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செயலாற்றுகை அறிக்கை
PERFORMANCE REPORT
2020

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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Performance Report for the Year 2020

Name of the Institute	-	Excise Department of Sri Lanka
Address of the Institute	-	No.353 , Kotte Rd, Rajagiriya
Vote No.	-	248 - Excise Department
Email	-	excisen@slt.lk
Web	-	http://excise.gov.lk
Telephone No	-	0113-888022
Fax	-	0112-877890
Hot Line	-	1913

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
- 1.4 Activities and Values
- 1.4 Organizational Structure of the Excise Department of Sri Lanka
- 1.5 Geographical Locations of the Regional Offices of the Excise Department of Sri Lanka

1.1. Introduction

Excise Department of Sri Lanka with over one hundred and six years old history, holds the third place among the government revenue generating Departments of Sri Lanka. This Department which was established under the Excise Ordinance No.08 of 1912 commenced its operations from the 01st of January 1913.

At the commencement, a Commissioner of Excise was appointed as the Head of the Department, and subsequently said designation was revised as the Commissioner General of Excise. Additional Commissioner General of Excise, Acting Additional Commissioner General of Excise and two 02 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 support until 31 December 2020. Further, an Audit Division has been established to streamline the internal control of the Head Office of Excise and an Audit Division of the Auditor General's Department and a Statistics Division of the Department of Census and Statistics have been attached.

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.

The actual number of staff served in the Department in the 31 December 2020 under review was 1276. There were 316 vacancies which were 20% of the approved cadre. This entire staff has contributed to achieve the expected performance of the department

The Department takes action to fulfill its three key result areas of Excise and Tobacco tax revenue management, laws enforcement and social protection related to them. In the year 2020, the Department has been able to collect Rs.121.03 Billion of Excise and Tobacco tax revenue for the Treasury.

The Excise Operation Room established in 2019 has been able to respond promptly to the complaints received from various institutions and individuals through the hot line telephone number 1913 and a systematic and more efficient manner responded in this year than in the previous year.

In the year 2020, 39,623 cases of illegal liquor and narcotics were filed by the Excise officers island wide and the amount of fines collected was rupees 145,804,050. The Excise Intelligence Unit seized 100 kilograms of ice and 100 kilograms of heroin worth about rupees 2100 million

from the Thoduwawa area in Chilaw. This was an exceptional raid in this year.

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, Departments 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, however somewhat constricted by the impact of the Covid 19 pandemic in the all public service in the year 2020.



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 ”

1.2.1 Vision

To be the most respectable and responsible government institute dedicated to enhance the government revenue by formal regulation on liquor and tobacco Industry.

1.2.2 Mission

“Efficient and effective administration of alcohol and other approved intoxicants within the country to support economic growth and development by facilitating legitimate trade revenue generation and enforcing compliance with all the laws and regulations under which we are empowered to act and intensive awareness campaign against illicit alcoholism dangerous drugs psychotropic substances abuse” and to ensure safety against health hazards on non-standard Liquor.

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 sustainable operations and making awareness against the illegal liquor and alcohol.
- 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

1.3 Activities and values

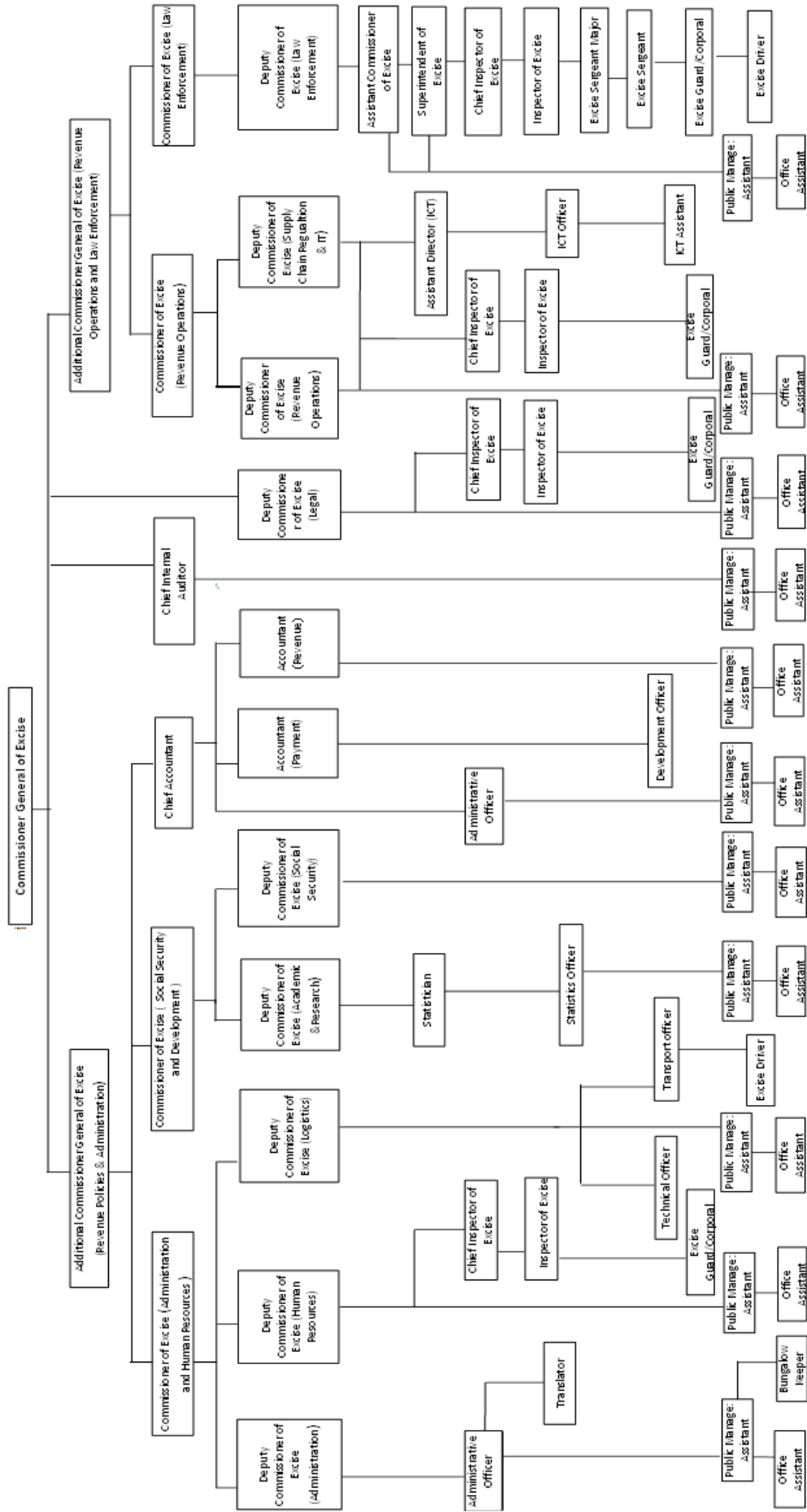
Activities

- 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.

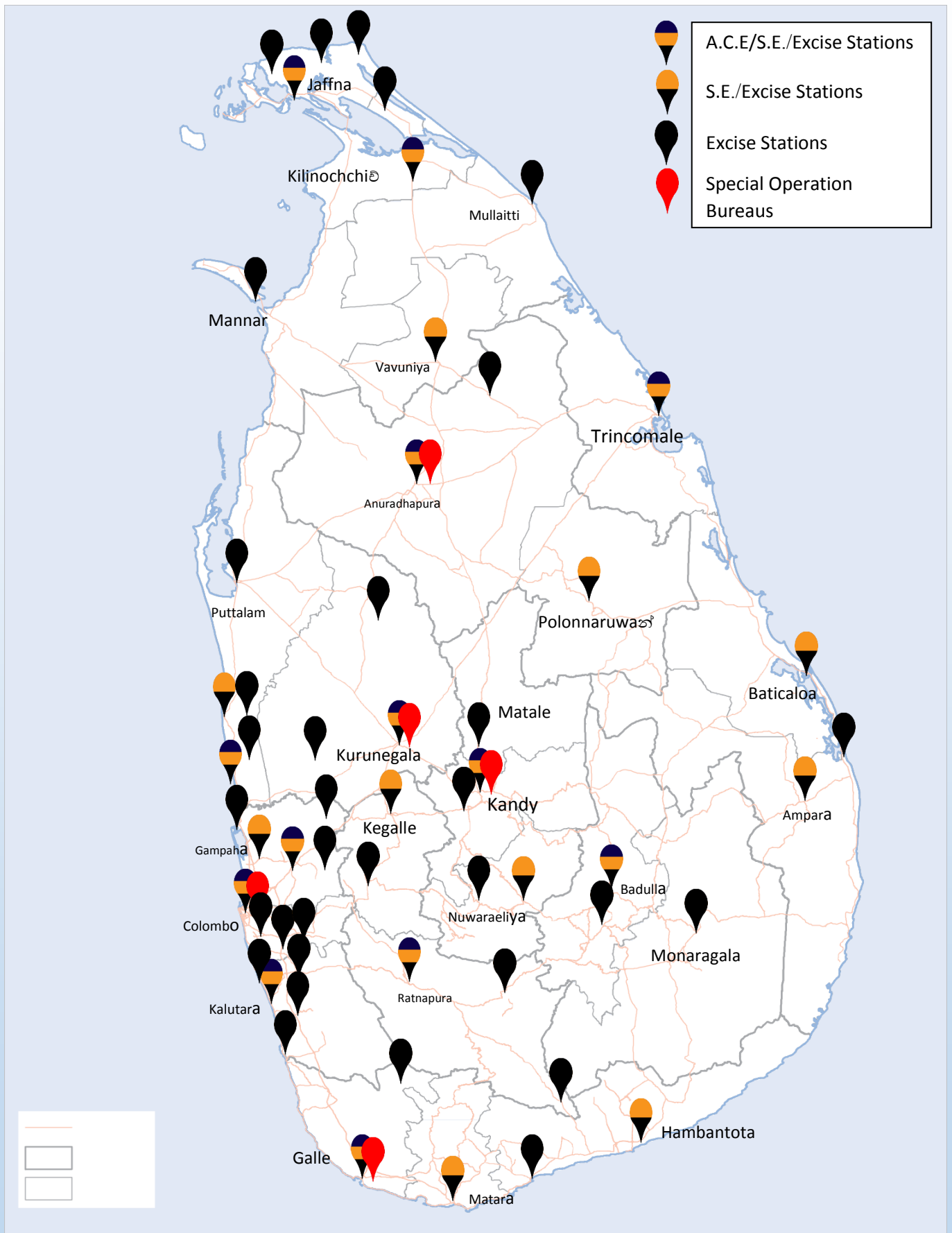
Values

- 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.

1.4 Organizational Structure of the Excise Department of Sri Lanka



1.5 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 Crimes

2.1.3 Logistics

2.1.4 Establishment of New Divisions

2.2 Challenges – Future Goals

2.3 Welfare

• 2.1 Special Achievements

• 2.1.1 Revenue

Despite the outbreak of the Covid 19 Pandemic from March 2020 to the end of the year, the Sri Lanka Excise Department has been able to collect income of Rs. 120,989,956,654.00 and Rs. 38,565,392.00 as tobacco tax income for the year 2020 that it is pointed out as special achievement. The liquor tax has been increased by 5% compared to 2019, while tobacco tax revenue has been increased by 18%.

- It has been able to control tax irregularities related to foreign liquor imported to Sri Lanka by introducing a foolproof sticker for alcohol related products. Arrangements have been made to introduce this foolproof sticker for local liquor as well until July 2021.
- Introduction of the Extra Ordinary Gazette No.2128/30 dated 20.06.2019 for the implementation of the foolproof sticker project. Introduction of Extraordinary Gazette Notification No. 2164/72 dated 01.03.2020 and Extraordinary Gazette Notification No. 2178/4 dated 01.06.2020.
- Developing and implementation of a computer software for tax calculation.
- Taking action to update the departmental web site with the details of all the excise licenses already issued in the year 2020 and those to be issued by the Department.

- Computerization and registration of the production details related to tobacco based products, viz, Beedi and Cigars as the first step of formulating a mechanism for regulating the tobacco industry and its taxation strategy.

• 2.1.2 Crimes

- In the year 2020, Excise Officers were able to take three suspects into custody with 100 kgs of heroin and 100 kg of ice it is recorded as the largest raid in 107 years long history of the Department. Similarly, its value is only 2100 million rupees. Also, 39,623 raids on illegal drugs and liquor were carried out island wide and collected Rs. 145,804,050.as court fines.
- Being able to earn Rs. 156,290,349.81 as composition fees through submission of 2,747 technical crime reports related to violation of excise license conditions by proper supervision and administration of excise licensed premises located island wide.
- A special operation room in which 1913 special telephone number is operated in 24 hours, was set up in the excise head office to create close links with the general public and to give priority to public complaints and received 4166 complaint. Those complaints have been forwarded to the excise regional offices.

2.1.3 Logistics

- No new vehicles were purchased for the Sri Lanka Excise Department in the year 2020 and the undergoing construction work of the Pugoda and Kandy Excise Stations were completed and the constructions of Mullaitivu, Point Pedro and Ampara Excise Stations has been continued in the year 2020. In addition, a report was prepared on the number of vehicles owned by the department and their condition and vehicles according to the vehicle census conducted by the Studies and Research Division. Accordingly, suitable vehicles were being identified not suitable for the usage and necessary steps were being taken for the auction.
- Making the procurement process to purchase Mobile Communication Equipment and Hot Line Communication Equipment for the Excise Department of Sri Lanka.
- Computerizing all main functions of all manufactories related to the Excise Department of Sri Lanka and networking their manufacturing process with the Head Office.
- Creating networks between Sri Lanka Customs, Inland Revenue Department and the Excise Department of Sri Lanka for information sharing.
- Establishing a central laboratory at Seeduwa for the purpose of enhancing the quality of alcohol manufacturing process and its related marketing problems and purchase of laboratory test equipment required for the same.
- Introducing a new Service Minute for the staff of Excise Department for the efficient service.
- Outdated excise laws and regulations as to meet contemporary requirements and adding suitable amendments.
- Introducing a foolproof Sticker for local liquor products in the year 2021.

2: 1: 4 Establishment of New Division

The Statistics Division was established in 2020 with the need of analyzing the data under accurate methodologies to be used for research and studies conducted by the Excise Department of Sri Lanka. A Statistician of the Department of Census and Statistics has been permanently attached to the Excise Department of Sri Lanka for that section.

2 : 2 Challenges – Future Goals

- Providing of Rupees 130 billion to the Treasury as tax revenue on liquor and Tobacco by the Excise Department of Sri Lanka.
- Increasing the cadre of the Excise Department of Sri Lanka up to 2,693 since the current staff is not adequate to fulfill its island wide duties.
- Improving infrastructure facilities including vehicles and buildings for all the regional and administrative offices and special units located island wide.

2: 3 Welfare

- The Excise Department of Sri Lanka considering the needs of the officers through the establishment of a welfare society.
- Submit a proposal to the Ministry of Finance to provide a monthly allowance from the reward fund to motivate all the officers working in the Excise Department who are dedicated for growing the government revenue.

Overall Financial Performance of the year

- 3.1 Statement of Financial Performance
- 3.2 Statement of Financial Performance – Reward Fund
- 3.3 Statement of Financial Position
- 3.4 Statement of Cash Flows
- 3.5 Notes to the Financial Statements
- 3.6 Performance of the Revenue Collection
- 3.7 Performance of the Utilization of Allocation
- 3.8 In terms of F.R.208 grant of allocations for expenditure to this Department/District Secretariat/Provincial Council as an agent of the other Ministries/ Departments
- 3.9 Performance of Reporting Non-Financial Assets
- 3.10 Auditor General’s Report

3.1 Statement of Financial Performance
for the period ended 31st December 2019

		Rs.	
Budget 2020	Note	2020	Actual 2019
135,000,000,000.00	Revenue Receipts	121,028,522,046.00	115,417,028,272.00
-	Income Tax	121,028,522,046.00	115,417,028,272.00
-	Taxes on Domestic Goods & Services	-	-
-	Taxes on International Trade	-	-
-	Non Tax Revenue & Others	-	-
135,000,000,000.00	Total Revenue Receipts (A)	121,028,522,046.00	115,417,028,272.00
-	Non-Revenue Receipts	-	-
-	Treasury Imprests	642,541,411.00	752,175,000.00
-	Deposits	225,970,311.00	299,009,574.00
-	Advance Accounts	37,999,209.00	50,529,077.00
-	Other Receipts	95,315,491.00	104,592,121.00
-	Total Non-Revenue Receipts (B)	1,001,826,422.00	1,206,305,772.00
-	Total Revenue Receipts & Non-Revenue Receipts C = (A)+(B)	122,030,348,468.00	116,623,334,044.00
-	Less: Expenditure	-	-
-	Recurrent Expenditure	-	-
846,500,000.00	Wages, Salaries & Other Employment Benefits	805,327,903.00	723,371,911.00
177,200,000.00	Other Goods & Services	201,959,209.00	205,020,444.00
9,500,000.00	Subsidies, Grants and Transfers	8,235,451.00	8,409,221.00
-	Interest Payments	-	-
-	Other Recurrent Expenditure	-	-
1,033,200,000.00	Total Recurrent Expenditure (D)	1,015,522,563.00	936,801,576.00
-	Capital Expenditure	-	-
17,800,000.00	Rehabilitation & Improvement of Capital Assets	15,512,876.00	6,288,020.00
136,700,000.00	Acquisition of Capital Assets	107,829,775.00	94,056,258.00
-	Capital Transfers	-	-
-	Acquisition of Financial Assets	-	-
6,400,000.00	Capacity Building	5,248,681.00	9,670,775.00
-	Other Capital Expenditure	-	-
160,900,000.00	Total Capital Expenditure (E)	128,591,332.00	110,015,053.00
-	Main Ledger Expenditure (F)	120,903,703,982.00	115,650,132,007.00
-	Deposit Payments	210,106,606.00	531,522,103.00
-	Remittance	120,662,711,195.00	115,059,294,194.00
-	Advance Payments	30,886,181.00	59,315,710.00
-	Total Expenditure G = (D+E+F)	122,047,817,877.00	116,696,948,636.00
1,194,100,000.00	Imprest Balance as at 31st December..... H = (C-G)	(17,469,409.00)	(73,614,590.00)
-	Imprest Adjustment Added	-	-
-	FR 208 Other Department Expenses	51,314,150.00	46,550,631.00
-	Imprest Accounts DR Difference	19,757,386.00	29,735,446.00
-	Imprest Accounts CR Difference	-	45,475,137.00
-	Advance "B" Accounts Difference	-	1,002,414.00
-	Adjustment Total	71,071,536.00	122,763,628.00
-	Less	-	-
-	FR 208 Other Department Expenses	9,657,138.00	5,436,061.00
-		507,079.00	-
-	Adjustment Total	10,164,217.00	5,436,061.00
-	After Adjustment of Imprest Balance as at 31st December 2020	43,437,910.00	43,712,977.00

3.2 Statement of Financial Performance – Reward Fund

Excise Department of Sri Lanka – reward fund

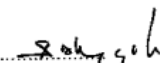
Statement of Financial Performance for the period ended by 31st December 2020 - (Rupees)

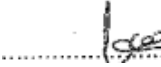
	2020	2019
<u>Revenue</u>		
Receipts of Compounding Fees	150,286,449.81	181,849,475.27
Cigarette Fines	6,003,900.00	4,442,250.00
Receivable Composition Fees	-	54,577,283.55
Receivable Cigarette Fines	-	871,100.00
Total Revenue	156,290,349.81	241,740,108.82
<u>Expenditure</u>		
Payment of Rewards	120,589,193.59	363,518,332.51
Payment to the Government Revenue - Compounding Fees 15 %	22,542,967.47	27,277,421.29
Payment to the Government Revenue -- Cigarette Fines 75 %	4,502,925.00	3,331,687.50
Payables to the Tobacco Fund	1,401,700.00	1,110,562.50
Payables to the Tobacco Fund (Receivable Composition Fees Receivable Cigarette Fines)	118,500.00	
Special Raids	-	210,000.00
Others	11,300.00	-
Depreciations (Appendix 01)	-	6,601,350.14
Rebates to Licensees	65,000.00	102,000.00
Total Expenditure	149,113,086.06	402,151,353.94
(Deficit) / Surplus	7,177,263.75	(160,411,245.12)

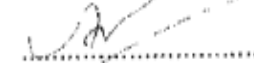
3.3 Statement of Financial Position as at 31st December 2020

	Note	2020 Rs..	Actual 2019 Rs.
<u>Non-Financial Assets</u>			
Property, Plant & Equipment	එයිඑ-6	1,458,969,403.00	1,371,338,801.00
<u>Financial Assets</u>			
Advance Accounts	එයිඑ-5/5(එ)	170,494,920.00	177,607,948.00
Cash & Cash Equivalents	එයිඑ-3	43,437,910.00	43,712,977.00
Total Assets		1,672,902,233.00	1,592,659,726.00
<u>Net Assets / Equity</u>			
Net Assets		(190,944,818.00)	(167,943,085.00)
Property, Plant & Equipment Reserve		1,458,969,403.00	1,371,338,801.00
Rent and Work Advance Reserve	එයිඑ-5(බ)		
<u>Current Liabilities</u>			
Deposits Accounts	එයිඑ-4	361,439,738.00	345,551,033.00
Imprest Balance	එයිඑ-3	43,437,910.00	43,712,977.00
Total Liabilities		1,672,902,233.00	1,592,659,726.00

Detail Accounting Statements in ACA format Nos. 1 to 6 presented in pages from 05 to 42 and Notes to accounts presented in pages from 43 to 59 form and integral parts 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 to in agreement.


 Chief Accounting Officer
 Name :S.R.Artigalle
 Designation: Secretary
 Date: 20 .02 .2021


 Accounting Officer
 Name : M.J.Gunasiri
 Commissioner General of Excise
 Date: 16.02.2021


 Chief Financial Officer/ Chief Accountant/
 Director (Finance)/ Commissioner (Finance)
 Name: M.N.P.Fernando
 Date: 16.02 2021

3.4 Statement of Cash Flows

ACA-C

Statement of Cash Flows 2020 for the Period ended 31st December 2020

	Actual 2020 ₹.	Actual 2019 ₹.
<u>Cash Flows from Operating Activities</u>		
Total Tax Receipts	121,028,522,046.00	115,417,028,272.00
Fees, Fines, penalties and license	94,204,670.00	104,592,121.00
Profit	-	-
Non- revenue Receipts	19,757,386.00	75,210,583.00
Revenue Collected from the Other Heads	-	-
Imprest received	642,541,411.00	752,175,000.00
Total cash generated from Operations (a)	121,785,025,513.00	116,349,005,976.00
<u>Less – cash disbursed for :</u>		
Personal Emoluments & operating payments	1,014,775,453.00	935,818,716.00
Subsides & Transfer Payments	-	-
Expenditure on Other Heads	9,657,138.00	5,436,061.00
Imprest Settlement to Treasury	120,662,711,195.00	115,059,294,194.00
Total Cash disbursed for Operations (b)	121,687,143,786.00	116,000,548,971.00
Net cash flow from operating activities (c) = (a) – (b)	97,881,727.00	348,457,005.00
<u>Cash Flows from Investing Activities</u>		
Interest	-	-
dividends	-	-
Divestiture Proceeds & Sale of Physical Assets	1,110,821.00	-
Recoveries from on Lending	-	-
Recoveries from Advance	32,413,702.00	44,049,500.00
Total cash generated from Investing Activities (d)	33,524,523.00	44,049,500.00
<u>Less – cash disbursed for :</u>		
Purchase or Construction of physical Assets & Acquisition of Other investment	78,024,292.00	64,447,282.00
Advance Payment	25,807,753.00	51,833,719.00
Total cash disbursed for Investing Activities (e)	103,832,045.00	116,281,001.00
Net cash flows from investing activities (f) = (d) – (e)	(70,307,522.00)	(72,231,501.00)
Net cash flows from operating & Investment activities (g) = (c) + (f)	27,574,205.00	276,225,504.00
<u>Cash Flows from Financial Activities</u>		
Local Borrowings	-	-
Foreign Borrowings	-	-
Grants received	-	-
Deposit Received	225,970,311.00	299,009,574.00
Total Cash generated from Financial activities (h)	225,970,311.00	299,009,574.00
<u>Less – cash disbursed for :</u>		
Repayment of Local Borrowings	-	-
Repayment of Foreign Borrowings	-	-
Deposit Payments	210,106,606.00	531,522,103.00
Total cash disbursed for Financing Activities (i)	210,106,606.00	531,522,103.00
Net cash flow from financing activities (j) = (h) – (i)	15,863,705.00	(232,512,527.00)
Net Movement in Cash (k) = (g) – (j)	43,437,910.00	43,712,977.00
Opening Cash Balance as 01st January	-	-
Closing Cash balance as at 31st December	43,437,910.00	43,712,977.00

3.5 Notes to the Financial Statements

3.6 Performance of the Revenue Collection

Revenue Code	Description of the Revenue Code	Revenue Estimate		Collected Revenue	
		Original Estimate	Final Estimate	Amount (Rs.)	as a % of Final Revenue Estimate
1002.04.01	Liquor	130,000,000,000.00	130,000,000,000.00	120,989,956,654.00	93.07%
1002.06.00	Tobacco Tax	35,000,000.00	35,000,000.00	38,565,392.00	110.19%
2002.01.01	Government Building Rentals	650,000.00	650,000.00	1,014,759.00	156.12%
2002.02.99	Other Interests	6,000,000.00	6,000,000.00	5,194,264.00	86.57%
2003.01.00	Departmental Sales	1,000,000.00	1,000,000.00	1,110,821.00	111.08%
2003.02.99	Miscellaneous	20,000,000.00	20,000,000.00	49,938,665.00	249.69%
2004.0.1.0.0.0	Social Security Contributory fees Central Government	-	-	38,056,983.00	-

3.7 Performance of the Utilization of Allocation

Type of Provision	Allocation		Actual Expenditure	Utilized allocation , Allocation Utilization as a % of Final Allocation (%)
	Original Allocation	Final Allocation		
Recurrent	1,033,200,000.00	1,033,200,000.00	1,015,522,563.00	98.29%
Capital	160,900,000.00	160,900,000.00	128,591,332.00	79.92%

3.8 In terms of F.R.208 grant of allocations for expenditure to this Department/District Secretariat/Provincial Council as an agent of the other Ministries/ Departments

Asset Code	Allocation Received from Which Ministry /Department	Purpose of the Provision	Allocation		Actual Expenditure	Allocation Utilization as a % of Final Allocation
			Original Allocation	Final Allocation		
01.	Building Department(309)	Building Construction	23,325,849.62	23,325,849.62	23,324,585.23	99.99
02.	Building Department (309)	Building Renovation	9,745,000.00	9,745,000.00	1,565,000.00	16.06
03.	District Secretary - Gampaha (256)	Building Construction	15,562,999.20	15,562,999.20	15,504,844.85	99.62
04.	District Secretary - Gampaha (256)	Building Renovation	742,726.40	742,726.40	724,373.90	97.52
05	District Secretary - Kalutara (257)	Building Renovation	1,483,076.97	1,483,076.97	1,482,631.89	99.96
06	District Secretary - Galle(261)	Building Renovation	3,900,000.00	3,900,000.00	3,900,000.00	100
07.	District Secretary - Polonnaruwa (275)	Building Construction	1,986,785.54	1,986,785.54	1,986,785.54	100
08.	District Secretary – Matara (262)	Building Construction	576,726.00	576,726.00	576,726.00	100
09.	District Secretary - Hambantota(263)	Building Construction	1,553,304.21	1,553,304.21	1,502,092.70	96.70
10.	Railway Department(306)	Free Railway warrant			747,110.00	

3.9 Performance of Reporting Non-Financial Assets

Asset Code	Code Description	Balance as per the Board of Survey Report as at 31.12.2020	Balance as per the Financial Position Report as at 31.12.2020	Yet to be accounted	Reporting Progress as a %
9151	Building and Structures	378,308,636.90	378,308,636.90		100%
9152	Plant & Equipment	640,338,949.35	640,338,949.35		100%
9153	Land	184,800,000.00	184,800,000.00		100%
9154	Intangible Assets	3,400,000.00	3,400,000.00		100%
9155	Biological Assets	-	-		-
9160	Works in Progress	174,869,318.22	174,869,318.22		100%
9180	Assets leased	77,252,499.00	77,252,499.00		100%

3.10 Auditor General's Report



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



Commissioner General of Excise,

Excise Department of Sri Lanka.

The summary report of Auditor General with respect to the financial statement of the Excise Department of Sri Lanka for the year ended 31 December 2020 in terms of the Section 11 (1) of the National Audit Act No. 19 of 2018.

1. Financial Statements

1.1 The Qualified Opinion

The audit of the financial statement of the Excise Department of Sri Lanka for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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 includes my comments and observations in respect of 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 is submitted upon to the Accounting Officer in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. The Report of Auditor General will be tabled in Parliament in due course in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with the Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the Excise Department of Sri Lanka as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 The Basis for Qualified Opinion

My opinion is substantiated based on the matters set out in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). My responsibilities, regarding financial statements are further described in the section of Auditor's Responsibility. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of Chief Accounting Officer and Accounting Officer regarding 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 management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In terms of the Section 16 (1) of the National Audit Act No. 19 of 2018, the Excise Department of Sri Lanka is required to maintain books and records properly of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Department exists, and carry out periodic reviews to monitor the effectiveness of such systems 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 skepticism 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 communicate 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 observations regarding the paragraphs No. 1.6.2.1 (b) and (c) of this report, recommendations of my report had not been made on the financial statements submitted for the preceding year.

1.6 Comments on financial statements

Short comings have been observed such as values not entered, values entered with changes, representing the wrong total in column, changing 8 values of the columns of Tamil copy ,06 of English copy ,10 of Sinhala copy in financial statement list that submitted according to the financial statement format.

1.6.1 Financial Performance Statement

1.6.1.1 Revenue Receipts

The difference of amount of rupees 6,424,825 was observed in which the amount of tobacco tax revenue rupees 38,565,392 as per financial statements as at 31st December 2020 and the tobacco tax revenue in the year under review was rupees 32,140,567 in accordance with the details submitted to the audit by the revenue division of the department.

1.6.1.2 Expenditure incurred

The Expenditure on Consultancy Fees relating to Buildings department Provided for the Consultancy Service for the Construction of the head office in the Department was rupees 7,286,343 and it was entered into accounts as ongoing work of the vote no. 248-1-1-2104 and cheque bearing no 7041628, which dated 31 December 2020 retained more than three months without any reason, was not handed over to the company and cancelled thereafter.

1.6.2 Statement on Financial position

1.6.2.1 Non-financial assets

The following observations are carried out

- (a) As at 31st December of the year under review, as per the Treasury printing publications, the Property Plant and Equipment (SA-80) was rupees 1,458,163,820 and according to the financial statements it was rupees. 1,458,969,403. The amount of the difference of rupees 805, 583 was observed.
- (b) Expenditure incurred by the Department and other Departments for the construction of buildings under vote No. 248-1-1-2104 in the form (ii) of A.C.A.2. In the financial statements in the year under review were rupees 30,055,474 and rupees 42, 895, 034 respectively, although the A.C.A.6 of Non-Financial Assets Statement stated that the acquisition of office buildings during the year under review was rupees 30,055,474. Accordingly, the amount of rupees 42,895,034 for acquisitions of buildings were represented in low value.

- (c) In the Statement of Non-Financial Assets dated 01 January of the year under review The amount of value of ongoing work was recorded as rupees 165,062,650 as per Form A.C.A.6 it was recorded as same as at 01 of January 2019. Accordingly, the value of ongoing work in 2019 was rupees 45,567,771 which was not specified in the form A.C.A.6.

1.6.3 Balances of Deposit Account

The following observations are made.

- (a) Since the years 2016 and 2017, the amount of retention to be paid to a contractor for the construction of the head office is rupees 9,946,304 was retained in General deposits. This was due to problems with the designing and planning of the building, imperfections in the construction and proper actions have not taken by the company that made the supervision of the contract. No action was taken during the year under review to settle these issues and make the necessary adjustments to the accounts.
- (b) Actions have not been taken in terms of financial regulation 571 regarding the amount of rupees 7,098 accumulated in two payments over 2 years in the provisional withholding account for statutory payments bearing No. 6000 - 0-0-18 - 0 – 119.

1.6.4 Cash Flow Statement

The balance in the bank account number 7041629 for the year under review was rupees 25,273,363 but it was represented in the cash flow statement as rupees 43,437,910.

1.6.5 Lack of evidence for the audit

A schedule for deposits of rupees 73,346,404 from the year 2018 to the year 2020 had not been submitted in the General Deposit Account bearing No. 6000-0-0-18-0-122 - 0.

1.6.6 Documents and books have not been maintained

Sample audits revealed that the following documents had not been duly maintained by the excise department of Sri Lanka for the year under review.

Type of document	Relevant regulation	Observation
Vote Register	F.R.447	Not Updated
Damage and Loss Register	F.R. 505 (2)	Not Updated
Fixed Assets Register	F.R. 110	Not Updated
Security Register	F.R.880	Not maintained

2. Financial Review

2.1.1. Balance of Imprest Account

Imprest Balance of rupees 43,437,909 unsettled to the treasury as at 31 December 2020

2.1.2. Public Officers Advance "B" Accounts

Balance of loan in arrears receivable from 09 deceased officers is Rs. 1,636,743 and the balance of one officer out of them was rupees 118,260 in arrears for more than 5 years. In addition, the amount of rupees 1,157,797 was outstanding of 11 officers who dismissed, resigned and vacated the service and out of them, the sum of rupees 543,723 was in arrears of 07 officers for more than 5 years. It was observed that no actions had been taken to recover these loans in terms of the Chapter XXIV of the Establishments Code and the provisions of Budget Circular No. 118 dated 11 October 2004 in the year under review and the follow up procedure regarding this was in poor.

2.2 Non – recovery of arrears of income

The following observations are made.

- (a) According to the Financial Statements and Revenues in arrears , the total outstanding tax revenue receivable to the Department on the production of liquor, toddy and spirits as at 31 December of the year under review was rupees 3969.8 million including the late fees. No actions had been taken to recover the revenue in arrears as per F.R. 176 (2), (3).
- (b) At the end of the year under review, the amount of tax revenue in arrears in the five liquor manufacturing companies is rupees 2,299.63 million over the last five years. The amount of basic tax included is rupees 360.61 million and the late fees were rupees 1939.02 million. The total arrears receivable from the two companies was rupees 1,217.12 million and no legal actions have been taken regarding this matter. And Rupees 204.97 million receivable from a company and concluding an agreement with the both parties to provide relief and submitted them to the Ministry. Actions have not been taken accordingly though the total amount revenue in arrears of other two companies was rupees 877.54 million. No progress was reported in respect of the collection of arrears.
- (c) According to F.R. 128 (2), a Bi-annual report indicating the position of net revenue should be submitted for audit in every 06 months on the last day of the month following the end of the half year or earlier, but the report for the last half year of 2020 had not been received for the audit by 31 January 2021.

2.3 Expenditure management

The following observations are made.

- (a) The total provisions for seven votes are Rs. 116.6 million but out of the total allocations made for those votes Rs. 83.8 million only had been utilized. The remaining in those votes was in the range from 17 percent to 92 percent of the net provisions.

- (b) Rs. 3.4 million from the provisions of 15 million had been spent for the purchase of generator for uninterrupted power supply in the year under review under the vote no 248-1-1-2106 for the installation of a computer software system to make correct the tax calculation process . The remaining amount of Rs.11.6 million had been transferred to vote No. 248 - 1 - 1 - 2108 under F.R .66.

2.4 Approach to Liabilities and Bonds

The following observations are made.

- (a) The payable allowances of Rs. 420,000 for the trainees attached to 2 districts and head office belonged to vote 130 was entered under the vote no. 248 of Excise Department.
- (b) 22 liabilities were not entered in the liability register with the total of 12 recurrent votes for the year under review was Rs. 1,226,942.
- (c) Liabilities or bonds not reported under Note No. (iii) in terms of paragraph 3.4 of Public Accounts Circular No. 271/ 2019 dated 03 December 2019 shall not be settled in the next year as an expenditure of the previous year but in respect of such the amount of 15 cases not reported in the year 2019 was Rs. 4,898,437 settled during the year under review.
- (d) The total of 5 expenses payable for the next year amounting to Rs. 127,023 in the liability register of the year under review.

2.5 Certifications to be made by the Accounting Officer

The Accounting Officer should have certified the following matter in terms of the provisions of Section 38 of the National Audit Act, No. 19 of 2018. However, it had not been made so.

- (a) The chief Accounting officer should ensure that a effective internal control system is prepared and maintained for the financial administration of the department .the productivity thereof should be reviewed from time to time and changes should be made accordingly to maintain the system effectively .such reviews should be made in writing ,and a copy thereof should be furnished to the Auditor General However, no statement to the effect that such reviews had been made ,were furnished to the audit.
- (b) Even though all audit queries should be answered by the Accounting officer who ensured within the timeframes as required to the Auditor General, the audit queries had not been answered as per paragraph 3.5 of the report.
- (c) The Accounting Officer should ensure that there is an effective methodology for the proper implementation of the internal audit function, but that requirement had not been carried out as per the observations made in paragraph 5.1 of the report.

2.6 Non-compliance with Laws, Rules, and Regulations

The following observations are made.

Reference to Laws, Rules & Regulations

Non-compliance

(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R. 395 (c)

Although the bank reconciliation statement should be prepared before the 15th of the following month regarding the position of the transaction of each month, 5 bank reconciliation statements related to 2 bank accounts of the year under review had not been prepared by 20 January 2021, the date of the audit.

(b) Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka 104 (4)

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. 748,907 regarding the losses on 5 cases were observed and no actions have been taken accordingly.

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

Even the monthly reports for the revenue codes to be submitted by the Commissioner General of Excise to the Director General of Fiscal Policy before the 10th of next month and actions have not been taken to do so.

(d) Part 01 of Fiscal policy Circular No. 01/2020 dated 28th August 2020 , F.R. 756(6)

Although the report of board of survey for the year under review should have been submitted to the Auditor General before 31st March 2021, the annual board of survey reports for 56 excise stations including the Head Office of the Department, 13 Excise Commissioner's Offices, 30 Excise superintendent Offices and 6 Special Operations Units had not been submitted.

(e) 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, actions have not been taken by the Excise Department to obtain such security up to the year under review.

(f) Fiscal Policy Circular No. 01/2014 dated 17th February 2014.

Action plans have not been prepared to recover the revenue included in the indicators to measure the progress of those actions, actions to achieve those targets and the monthly targets on tobacco tax revenue of Rs.35 million and estimated liquor tax revenue of Rs. 130 billion for the year under review.

2.7 Handling bank accounts

Actions have not been taken in terms of the F.R.396 (d) regarding 26 cheques with the value of Rs. 242,823 not submitted for the payments within six months but issued cheques in the bank reconciliation in December of the year under review pertaining to the Bank Account No. 7041628.

3. Review on operation

3.1 Performance

3.1.1. Vision and mission

As the objectives and main functions of the Excise Department fall under the purview of the Ministries of Health and other institutions, the committee on Public Accounts had focused on identifying the scope of the Excise Department and revising its objectives and functions accordingly. The views and proposals were discussed with all the staff of the Department and amended draft has been prepared but it had not been approved yet.

3.1.2. Failure to perform roles

The following observations are made.

(a) Excise licenses for cruise ship operations

The Department had taken action to issue F.L11 Excise Licenses (Restaurant License) for 8 vessels operating under a private company not registered with the Tourism Development Authority for "Tourist Vessel Operations" services under the Tourism Services. The Proof documents for registration of five vessels in the Trade and Shipping Company had not been submitted. Two of the vessels which submitted the certificate of registration, had expired period on 11th February 2019 and 2nd May 2019. These vessels were registered for transportation of cargo under the Trade and Shipping Company operation that it was observed in the audit. The provisions had not been made by the department in terms of Section 25 of the Excise Ordinance with regard to the issuance of excise licenses for the functioning of cruise vessels.

(b) Fool proof Sticker Management System

The application of stickers for foreign liquor had commenced from July 20, 2019 under the rules issued by the Minister of Finance as per Extraordinary Gazette Notification No. 2128/30 dated 20th June 2019 and Excise Notifications 04/2019 for Providing of fool proof Stickers for Liquor Bottles and Liquor Bottle manufacturing and Supply and Maintenance of fool proof Management System for the growth of Government Revenue. The four excise notifications issued by the Minister of Finance in 2019 and 2020 had extended the deadline for applying liquor stickers to country made liquor up to June 30, 2021. From the year 2019 till the end of the year under review, the revenue of Rs. 10.87 million Collected from the sale of sticker of foreign liquor and the expenditure incurred for the purchase of stickers during the period amounted to Rs. 5.98 million. The estimated cost of this project is Rs. 1,782

million but the expenditure incurred so far is Rs. 5.98 million or 0.3 percent. The project had so far only been implemented on foreign liquor.

It has taken about 18 months to enter into an agreement with the local liquor manufacturing companies, the necessity to implement the digital technology pointed out by the major manufacturing companies, the new Cabinet approval is to be obtained and the procurement process with the supplier has to be made for a fool proof sticker accordingly again procurement activities to be resumed, as per the requirements, revising the scope of the procurement process and requirement of entering into new agreements had to be carried out further.

(c) Computer software system

Project had not been implemented even though the amount of provisions Rs. 87.2 million allocated from budgetary and supplementary provisions from the year 2016 to 2018 by the department for the implementation of Computer software system to make it correct the excise revenue calculation process of excise department. In the year 2019, expenditure of Rs. 0.745 million and Rs. 3.4 million during the year under review incurred and it was observed that the expected objectives of the proposed computer software system to make it correct the tax calculation process have not been achieved so far.

(d) Integrated Computer Data Base

Instructions have been given by the Committee at the meetings of the committee on public Accounts in the years 2019 and 2020 as to implement integrated programme by exchanging correspondents until preparing and implementing an integrated computer data base immediately, which is connected to the Department of Customs and the Department of Inland Revenue together. But it has been observed at the investigation that the financial proposal has been existed at the evaluation stage, which has been prepared to obtain the Computer Science Engineering consultancy service from the University of Moratuwa, in order to prepare the computer data base, connecting with the Department of Excise and other relevant institutions in a modern flat form.

(f) Construction of regional office premises was being conducted by the private contractors under the supervision and the guidance of the Department of building after the releasing of provisions for them and no financial progress has been observed in the construction project of Ampara in the year under review year while comparing with the expenditures of the year 2019. Though it should be completed on the 15th day of January 2018, actions have not been taken to complete it until over the past of three years.

Further, even the Point Pedro and Mulathivu construction projects were scheduled to be completed on April 14, 2020 and February 8, 2020, respectively, but financial progress remained low until the last day of the year under review. The recruitment of a technical officer for the Excise Department for the supervision and supervision of the abovementioned projects had not been taken place until the end of the year under review.

- (f) Lands and buildings belonged to the department

According to the Land Register, 43 lands with offices belonged to the Excise Department, out of which 23 lands including the land where the head office of the department is situated, have not been cleared or the acquisition to the government has not been completed yet.

3.1.3. Revenues of Excise

Following observations are carried out.

- (a) When comparing with the estimated excise revenue Rs. 130 Billion of the year under review, the collected revenue (including the arrears revenue) by the Department was Rs.120.9 Billion and it was 93.07% from the estimated excise revenue.
- (b) The description about the improvement/deficit of the Net Excise Revenue collected up to the year 2020 from the year 2014 is as follows,

<u>Year</u>	<u>Excise Revenue Rs..Billion</u>	<u>Change of Percentage</u>
2014	69.08	4.6
2015	105.2	52.2
2016	120.2	14.2
2017	113.2	(5.8)
2018	113.8	0.5
2019	115.3	0.3
2020	120.9	4.8

3.1.4. Revenue of Tobacco Tax

Following observations are carried out.

The local and export revenue of Tobacco tax collected during the period from the year 2014 up to the year 2020 is as follows

Revenue of Tobacco Tax

<u>Year</u>	<u>Local Production Tax</u> <u>Rs.</u>	<u>Imported Tobacco Tax</u> <u>Rs.</u>	<u>Total</u> <u>Rs.</u>
2020	17,441,567	14,699,000	32,140,567
2019	22,837,952	9,963,584	32,801,536
2018	21,587,211	12,704,726	34,291,937
2017	19,306,806	16,361,400	35,668,206
2016	27,076,026	6,250,121	33,326,147
2015	31,414,310	2,635,690	34,050,000
2014	28,064,210	4,377,420	32,441,630

(b) Not collected of taxes according to the Act of Tobacco Tax

Though a tax should be imposed and collected for each and every Cigar, Beedi manufactured in Sri Lanka and for every Kilogram of pipe tobacco according to the section 2 of the Tobacco Tax Act No.08 of 1999,

It has been observed in the sample audit inspection carried out regarding the manufacturing of Cigars and Beedi, that no such tax has been collected. Nearly 536 manufactories which produced Beedi and Cigars registered in the department and the gross production of Cigars and Beedi of those manufactories during the period of past 04 years was about 16 billion units. Only the Application fee, cost for Beedi production and the license to store and the relevant tax for the imported tobacco are collected from such manufactories. In the audit inspection carried out regarding the sample of 30 selected manufactories during the last year, it has been observed that the annual production of Beedi was 31,348,500 units. Accordingly, when considering the 536 institutions which registered in the year under review, it has been observed that a considerable revenue has been lost for the government annually from the said manufactories.

Description regarding the local manufacturing of tobacco and imported tobacco for the manufacturing of cigars, cigarettes and beedi during the years from 2018 up to 2020 is as follows,

Description	2020	2019	2018
	Kg.	Kg.	Kg.
<u>Imported Tobacco</u>			
With tax	1,469,620	907,950	1,270,472
Free of tax	2,956,560	4,434,840	1,108,710
Locally manufactured tobacco	1,744,157	2,045,855	2,158,721
Import of Cigarettes	17,180	5,500	111,960

- (e) At the inspection regarding the present position of the arrangements which should be taken to the implementation of the provisions mentioned in the Act of Tobacco Tax, amended tobacco tax order has been forwarded to the legal draftsman on the 5th day of July 2018. As there are no provisions mentioned in the Tobacco tax Act No.08 of 1999 to carry out the new amendments, in order to implement such amendments empowered, excited of tobacco tax act as at present, it should be amended and though such situation has been informed to the Director General of the Department of Fiscal policy by the Department of legal draftsman on the 02nd day of September 2019, no progress of it has been observed up to the year under review.

Further, a regulation has been carried out only for the consumption of cigarettes by the department of excise. It has been identified that the exhaling smoke via the smoking of beedi is badly affected to the body and it would be a reason for the chronic diseases. Therefore it is been observed that, there is a requirement which should be focused in order to regulate the manufacturing of beedi too so as it is affected to the decline of the productivity of the manpower.

(f) Detections conducted

Description regarding the crimes detected (raid) by the Department of Excise for the year under review and for the past three years relevant to the objectives and activities assumed to be fulfilled by the Department of Excise is as follows,

Objective	No. of detection of crimes made			
	2020	2019	2018	2017
Excise Ordinance	31,875	33,791	36,859	40,942
Poisons, Opium and Dangerous drugs ordinance	4,988	8,225	6,047	6,015
Tobacco Tax Act	1,931	3,865	3,470	2,485
National Authority of Tobacco and Alcohol (NATA)	829	1,483	2,902	4,406
No. of Total Detections	39,623	47,364	49,278	53,848

According to the above information, it has been observed that no. of total detections conducted from the year 2017 up to the year under review are being gradually decreased. Further, it has been observed that compared to the last year, no. of detections conducted in the year under review under the poisons, opium and dangerous drugs ordinance, Tobacco Tax Act, National Authority Act on Tobacco and alcohol, has been decreased from 3227, 1934 and 654 alias from 39%,50% and 44% respectively.

(g) The facts observed about the actions taken on crimes and the premises inspection on the Excise licensed premises during the sample audit inspection conducted relevant to the two Excise stations, are as follows,

- (i) During the investigation of crime reports registers at the Excise station of Padukka from the year 2018 up to year under review, there were 18 cases which judicial actions were not completed and though summons were issued but no offenders have been arrested and not produced the court as at the date of audit 29th day of September 2020.
- (ii) Further there were about 38 Excise licensed premises within the limits of the said Excise station and during the investigation of progress carried out for 21 licensed premises of that number from the month of January 2019 up to 29th day of September 2020, it has been observed that no inspection has been conducted for four such premises out of them. The range for another 17 premises were in between 1 and 4.

Accordingly the supervision and the inspections which should be carried out by the excise officers were at low level.

- (iii) During the investigation of crime reports of excise station--Point Pedro, it has been observed that no necessary action has been taken even as at the date of audit 30th November 2020, regarding 25 crime reports conducted in the year 2019 and 135 crime reports conducted relevant to the year 2020.

3.2 Action Plan

While preparation of the action Plan of the Department of Excise - Sri Lanka according to the manual issued relevant to the No.2/2017 National Budget Circular dated 25th July 2017, it has been observed that the relevant Performance indicator has not been illustrated based on the vision, mission, strategies and the sustainable development objectives of the department.

3.3 Procurements

Following observations have been made.

- (a) Three procurement plans have been prepared for the year under review. There, activities of 7 capital votes and 09 recurrent votes at the final quarter have not been completed even as at the end of the year under review.
- (b) Further , the requirement of 138 scales,814 equipment sets to measure the strength of the liquor in various ranges in 52 excise stations,24 excise superintendent offices and 11 Assistant commissioner of excise offices and 3 main divisions of the head office of the department of excise, which were the activities included in the procurement plan, have been identified and even though the purchasing of the said equipment has been approved at the month of February in the year under review, due to the delay of procurement process, the purchasing process has not been carried out even as at the end of the year under review.

3.4 Damages and Losses

The following observations are made.

- (a) The loss incurred in connection with the vehicle number PE-0677 of the previous year was Rs. 707,155 and the amount of Rs. 536,771 out of Rs. 707,155, only was recovered from the insurance company and actions had not been taken to recover or write off the amount of Rs. 170,384 from the convicted party. There was no entry regarding the losses or omissions of the statement.
- (b) Even the highest tender value for the toddy tavern at No. 13, Seeduwa,Mukalangamuwa was Rs. 4,375,000, no written evidence was submitted for the causes of offering the tender to the second bidder for Rs. 3,800,505. The audit observed that a loss of Rs. 574,495 had occurred to the government.

3.5 Failure to answer audit queries

The following observations are made.

- (a) Fifteen audit queries were issued for the financial year 2020 and it lapsed 3-6 months to answer 06 out of those queries. Even though it was issued 6 months before, answers have not been submitted for 06 queries so far.
- (b) Further written clarification regarding the audit inquiry directed by the Investigation Division of the National Audit Office with regard to the importation of 518,600 liters of the Customs investigation into a company which used imported spirits illegally had been informed with the audit query bearing No SIN/A/PI/201902 dated 28th August 2020 but no reply had been granted so far.

3.6 Management Weaknesses

The following observations are made.

- (a) Even though a report should be taken and submitted to the Analyst from the sample of toddy bottles displayed for sale in their province at least once in three months by the Regional Assistant Commissioner of Excise and the Superintendent of Excise, after October 2017 up to the year 2020, actions had not been taken to send samples to the analyst from the toddy taverns No. 1 and No. 2 in Ratnapura.
- (b) The F.L. 4 license was renewed by two co-licensees from 2013 to 2017 and a license was issued to one through an affidavit from 2018. However, according to Excise Notification No. 983 dated December 15, 2015, the licensing fee was Rs. 15,000,000 but it had not been recovered and only Rs. 200,000 had been recovered that it is stated in the reply. The reply to the audit query stated that Rs. 1,300,000 was recovered from the reply in terms of Excise Notification No. 926. Accordingly, the amount to be further charged was Rs. 13,500,000.

4. Sustainable Development

4.1. The Progress of achieving Sustainable Development Goals

The following observations are made.

- (a) Although the 37 targets had been identified by the Department of excise to be achieved 15 objectives in the year under review in terms of the United Nations Sustainable Development Agenda 2030, they were not specifically tallied to the objectives and role of the Department.
- (b) Any progress did not report related to three targets of three objectives in the review of progress of the year under review in this regard. Furthermore, the progress of the nine targets related to seven objectives was less than 50 percent.
- (c) Regarding the level of progress made in the performance report on quality assurance of liquor, excise revenue management system, Fool proof sticker management system,

environmental certification of liquor manufactories and boiler certification could not be satisfied.

5. Good governance

5.1 Internal audit

The observations had been pointed out with 08 queries such as Inspection of field office, inspection of manufactories ,functions of Excise Operation room ,Payment of technical Crime report reward Allowance, Recovery of tax revenue in arrears, Recovery of liquor manufacturing tax, Legal ownership of Lands and Buildings of the Department and limitations of performance regarding the financial audit ,shortcomings of maintaining reports and documents and also the limitations of the functions of field offices that the inspection made by the internal audit Division during the year under review . Accordingly, the actions taken by the institute to rectify the limitations in the internal control system and rectification of shortcomings in the financial and operational performance had not been reported in the audit.

6. Human Resource Management

The following observations are made.


Attached Staff, actual Staff

- 6.1 316 vacancies were existed compared to the staff approved and the actual staff as at the date of the year ended under the review. Details are as follows.

Type of employees	Approved number of employees	Actual number of employees	No of vacancies
Senior Level	67	39	28
Territory level	381	312	69
Secondary Level	1002	839	163
Primary Level	142	86	56
Total	1592	1276	316

- 6.2 The 48 officers who were suspended due to various reasons as on the 31 December 2019, out of them, 20 officers have been more than 1 to 3 years but the relevant disciplinary actions have not been completed.

Signed illegibly



(R.R.M.Abesinghabanda)
Deputy Auditor General
For 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
 - 4.2.12 Statistics Division

Chapter 04 - Performance Indicators

4.1 Introduction

The Action Plan for the year 2020 has been prepared by the Excise Department of Sri Lanka upon the guidelines of No. PFD/RED/COPA/2019 /01 dated 30.01.2020 of the ministry of finance, this action plan has been prepared with the coordination of each and every sectional heads based on the existed vision, objectives and goals of the Excise Department of Sri Lanka at that time.

However, upon the instructions given by the committee on petitions of public accounts 2020, arrangements have been made to revise the vision, mission and the objectives of Excise Department of Sri Lanka.

Based upon the action plan of the year 2020, showing as the as the percentage value of the expected output for the relevant active divisions as Administration branch, revenue section ,law enforcement division , legal division ,Accounts branch , updating the website of information technology branch respectively and arrangements have been made to success and fulfil the expected output percentage from 90% to 100% for the activities pertaining to the sticker project foreign liquor in the supply chain regulation division. However, proposed construction activities of transport and logistic division, studies and research division are within the limits of 75% to 89% of the expected output percentage according to the action plan 2020. Further internal audit branch and research activities of studies and research division, entire officer training of human resource division and the development of officers are at the limits of 50% -74%.

Based on the quarantine rules and regulations and conditions taken as policies of the government due to the Covid – 19 pandemic situation prevailing throughout the island from 18th March 2020 to the end of the year, limitations such as minimizing the public gathering , calling of certain percentage public servants attend to the office, difficulties arisen in the transportation, obstacles to engage employees and officers for the construction of buildings and other development projects are the main causes which affected to not to control the expected output of the performance of 90%-100% during the year 2020. This can be indicated as the cause which arisen as the outside source from our administration. specially this Covid - 19 pandemic situation has directly affected to the training of whole officers and the development of the Excise Department of Sri Lanka.

However, as mentioned aforesaid, Four active sections of Excise Department of Sri Lanka maintain their performance at the percentage in between 90% to 100% which can definitely be indicated as an achievement. Ability to recover rupees billion 121.03 by the revenue division even with the Covid -19 pandemic situation is definitely a unique achievement.

4.2 Performance Indicators of the Institute (Based on Action Plan 2020)

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 2020	Liquor		95%			
		Tobacco	104%				
4.2.3 Law Enforcement Division	1. Enforcement of relevant laws and acts		118%				
	2. Technical crime reports for excise licenses		121%				
	3. Drug related crime reports				75%		
	4. Tobacco related raid targets				75%		
4.2.4 Accounts Division	All accounting activities of the year 2019			99%			
4.2.5 Internal Audit Division	Internal audit program to be completed in the year 2019					67%	
4.2.6 Human Resources Division	1. Trainings for all officers						43%
	2. Capacity Building of Officers					65%	
4.2.7 IT Division	Updating the web site			99%			
	Implementing new projects						5%
4.2.8 Transport & Logistics Division	Construction of proposed buildings				85%		
	Transport and other related duties				80%		
4.2.9 Studies & Research Division	Studies				75%		
	Research activities			-	-	-	-
4.2.10 Supply Chain Regulation Division	Sticker Project	Local			-	-	
		Foreign		100%			
4.2.11 Legal Division	Legal requirements		105%				
	Expected new trends			100%			

*During the whole year from 18.03.2020 to 31.12.2020, the Sri Lanka Excise Department has not been able to achieve 100% of the expected performance output due to the Covid 19 pandemic throughout the island.

Performance of Achieving 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

All government administrative entities such as, ministries, departments, provincial councils, local government institutes should specify the manner which the said institute expects to maintain the 17 sustainable development objectives introduced to the institute in setting its annual action plan. Accordingly, the progress of the Sri Lanka Excise Department is shown in detail of table 5: 2

When the action plan of the excise department of sri lanka relevant to the year 2019 has been prepared ,no attention has been focused on this sustainable development objectives when the action plan for the year 2020 has been prepared ,arrangements have been made to illustrate clearly, the way that the department of excise of sri lanka carrying out their duties relevant to the 17 sustainable development objectives introduced by the sustainable development Act No. 19 of 2017,by applying the 17 sustainable development objectives into the excise department of sri lanka ,preliminary study has been taken place and the relevant sections that have been made an attempt to prepare the action plan of excise department of sri lanka pertaining to the said 17 objectives .

While considering the 17 sustainable development objectives, the clarification of each and every objective has been clearly mentioned describing the other 15 objectives, it has been carried out clearly to clarify how the section 01,12 and 16 are directly contributed for the projects and the programmes of excise department of sri lanka.

However, study is being made again in regard to the objectives directly related to the excise department of Sri lanka for the sustainable development objectives. Actions have been taken to achieve identified sustainable development objectives for the year 2021.

Even though the progress of obtaining the achievement was low as to undergo various types of difficulties while achieving the sustainable development objectives due to Covid -19 situation arisen during the year 2020, could manage to a certain extent.

It is expected by the excise department of sri lanka to fulfill the expected development accurately in accordance with the vision, mission and the objectives of the excise department of sri lanka for the future by analyzing and granting priority to the sustainable development objectives in order to the expected performance for the year 2021.

Chapter 05 - Performance achieving the Sustainable Development Goals (SDG)

5.2 Sustainable Development Goals Identified

The sustainable development goals have been identified and the action plan - 2020 including said goals has been prepared.

- Targeted Sustainable Development Goals of the year 2020 are as follows

Goals	Targets	Indicators of the achievement	Progress of the Achievement up to date		
			0% -49%	50% -70%	75%-100%
<p>Goal - 01</p> <p>Eliminate the poverty in all the ways in every where</p>	<ul style="list-style-type: none"> ➤ Enhance social security by efficient and effective law enforcement on illicit liquor and dangerous drugs. ➤ Conduct awareness programs on effective control of liquor and drugs throughout the country by selection of villages in each Divisional Secretary's Division. ➤ Annual tax increase or price increase of liquor and tobacco products to ensure discouraging the affordability. ➤ Implementation of Control techniques on illicit liquor and drugs ➤ Conduct prevention programs with the support of other stake holders. 		<p>✓</p> <p>-</p>	<p>-</p> <p>✓</p>	<p>✓</p> <p>-</p> <p>✓</p>
<p>Goal - 02</p> <p>Eliminate hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	Not applicable		-	-	-
<p>Goal - 03</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> ➤ Ensure the quality of legal liquor under Excise Ordinance. ➤ Minimizing and control of the 				✓

	<p>spread of illicit liquor to ensure health and quality of lives.</p> <ul style="list-style-type: none"> ➤ Establishment of social security through effective prevention programs. ➤ Law enforcement on illicit liquor and drugs for the wellbeing of the general public 		✓		✓
<p>Goal – 04 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<ul style="list-style-type: none"> ➤ Conduct awareness programs for communities of all levels to save them of the danger of addiction to liquor and drugs and human lives. ➤ Human resource development for officers of all levels of Excise Department of Sri Lanka. 		✓	✓	
<p>Goal - 05 Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> ➤ Both men and women are given opportunities to apply when recruitment are made to the posts of excise guard to excise inspector. ➤ Providing equal opportunities for the promotions to women officers. Granting opportunity to apply for higher posts from Excise guards for both men and women ➤ Male and Female officers are given equal opportunities for training and development. <p>No gender discrimination for both sexes as they are given opportunities for reasonable remuneration</p>				✓ ✓ ✓ ✓
<p>Goal - 06 Ensure availability and sustainable management of water and sanitation for all</p>	<ul style="list-style-type: none"> ➤ Instructions have been issued to all liquor manufactories to obtain the environmental protection license for the liquor based manufacturing processes. ➤ Protection of natural water sources by minimizing the illegal liquor manufacturing which destroy said water sources. 		✓		✓

<p>Goal - 07</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all.</p>	<p>Instructions are to be given for all liquor manufactories and distilleries to save energy by using minimum electricity for manufacturing purposes.</p>		-	-	-
<p>Goal - 08</p> <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent promotion of employment for all</p>	<ul style="list-style-type: none"> ➤ Excise Department of Sri Lanka has provided access for decent work to its employees of all levels. The Finance Ministry and EDSL have ensured the fair income, security of their jobs and lives, social protection, better prospects for personal development and respect fundamental rights of officers and the public. The department has ensured the equal treatment opportunities for employees of all levels. ➤ Creating an efficient monitoring environment. ➤ Revenue collected through the Excise Department of Sri Lanka is utilized for the sustainable development of the country. 				<p style="text-align: right;">✓</p> <p style="text-align: right;">✓</p> <p style="text-align: right;">✓</p>
<p>Goal - 09</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.</p>	<ul style="list-style-type: none"> ➤ Excise Department of Sri Lanka has ensured an effective excise and tobacco tax administration mechanism. ➤ Obtaining consultation services of Moratuwa University for the Excise Revenue Administration System for excise department (RASED). ➤ Making the tax administration efficient. ➤ A foolproof sticker for liquor has been introduced for easy tax administration, for prevention of 		✓		<p style="text-align: right;">✓</p> <p style="text-align: right;">✓</p> <p style="text-align: right;">✓</p>

	<p>illegal substitutes flow to the market and for protection of public health.</p> <ul style="list-style-type: none"> ➤ Submission of new excise regulations from time to time as per the requirements. ➤ Minimizing the entry barriers for liquor and tobacco industries through the verification of new products. 			✓	
<p>Goal - 10 Reduce inequality within and among countries.</p>	<ul style="list-style-type: none"> ➤ Enhance exposure through foreign training programs and provide such foreign trainings opportunities to the employees of the Excise Department of Sri Lanka. ➤ Efficient and effective networking with the international organizations on excise and tobacco revenue administration, dangerous drugs control and Tobacco control. ➤ Taking actions to obtain national standardization standards and international standardization organization through the World Bank and the International Monetary Fund. 		-	-	-
<p>Goal - 11 Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<ul style="list-style-type: none"> ➤ Departmental programs are implemented for building a society free from illegal drugs and liquor in order to ensure human settlements 			✓	
<p>Goal - 12 Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> ➤ Excise Department of Sri Lanka has taken measures to lessen or reduce consumption of liquor through awareness programs on responsible consumption of liquor and conduct awareness programs ➤ conduct awareness programs throughout the country. Moreover, effective and efficient monitoring of liquor 		✓		✓

	manufactories for ensuring liquor and tobacco of high standards.				
Goal - 13 Take urgent action to combat climate change and its impacts	➤ The Excise Department of Sri Lanka has taken strict action against environmental pollution by advising to obtain the environmental certificate issued by the Central Environmental Authority when issuing licenses to manufactories. Boiler certification should also be obtained from the relevant authorities to ensure the production of global climate and eco-friendly products.				✓
Goal - 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development		-	-	-	-
Goal - 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	➤ Instructions have been issued for all distilleries and manufactories, which are under the administration of the Excise Department of Sri Lanka to establish them without damaging the terrestrial eco systems, environment reservation and the bio diversity. ➤ Protecting the forests through curtailing illegal cannabis cultivation			✓	✓
Goal - 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	➤ Taking action to build a peaceful environment for the community through productive enforcement of law on dangerous drugs, illegal liquor and tobacco products				✓

<p>Goal - 17</p> <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>➤ Efficient and effective participation in programs conducted by the National Authority on Tobacco and Alcohol, Dangerous Drugs Control Board, United Nations Office on Drugs and crimes and the World Health Organization and Efficient and effective participation in programs conducted by the World Health Organization's convention on control of Tobacco</p>				<p>✓</p>
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Human Resource Profile

- 6.1 Cadre Management
- 6.2 Impact of the shortage or excess in human resources on the performance of the institute
- 6.3 Human Resource Development
 - * Impact of the training programs contributed to the performance of the institution

6.1 Cadre Management

	As at 2020.12.31		
	Approved Cadre	Actual Cadre	Vacancies
Senior	67	39	28
Territory	381	312	69
Secondary	1002	839	163
Primary	142	86	56
Total	1,592	1,276	316

06.2 Impact of the shortage or excess in human resources on the performance of the Excise Department of Sri Lanka

Out of the existing vacancies in senior posts, 14 vacancies are the Superintendents of Excise. Nine appointments on merit basis are being appointed to the said posts. Vacancies in three (3) posts of Deputy Commissioner of Excise and three (3) posts of Assistant Commissioner of Excise are also being filled at present.

There are 69 vacancies in the tertiary level. There are 50 vacancies for Excise Inspectors and the recruitment process will be conducted in the future by conducting interviews for the candidates who have qualified from the competitive examination held under the Open Recruitment. Promotions have been initiated to fill the existing vacancies in 18 Chief Excise Inspector posts.

There are 13 posts of Excise Sergeant in the secondary level, 89 Excise guard posts and 19 Excise guard driver posts existed in vacant and recruitment is ongoing for those posts.

Accordingly, after these promotions and appointments will be granted in the near future, it will be able to fill the large number of vacancies in the staff of this Department.

Details of vacancies in the year 2020

Post	Number of Vacancies	Position as at 31.12.2020	Period that the vacancy existed
Commissioner General of Excise	0	Mr. Bodaragama assumed his duties of acting Commissioner General of Excise on 14.01.2020. and he has been appointed as the Commissioner General of Excise with effect from 20.08.2020. Mr. A. Bodaragama has retired on 13.12.2020 and Mr. M.J.Gunasiri has assumed his duties on 16.12.2020.	07 months
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. Bodaragama has been appointed for that post, upon Mr. 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. M.D. M.W.K. Dissanayake has been appointed to cover up the duties of this post from 11.12.2020.	12 months
Commissioner of Excise (Social Security and Development)	1	Mr. M.D.M.W.K. Dissanayake who held this post, has been appointed as the Commissioner of Excise (Law Enforcement) from 08.02.2019.	12 months
Commissioner of Excise (Law Enforcement)	1	The post was held by Mr. M.D.M.W.K. Dissanayake who held this post, has been appointed as the Commissioner of Excise (Revenue / Licenses) from 06.10.2020 more over this vacancy has been existed.	02 months
Commissioner of Excise (Administration)	1	Vacancy existed from 28.09.2020 due to the transfer of Mr. S.T.Jayawardhana	03 months
Deputy Commissioner of Excise (Logistics)	1	Mr. S.T. Jayawardena has been until 28.09.2020, Mr. W.N.B.R. Fernando also covered duties from 06.10.2020.	12 months
Deputy Commissioner of Excise (Human Resources)	1	The post created in the year 2018 is vacant and the P.H.C. Silva covers the duties of that post.	12 months

Deputy Commissioner of Excise (Social Security)	1	The post created in the year 2018 is vacant .	12 months
Deputy Commissioner of Excise (Supply Chain Regulation 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 that post.	03 months
Assistant Commissioner of Excise	4	Vacancies existed due to the retirement of officers 1. Mr. K.M.G.Bandara –dated 23.03. 2020 2. Mr. Karist Josaph - dated 14.05.2020 3. Mr. R.M.P.B.Dharmakeerthi – dated 06.10.2020 One post is vacant from 2019.	09 months 07 months 02 months 12 months
Superintendent of Excise	14	Vacancy existed due to retirement of officers	
Statistician	0	1. Mr. L.J.Ranaweera - dated 08.01.2020 2. W.M.J. Weerasinghe – dated 2020.10.22 12 vacancies existed after promotion of 11 posts with effect from 23.06.2020 by the letter dated 03.12.2020 Mrs . O.R.Wijegunasinghe has been appointed for this post on 15.06.2020.	11 months 02 months 12 months 06 months
Legal Officer	1	The post created in the year 2019 is vacant.	12 months

6.3 Human Resource Development

Twenty Six (26) Training courses have been conducted locally throughout the year under review by the human resources development section of the excise department of sri lanka for the year 2020 to improve the knowledge , skills and attitudes development of the entire uniform staff and the officers of the combined service and to bring the capacity development of all the staff into higher level here ,06 training programmes of training college of the excise department of sri lanka,18 training programmes within the external training centers which are approved by the government, 02 training programmes in the auditorium of the department were conducted. No foreign courses have been conducted due to the existing Covid 19 – Pandemic situation throughout the whole year and conducting local trainings have too been limited drastically due to the health matters.

A course has been conducted in the training college of the department under 03 groups in order to improve the knowledge about their duties of the officers who attached specially to the manufactories which are located throughout the island and provide tax revenues to the government specially and in order to develop the knowledge on the accounting of the officers ,a training programme on petty cash imprest account has been conducted for heads of the regional office and 220 accounts assistant officers under the two groups . A training programme on criminal law operation has been conducted for chief excise inspectors and 65 excise inspectors who contributed their service on legal matters regarding excise crimes and a training work shop has been conducted for 45 excise inspectors and the officers of higher grades in order to update the existing excise notifications. Training programmes through 03 programmes basis

have been conducted in order to develop the skills and efficiency of the drivers engaged in the drivers service as well.

No training programme has been conducted due to Covid 19 – Pandemic situation prevailing from 18.03.2020 up to 30.06.2020 and no allocation has been made with in the second quarter of the year for the training programmes. 26 training courses have been conducted in the year 2020.It was included training courses for 48 excise sergeants who promoted to the post on the limited examination and 34 excise sergeants who promoted to the post on seniority, training programme for 16 newly appointed excise inspectors and provide the training on preliminary investigations for chief excise inspectors and 11 superintendents of excise who obtained promotions. Human resources division has made arrangements to develop the efficiency and skills further by providing such kind of training programmes in the year 2020.

*** The manner of the training programs contributed to the performance of the institution**

It is now widely accepted that the human resource is the most valuable asset in the modern world. Accordingly, any institution can be achieved by the success by protecting and developing human resources. Human resource development can be done through regular training related to their knowledge and their services as well as constant updating of their soft skills and work skills (Hard Skills).

Excise Department of Sri Lanka conducts regular local and foreign training programs to develop the human resources in order to fulfill the objectives and functions of the Department of Excise of Sri Lanka efficiently and effectively, and they are offered at the Excise Training College and also at the approved external training institutes. Both trained resource persons of the Excise Department as well as the external learned resource persons are deployed for this purpose. Only 26 local training courses have been conducted in the year 2020 in order to

fulfill the mission pertaining to the objectives of the Department. No foreign training programmes were held due to Covid 19 Pandemic spread in the whole year. Actions were taken to conduct many training courses as scheduled subject to health regulations.

Excise officers are constantly trained on the laws and regulations for combating trafficking of illicit drugs and liquor as well as on recently recognized illegal drugs and new methodologies to control their spreading out. For this purpose, the resource persons of the Sri Lanka Police and the National Board of Drugs Control Board and their laboratory facilities are deployed. But, obtaining the resource person contribution for training courses with external institutions had to be controlled with Covid 19 Pandemic.

Human Resource Development

Serial No.	Name of the Program	No. of employees trained	Duration of the program	Total Investment (Rs)		Nature of the Program (Foreign/ Local)	Output/Knowledge gained*
				Local	Foreign		
01	Training Program on petty cash Management Accounting	220	Two days	55,600.00	-	Local	Provide knowledge on Accounts of imprest for the heads of regional offices and accounts assistant officers
02	Criminal Law Enforcement Training Program for Excise Officers	65	Two days	92,620.00	-	local	Training on criminal law enforcement and providing knowledge on criminal law for the Chief Excise Inspector and Excise Inspectors.
03	Excise notification updated Workshop	45	Two days	36,995.00	-	local	Improving the knowledge of excise notification for senior officers.
04	Manufacturing and warehousing and distillery training course	165	One week	139,790.00	-	local	Knowledge of the subject area of Administration of Manufactories and Warehouses, Legal provisions and Regulations based on computer related environment, Technology for the Chief Excise Inspector, Excise Sergeants, Excise Corporals and excise guards.
05	Two days workshop on Establishments Code and Financial Regulations	06	Two days	51,000.00	-	Local	Development of knowledge of the provisions of the Establishment Code and financial regulations for the Deputy Commissioners of Excise and Development Officers.

06	Training on duties and responsibilities of drivers and junior staff	08	Two days	68,000.00	-	Local	Maintaining essential documents related to the duties of drivers and minor staff and knowledge on relevant rules of circulars and responsibilities.
07	Training on telephone operator and document duties	04	Two days	34,000.00	-	Local	Knowledge on telephone operation and documentary duties for women excise guards.
08	Formal Letter Writing Skills	01	Three days	18,000.00	-	Local	Preparation of formal office letters and the knowledge of common mistakes of preparation of documents for management service officers
09	Development of the new Audit Act and the internal administration system Preparation of procurement plan and action plan for institutions	02	Two days	17,000.00	-	Local	Knowledge of the new Audit Act and training and knowledge on the development of the internal administration system for the Chief Internal Auditor and Chief Management Service officers.
10	Improving the efficiency of drivers	05	Two days	42,500.00	-	Local	Maintaining essential documents related to the driving duties, knowledge of relevant rules, circulars and responsibilities, mechanical and technical knowledge of maintaining vehicles and training on safe driving.
11	Annual Board Survey and Disposal of Assets	01	Two days	8,500.00	-	Local	Knowledge of Annual board of survey Methodology and the Process of disposal of assets conducted in Institutions for Management Service Officers

12	Preparation of procurement plan and action plan for institutions	01	Two days	15,000.00	-	Local	Training and knowledge for the administrative officers to prepare Action plan and the knowledge required to prepare procurement plan of the institutions.
13	Enforcement of drug law	11	Three months	27,5000.00	-	Local	Obtaining modern knowledge and skills required for control of drug supply in sri lanka for the excise guards and female excise guards.
14	Training of Excise Sergeants promoted on merit and seniority	34	Three days	154,260.00	-	Local	Providing knowledge and training required to perform the duties of excise sergeants promoted on seniority and merit.
15	Training for Excise Sergeants promoted on limited competitive examination	48	Six days	332,800.00	-	Local	Granting necessary training and knowledge for the excise sergeants promoted through the limited competitive examination on performing their duties promptly.
16	Personal File Management	01	Three days	18,000.00	-	Local	Provide required knowledge for management service officers to maintain Personal file of Excise Inspectors, Excise Sergeants and Excise guards.
17	Drivers Skill Development	05	Two days	40,000.00	-	Local	Training on careful driving and providing mechanical technical knowledge of traffic control and maintaining essential documents related to driving duties and knowledge of relevant rules, circulars and responsibilities.

18	Efficiency development of Drivers	05	Two days	42,500.00	-	Local	Providing knowledge of relevant rules and circulars and also responsibilities, mechanical technical knowledge of traffic control and training on careful driving and maintaining essential documents related to the driving duties.
19	Higher National Diploma on Criminal Law	09	One year	598,500.00	-	Local	Knowledge with respect to the nature and classification of crimes in Sri Lanka, criminal law in Sri Lanka and the Penal Code.
20	Training on Government Payroll System	01	Three days	18,000.00	-	Local	Training and knowledge on salary conversion, payroll system for the management service officers
21	Higher National Diploma in Applied Criminology and Criminal Justice	08		443,200.00	-	Local	Identification of matters contributed to the growth of crime, identification of criminal justice systems and their practices globally and nationally and analytical understanding of the nature and the classification of the nature of crimes in Sri Lanka for excise guards and female excise guards.
22	In-service training course for Excise Inspectors promoted on the basis of open competitive examination results	16	10 Days	393,295.00	-	local	Granting knowledge and training for the promoted excise inspectors to perform their duties promptly

23	Training course for staff officers on conducting preliminary investigations, preparation of charge sheets and handling complaints in disciplinary inquiries	23	Two Days	69,785.00	-	local	Provide required training and knowledge on conducting preliminary investigations, preparation of charge sheets and conducting complaints in the disciplinary inquiries for staff officers.
24	Higher National Diploma in Public Procurement and Contract Administration	01		50,000.00	-	local	Knowledge of public procurement and its importance, bidding process, bid evaluation and awarding, contract administration for Deputy Excise Commissioners.
25	Postgraduate Diploma in Psychological Counseling	01		50,000.00	-	local	Training and knowledge of psychological counseling for excise inspectors.
26	Postgraduate Diploma in Criminal Justice	05		450,000.00	-	local	Identify the causes of crime development globally and nationally and national criminal justice systems and their practicalities for Excise Superintendents, Excise Inspectors and Excise Sergeants

Compliance Report

- 7.1 Compliance Report in 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	The following Financial statements/accounts have been submitted on due date			
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	1.This account is not relevant to the EDSL	
1.4	Stores Advance Accounts	Not Applicable	2. This account is not relevant to the EDSL	
1.5	Special Advance Accounts	Not Applicable	3. This account is not relevant to the EDSL	
1.6	Others	Not Applicable	4. This account is not relevant to the EDSL	
2	Maintenance of books and registers (FR445)/			
2.1	Fixed assets register has been maintained and updated in terms of Public Administration Circular 267/2018	Complied		
2.2	Personal emoluments register/ Personal emoluments cards has been maintained and updated	Complied		
2.3	Register of Audit queries has been maintained and updated	Complied		
2.4	Register of Internal Audit reports has been maintained and updated	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 updated	Complied		

2.7	Inventory register has been maintained and updated	Complied		
2.8	Stocks Register has been maintained and updated	Complied		
2.9	Register of Losses has been maintained and update	Complied		
2.10	Commitment Register has been maintained and updated	Complied		
2.11	Register of Counterfoil Books (GA – N20) has been maintained and update	Complied		
03	Delegation of functions for financial control (FR 135)			
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 by using the Government Payroll Software Package	Complied		
4	Preparation of Annual Report			
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	Audit queries			
5.1	All the audit queries have been replied within the specified time by the Auditor General	Not complied	More time is lapsed to obtain answers for the audit queries as more divisional offices in the department.	Actions have been taken to get answers from the officers who are in the regional offices by calling them to the head office.
6	Internal Audit			
6.1	The internal audit plan have 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 has 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	Audit and Management Committee			
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		
8	Asset Management			
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	Complied		

	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			
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	Complied		
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 of specified in the circular	Complied		
8.5	The disposal of condemned articles had been carried out in terms of FR 772	Complied		
9	Vehicle Management			
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	Not complied	Running charts have not been submitted properly	Actions will be taken to execute those tasks properly in future
9.2	The condemned vehicles had been disposed of within a period of less than 6 months after condemning	Not complied	Those activities could not be taken place due to Covid Pandemic, At present the tasks are being completed.	Those will be done properly in future
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	At present, investigations are being held properly	This will be done during relevant period in the future.

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	Management of Bank Accounts			
10.1	The bank reconciliation statements had been prepared, got certified and made ready for audit by the due date	Complied		
10.2	The dormant accounts that had been 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 in which adjustments had to be made, and had those balances been settled within one month	Complied		
11	Utilization of Provisions			
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	Advances to Public Officers Account			
12.1	The limits 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	At present actions are being taken to charge those	Loan balances are being settled in terms of the instructions of the circular.

13	General Deposit Account			
13.1	The action had been taken as per F.R.571 in relation to disposal of lapsed deposits	Not complied	The retention money has not been released until the construction shortages of the head office building have been completed.	The balances of the General deposit account will be settled within the stipulated time.
13.2	The control register for general deposits had been updated and maintained	Complied		
14	Imprest Account			
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	Revenue Account			
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	Human Resource Management			
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	Provision of information to the public			
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. Implemented through the Deputy Commissioner of Excise (Legal)		
17.2	Information about the institution to the public have been provided on 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. Implemented through the Deputy Commissioner of Excise (Legal)		
17.3	Bi - Annual and Annual reports have been submitted as per section 08 and 10 of the RTI Act	Complied. Implemented through the Deputy Commissioner of Excise (Legal)		
18	Implementing citizens charter			
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	Not Complied	Taking action to improve the Citizen/Client	Citizen/Client Charter is to be displayed in

	implementation of Citizens Charter / Citizens client's charter as per paragraph 2.3 of the circular		Charter displayed in the License Branch of the Head Office	relevant divisions in the year 2020
19	Preparation of the Human Resource Plan			
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	Responses to Audit Paras			
20.1	The shortcomings pointed out in the audit paragraphs issued by the Auditor General for the previous years have been rectified.	Complied.		