner General of Excise with the participation of Assistant commissioners of Excise and superintendents of excise	42	One day	Rs. 29,614.50	Local	Making aware the officers about the action plan of the department.
02	Workshop for the Amendments of the Excise Ordinance - I	16	Two days	Rs.35,225.00	Local	Making awareness on Excise Ordinance re-establishment.
03	Higher National Diploma in Applied Criminology, Criminal Justice	02	One year	Rs.110,800.00	Local	Analytical understanding of the nature and classification of crimes, identification of factors contributing to the growth of crime globally and nationally, and identification globally and nationally of criminal justice system and its practicality.
04	Masters of Development Economics (MDE)	01	One year	No payment made	Local	Improving knowledge on economic development strategies.
05	Training on Financial Law and Administrative Law (Legal Division)	14	Two days	Rs.18,000.00	Local	Providing knowledge regarding financial law and administrative law.

06	Discussion with Commissioner General of excise and Western and North Western Provincial Excise OICs on Performance Improvement for the Year 2021	57	One day	Rs.29,220.00	Local	Making awareness of Excise OICs for achieving the targets for the year 2021.
07	Tamil Language Proficiency to be completed by Public Officers in accordance with the public Administration Circulars 18/2020	10	150 hours	Free	Local	Improving Tamil language skills.
08	Consulting course on tobacco and alcohol	05	10 days	Free	Local	Providing knowledge for prevention of usage on drug and tobacco
09	Course on Laboratory Quality Management	03	Five days	Rs.108,000.00	Local	Improving Knowledge on Laboratory Quality Control
10	Training Course of Preparation of Advance Account of Public Officers	01	One day	Rs.5,000.00	Local	Providing Knowledge for the preparation of Advance Accounts.
11	Enforcement of law for drugs	10	Three months	Rs.250,000.00	Local	Knowledge on legislation, international and regional conventions and legal regulations related to law enforcement, main factor required to control the supply of narcotics.
12	Firearms Training for Promoted Excise Inspectors and Excise Sergeants in the Excise Department	Excise Inspectors - 18 Excise Sergeants - 78	Two days	Rs.228,455.00	Local	Providing theoretical and practical training for the use of firearms to all authorized officers for the use of firearms including staff officers of the Excise Department of Sri Lanka.

13	Warehouse Management, Inventory Control, Annual Board of Survey and Workshop on Asset Disposal	01	Two days	Rs.3,750.00	Local	Providing Knowledge on Warehouse Management, Inventory Control , Annual Board of Survey and Asset Disposal
14	Advanced Diploma in Information Technology and Human Resource Management	01	One year	Rs.30,000.00	Local	Developing knowledge of skills and techniques, coping with human resource challenges in the rapid work environment today, building a strong foundation for present human resources and practices and the preparation of leadership for strategic deployment of human capital for all institutions, granting practical knowledge on issues regarding development and Debate on International gateways.
15	Advanced Certificate Course in Law Enforcement on Drugs	10	Three months	Rs.250,000.00	Local	Formal and extensive technical knowledge on modern narcotics and dangerous drugs, including innovative psychotropic drugs that become a major threat to the country today as well as the legal provisions regarding them.
16	Workshop -11 for Amendments to the Excise Ordinance	22	Two days	Rs.24, 480.00	Local	Making awareness on the reestablishment of the Excise Ordinance.

17	Certificate Course in Disciplinary Procedure of Public Service	01	One month	Rs.30 ,000.00	Local	Knowledge on the Establishments Code and its relevance to the public officers, delegation of powers, reporting the misconduct, pre-investigation, preparation of charge sheets, conducting formal investigation, note down the evidence and punishments, appeals, acts and circulars.
18	Make Awareness Program of Officers on the Right to Information Act	180	One day	Rs.11 ,361.00	Local	Awareness on RTI Institutions, method of obtaining information, right to Information Act and the action to be taken in case of no information received.
19	Advanced Certificate Course in Public Finance and Asset Management	01	60 hours	Rs.30 ,000.00	Local	The knowledge on tenders and asset management.
20	Diploma in Criminal Investigation and Modern Technology	09	One year	Rs.585, 000.00	Local	The knowledge of crime prevention and control, crime investigation, criminal psychology, child protection services and the use of modern technology for the same purpose.
21	Diploma in Criminal Psychology and Convicts Counseling	02	One year	Rs.130,000.00	Local	Analytical understanding of the nature and classification of crimes in Sri Lanka, identification of factors globally and nationally for contributing to the growth of crime and identification of criminal justice system and its practicability.

22	Diploma in General Law	51	One year	Rs.5,049,000.00	Local	Conducting a review of common law and maintaining laws in line with the present social, economic and cultural conditions.
23	Workshop on Tamil Language Training required for the officers sitting for the first Efficiency Bar Examination of the posts of Excise guards and Inspector	23	Five days	Rs.243,835.00	Local	Improving and testing knowledge related to the posts of Excise guards and Inspectors.
24	Preliminary investigation training	15	Two days	Rs.105,000.00	Local	Improving knowledge on possible offenses committed by public officers, punishment granted them, normal conduct and discipline, disciplinary procedure, role of preliminary investigation officer, drafting charge sheets and the payment for preliminary investigations.
25	Drivers Training of Excise guard Driver	108	Two days	Rs.202,150.00	Local	Training on keeping essential documents related to driving duties, knowledge on rules and regulations of circulars and responsibilities, knowledge of mechanical technology in vehicle maintenance and training in safe driving, identification the safe new technologies while driving modern vehicles, economical driving techniques and tool usage.

26	One-day Training Programme for promoted Excise Inspectors	17	Three days	Rs.75,910.00	Local	Professional knowledge and training related to the duties of the Chief Excise Inspectors.
27	Training Programme for New Excise Guard Drivers	12	Five days	Rs.138,860.00	Local	Maintaining essential documents related to driving duty, knowledge of relevant rules, circulars and responsibilities, mechanical technical knowledge on motor vehicle maintenance and training on safe driving, identification and safety of new technological devices in the use of modern vehicles, training on cost-effective driving techniques and tools.
28	Training for New Excise Inspectors	38	Three months	Rs.1,049,700.00	Local	Training on the orientation, orders, procedural law, core law and establishment code, Financial regulations, excise technical notifications, office book leadership of the Excise Department in relation to the duties of the Excise Inspector.

29	Diploma in Criminal Investigation and Modern Technology	01	One year	Rs.32,500.00	Local	Analytical understanding about the nature and classification of crimes in Sri Lanka, identification of factors contributing to the growth of crimes globally and nationally, identification of criminal justice systems and their practicality globally and nationally, and the usage of modern technology
30	Implementation of Software Introduction Program for Security features Management System	97	Three days	Rs.15,318.00	Local	Make aware the Excise Officers and Licensees about the security features Project and the Basic Procedures approved by the Excise Department regarding the Procedures of the Liquor Distribution and Marketing Division.
<b>Number of trained employees</b>		<b><u>843</u></b>		Rs. <b><u>8,821,208.50</u></b>		

### Compliance Report

7.1 Compliance Report on the manner of contribution to the departmental performance.

## 7.1 Compliance Report on the manner of contribution to the departmental performance.

No.	Applicable Requirement	Compliance Status (Complied/Not Complied)	Brief explanation for Non Compliance	Corrective actions proposed to avoid non-compliance in future
1	<b>The following Financial statements/accounts have been submitted on due date</b>			
1.1	Annual financial statements	Complied		
1.2	Advance to public officers account	Complied		
1.3	Trading and Manufacturing Advance Accounts (Commercial Advance Accounts)	Not Applicable	.1This account is not relevant to the EDSL	
1.4	Stores Advance Accounts	Not Applicable	.2This account is not relevant to the EDSL	
1.5	Special Advance Accounts	Not Applicable	.3This account is not relevant to the EDSL	
1.6	Others	Not Applicable	.4This account is not relevant to the EDSL	
2	<b>Maintenance of books and registers (FR445)/</b>			
2.1	Fixed assets register has been maintained and update in terms of Public Administration Circular 267/2018	Complied		
2.2	Personal emoluments register/ Personal emoluments cards has been maintained and update	Complied		
2.3	Register of Audit queries has been maintained and update	Complied		
2.4	Register of Internal Audit reports has been maintained and update	Complied		
2.5	All the monthly account summaries (CIGAS) are prepared and submitted to the Treasury on due date	Complied		
2.6	Register for cheques and money orders has been maintained and update	Complied		
2.7	Inventory register has been maintained and update	Complied		
2.8	Stocks Register has been maintained and update	Complied		

2.9	Register of Losses has been maintained and update	Complied		
2.10	Commitment Register has been maintained and update	Complied		
2.11	Register of Counterfoil Books (GA – N20) has been maintained and update	Complied		
03	<b>Delegation of functions for financial control (FR 135)</b>			
3.1	The financial authority has been delegated within the institute	Complied		
3.2	The delegation of financial authority has been communicated within the institute	Complied		
3.3	The authority has been delegated in such manner so as to pass each transaction through two or more officers	Complied		
3.4	The controls have been adhered to by the Accountants in terms of State Account Circular 171/2004 dated 11.05.2014 in using the Government Payroll Software Package	Complied		
4	<b>Preparation of Annual Report</b>			
4.1	Preparation of the annual action plan.	Complied		
4.2	Preparation of the annual procurement report	Complied		
4.3	Preparation of the annual audit report.	Complied		
4.4	Preparation and Submission of the annual estimate to the Department of National Budget by the prescribed date	Complied		
4.5	Submission of the annual cash flows to the Department of Treasury Operations by the prescribed date.	Complied		
5	<b>Audit queries</b>			
5.1	All the audit queries have been replied within the specified time by the Auditor General	Complied		
6	<b>Internal Audit</b>			
6.1	The internal audit plan has been prepared at the beginning of the year after consulting the Auditor General in terms of Financial Regulation 134(2) ) DMA/1 -2019	Complied		
6.2	All the internal audit reports have been replied within one month	Complied		

6.3	Copies of all the internal audit reports have been submitted to the Management Audit Department in terms of Sub-section 40(4) of the National Audit Act No. 19 of 2018	Complied		
6.4	All the copies of internal audit reports have been submitted to the Auditor General in terms of Financial Regulation 134(3).	Complied		
7	<b>Audit and Management Committee</b>			
7.1	Minimum 04 meetings of the Audit and Management Committee have been held during the year as per the DMA Circular 1 -2019	Complied	In accordance with the letter of the Department of Management Audit dated DMA / AMC / M / 2020 / 5-4 and 11.06.2020	
8	<b>Asset Management</b>			
8.1	The information about purchases of assets and disposals was submitted to the Comptroller General's Office in terms of Paragraph 07 of the Asset Management Circular No. 01/2017	Complied		
8.2	A suitable liaison officer was appointed to coordinate the implementation of the provisions of 13 the circular and the details of the nominated officer was sent to the Comptroller General's Office in terms of Paragraph 13 of the aforesaid circular	Complied		
8.3	The board of survey was conducted and the relevant reports submitted to the Auditor General on due date in terms of Public Finance Circular No. 05/2016	Not Complied		The 2021 Board of survey has been completed, but the Board of survey could not be completed on the due date due to the Covid 19 Pandemic.

8.4	The excesses and deficits that were disclosed through the board of survey and other relating recommendations, actions were carried out during the period specified in the circular	Not Complied		The 2021 Board of survey has been completed, but the Board of survey could not be completed on the due date due to the Covid 19 Pandemic.
8.5	The disposal of condemn articles had been carried out in terms of FR 772	Complied		
9	<b>Vehicle Management</b>			
9.1	The daily running charts and monthly summaries of the pool vehicles had been prepared and submitted to the Auditor General on due date	Complied	Not submitted	Actions are taken to submit prepared monthly summaries to the Auditor General expeditiously.
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning	Complied		
9.3	The vehicle logbooks had been maintained and updated	Complied		
9.4	The action has been taken in terms of F.R. 103, 104, 109 and 110 with regard to every vehicle accident	Not Complied	Actions are being taken to expedite the delayed F.R. investigations due to Covid Pandemic	Actions are being taken to complete the investigations in due course.
9.5	The fuel consumption of vehicles has been re -tested in terms of the provisions of Paragraph 3.1 of the Public Administration Circular No. 30/2016 of 29.12.2016	Complied		
9.6	The absolute ownership of the leased vehicle log books has been transferred after the lease term	Complied		

10	<b>Management of Bank Accounts</b>			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date	Not Complied	Disrupted Due to covid pandemic	Officers have been instructed to submit bank reconciliation statement will be submitted in time in future
10.2	The dormant accounts that had existed in the year under review or since previous years settled	Complied		
10.3	The action had been taken in terms of Financial Regulations regarding balances that had been disclosed through bank reconciliation statements and for which adjustments had to be made, and had those balances been settled within one month	Complied		
11	<b>Utilization of Provisions</b>			
11.1	The provisions allocated had been spent without exceeding the limit	Complied		
11.2	The liabilities not exceeding the provisions that remained at the end of the year as per the FR 94(1)	Complied		
12	<b>Advances to Public Officers Account</b>			
12.1	The limit s had been complied with	Complied		
12.2	A time analysis had been carried out on the loans in arrears	Complied		
12.3	The loan balances in arrears for over one year had been settled	Not Complied	About 15 officers with loan balances have been identified. Written Notice has been made for payment.	Taking legal actions in case of default of loans.
13	<b>General Deposit Account</b>			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits	Not Complied	The balances to be continued as they were excisted more than two years	Deposit balances will be corrected in future
13.2	The control register for general deposits had been updated and maintained	Complied		

14	<b>Imprest Account</b>			
14.1	The balance in the cash book at the end of the year under review remitted to TOD	Complied		
14.2	The ad -hoc sub imprests issued as per F.R. 371 settled within one month from the completion of the task	Complied		
14.3	The ad -hoc sub imprests had not been issued exceeding the limit approved as per F.R. 371	Complied		
14.4	The balance of the imprest account had been reconciled with the Treasury books monthly	Complied		
15	<b>Revenue Account</b>			
15.1	The refunds from the revenue had been made in terms of the regulations	Complied		
15.2	The revenue collection had been directly credited to the revenue account without credited to the deposit account	Complied		
15.3	Returns of arrears of revenue forward to the Auditor General in terms of FR 176	Complied		
16	<b>Human Resource Management</b>			
16.1	The staff had been paid within the approved cadre	Complied		
16.2	All members of the staff have been issued a duty list in writing	Complied		
16.3	All reports have been submitted to MSD in terms of their circular no.04/2017 dated 20.09.2017	Complied.		
17	<b>Provision of information to the public</b>			
17.1	An information officer has been appointed and a proper register of information is maintained and updated in terms of Right To Information Act and Regulation	Complied .		
17.2	Information about the institution to the public have been provided by Website or alternative measures and has it been facilitated to appreciate / allegation to public against the public authority by this website or alternative measures	Complied .		

17.3	Bi - Annual and Annual reports have been submitted as per section 08 and 10 of the RTI Act	Complied .		
18	<b>Implementing citizens charter</b>			
18.1	A citizens charter/ Citizens client's charter has been formulated and implemented by the Institution in terms of the circular number 05/2008 and 05/2018(1) of Ministry of Public Administration and Management	Complied (for the License Branch)		
18.2	A methodology has been devised by the Institution in order to monitor and assess the formulation and the implementation of Citizens Charter / Citizens client's charter as per paragraph 2.3 of the circular	Not Complied		
19	<b>Preparation of the Human Resource Plan</b>			
19.1	A human resource plan has been prepared in terms of the format in Annexure 02 of Public Administration Circular No.02/2018 dated 24.01.2018.	Complied.		
19.2	A minimum training opportunity of not less than 12 hours per year for each member of the staff has been ensured in the aforesaid Human Resource Plan	Complied.		
19.3	Annual performance agreements have been signed for the entire staff based on the format in Annexure 01 of the aforesaid Circular	Complied.		
19.4	A senior officer was appointed and assigned the responsibility of preparing the human resource development plan, organizing capacity building programs and conducting skill development programs as per paragraph No.6.5 of the aforesaid Circular	Complied.		
20	<b>Responses Audit Paras</b>			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified.	Complied.		