

## **Head 296 – Imports and Exports Control Department**

---

### **1. Financial Statements**

---

#### **1.1 Qualified Opinion**

---

The audit of the financial statements of the Imports and Exports Control Department for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021, the statement of financial performance for the year then ended and cash flow statement 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. The Summary Report containing my comments and observations on the Financial Statements of the Imports and Exports Control Department in terms of Section 11 (1) of the National Audit Act No. 19 of 2018 was issued to the Accounting Officer on 31 May 2022. Annual Detailed Management Audit Report related to the Department in terms of Section 11 (2) of the Audit Act was issued on 30 June 2022. This Report is presented to the Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

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

#### **1.2 Basis for Qualified Opinion**

---

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **1.3 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements**

---

The Accounting Officer is responsible for Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 .

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

The Accounting Officer shall ensure that an effective internal control system is maintained and maintained for the financial control of the Imports and Exports Control Department in terms of sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibility on Audit of Financial Statements**

-----

My objective is to express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the Summary Report of the Auditor General that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control, obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

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

-----

I declare the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018 .

- (a) The financial statements were consistent with those of the previous year.
- (b) The recommendations made by me on the financial statements related to the previous year had been implemented.

## 1.6 Comments on the Financial Statements

### 1.6.1 Deposits

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Since the balance in the retained temporary account, which had been for statutory payments bearing Deposit No. <b>6000-0-0-18-127</b> as at 31 December 2021 as per departmental books was <b>Rs.3,000,000</b>, it had been <b>Rs.2,995,025</b> as per the treasury books. Therefore, a difference of <b>Rs.4,975</b> was observed and the reasons for the difference had not been indicated in the financial statements.</p>	<p>This difference has been due to stating the Journal entry with a value of <b>Rs.4,975</b>, which had been accounted to income, as a double payment made from the monthly account summary and from the General Treasury. This has been corrected by the General Treasury in March 2022.</p>	<p>The reasons for the difference should be presented in the financial statements.</p>

### 1.6.2 Cash Flow Statement

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) Although both cash and cross entries should be taken into account in the preparation of the cash flow statement in terms of paragraph 7.6 of the Guideline 2021/03 dated 26 November 2021 of the State Accounts Department, advance recoveries amounting to <b>Rs.3,806,409</b> and advance settlements amounting to <b>Rs.5,469,414</b> had not been indicated in the cash flow statement through cross entries. As a result, the net cash flow generated from operating activities had been understated by <b>Rs.1,663,005</b>.</p>	<p>Since the cross-entry receipts and payments of the advance account has been shown as an adjustment entry in the imprest reconciliation statement and the cash flow generated from operating activities should be equal to the total capital expenditure, the cross-entry receipts and payments of the advance account have not been recorded in the cash flow statement.</p>	<p>Cash flow statement should be prepared as per Circulars.</p>
<p>(b) Although the value of deposit payments in the net cash flow generated from operating activities in the cash flow statement had been <b>Rs.3,058,700</b>, the balance as per the treasury books had been <b>Rs.3,063,675</b>. Therefore, a difference of <b>Rs.4,975</b> was observed.</p>	<p>The above journal entry has been correctly entered in the deposit account of the CIGAS programme and that correct deposit payment value has been entered in the cash flow statement.</p>	<p>The reasons for the difference should be disclosed in the financial statements.</p>

### 1.6.3 Failure to maintain Registers and Books

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) Security Register</p> <p>Although a Security Register containing the names of all officers required to give security shall be maintained preferably in alphabetical order in terms of F.R.891 (1), such a register had not been updated and maintained despite there had been 13 officers required to give security in the Department.</p>	<p>A Security Register has been started and the Controller General has given security since approval has been granted to the application of the Controller General, among the applications that had been submitted to the Public Finance Department for charging security. Furthermore, officers, who should give security have been identified and action is being taken in that regard.</p>	<p>Action should be taken in terms of the Financial Regulations.</p>
<p>(b) Vehicle log books</p> <p>Although vehicle log books with respect to each vehicle should be maintained up to date as per provisions of F.R. 1645 (a), it was observed that the details to be included as the description of the vehicle in the log books related to the departmental fleet had not been properly completed.</p>	<p>Arrangements have been made to update and maintain vehicle log books.</p>	<p>Action should be taken in terms of the Financial Regulations.</p>

## 2. Financial review

### 2.1 Revenue Management

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The initial estimate for license income of the revenue code number 1001-0-3-0-0-0 had been Rs.1,450,000 in the year under review and the revised estimate had been Rs.2,800,000. As a result, a variation of Rs.1,350,000 had been observed and the variation had</p>	<p>Due to the increase in the number of items brought under control after the preparation of the revenue estimates of the year 2020, the impact on departmental revenue has been reviewed and action has been taken to revise the mid-year</p>	<p>Estimates should be prepared in realistic basis.</p>

been 93 percent of the initial revenue estimates estimate.

## 2.2 Expenditure Management

The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
(a) Saving of provision ranging from 6 percent to 100 percent out of the net provision for 04 recurrent objects was observed in the year under review.	Agreed with your observation.	Estimates should be prepared on a realistic basis.
(b) A variation ranging from 16 percent to 76 percent was observed between the initial estimates and the revised expenditure estimates of 09 recurrent Objects during the year under review.	Provision allocated under each Object has been revised due to various reasons beyond the control of the Department after the preparation of the expenditure estimates in the year 2020.	A review of the expenditure of the previous years should be carried out in the preparation of the preliminary estimates, and the expenditure estimates should be forecasted as accurately as possible.
(c) It was observed that provision, in the range of 38 percent to 61 percent of the net allocation of 03 capital objects, had been saved in the year under review.	Agreed with your observations.	Estimates should be prepared on realistic basis.
(d) Provision of two capital objects for the year under review had been changed by Virement Procedure in F.R. 66/69. As a result, it was observed that the variation between the initial estimates and the revised estimates of those two objects had been 65 percent and 162 percent.	Provision allocated under each Object has been revised due to various reasons beyond the control of the Department after the preparation of the expenditure estimates in the year 2020.	-Do-

## 2.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer

Audit Observation -----	Comments of the Accounting Officer	Recommendation
According to provisions of Section 38 of the National Audit Act No. 19	After periodically discussing the existing internal control systems in	Action should be taken in terms of the

of 2018, the accounting officer should ensure that an effective internal control system for the financial control exists in each such entity 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 and the review to be carried shall be in writing and copies of the same shall be made available to the Auditor-General, statements had not been submitted to the audit that such reviews had been made.

staff officer meetings, steps have been taken to issue internal Circulars from time to time to strengthen the existing internal control systems.

However, action has not been taken to forward the copies of them to the Government Audit Division and it has been noted that the copies will be forwarded to the Government Audit Division in the future.

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

The instances of non-compliance with the provisions of the Laws, Rules and Regulations observed during the audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) <b>Statutory Provisions</b></p> <p>Section 11 E of the Imports and Exports Control Act No. 01 of 1969 as amended by Act No. 28 of 1978 dated 20 June 1987.</p>	<p>Even though the importers, who do imports in contrary to the Standard should be published in the Gazette, the Department had not taken action accordingly.</p>	<p>The current situation here is that subsequent to submitting the gazette notification, related to blacklisting the importers that have already been drafted conclusively, to the Legal Draftsman's Department, it has been proposed to make several revisions to the draft. Arrangements are being made to include those revisions and publish the relevant Gazette in the future.</p>	<p>Details of the relevant importers should be published in a gazette.</p>
<p>(b) <b>Public Administration Circulars</b></p> <p>Paragraph 3.1 of the Public Administration</p>	<p>Although the consumption of fuel must</p>	<p>the Consumption of fuel has been tested for two</p>	<p>Consumption of fuel should be tested as</p>

Circular No. 30/2016 dated 29 December 2016 be re-tested after a period of 12 months from each fuel test or after running a distance of 25,000 km, whichever occurs first, such tests had not been carried out for 06 vehicles out of 07 vehicles of the Department. vehicles, and necessary arrangements are being made to carry out quick fuel consumption tests for the remaining 05 vehicles. per the Circular.

(c) Financial Regulations

-----

- (i) F.R. 1647 (e) Although the officers in charge of vehicles had been supposed to maintain a list of motor vehicles including the type, design, registration number and information about them, they had not taken action accordingly. Hereinafter, action has been taken to maintain a list of motor vehicles containing the details of the vehicles owned by this Department. Action should be taken in terms of the Financial Regulations.
- (ii) F.R. 1646 Although the officers in charge of vehicles should submit the original copies of the monthly summaries of journeys written in form 268 (a) to the Auditor General before the 15 of the following month, they have not functioned accordingly. Although daily running charts have been submitted to the Auditor General, noted down to submit them monthly. -Do-
- (iii) F.R. 371(2) (b) Adhoc sub imprest under the maximum of Rs.100,000/-, provided only to staff officers for a specific task should be provided to the officer to the specific task on the nearest day and the officer should settle the advance as soon as the task is completed. However, a period of 32 to 160 days had been spent to settle the advances in the range of Rs. 2,500 up to Rs. 50,000 received by 5 officers in the Department. The officers had to report to work on rotation basis in the face of Covid-19 pandemic to continue the duties of the Department. Hence, there were some delays in the performance of duties. The relevant officers have been instructed to prevent the occurrence of such incidents in the future. -Do-

(iv) F.R. 756 (6)	Even though the reports on annual verification of stocks should be forwarded to the Auditor General before 31 March of the ensuing fiscal year, it had not been done so.	Although Annual Survey Boards should be appointed and the task of annual survey of stores should be assigned to the Boards within the stipulated time frame in terms of Public Finance Circular 05/2016, the final report was delayed due to the heavy workload of the officers.	-Do-
-------------------	--	--	------

## 2.5 Advance to Public Officers Account

Audit Observation	Comments of the Accounting Officer	Recommendation
The Department had not taken action even by the end of the year under review to recover a loan balance amounting to Rs.335,753 outstanding for 04 years from a Management Assistant, who had left the service.	Disciplinary inquiry regarding the charge sheet issued by the Ministry of Public Administration and Disaster Management to Mr. R.D.M. Jayawickrama, who had been suspended, has not been completed and the outcome has not been reported to this Department. Further action will be taken based on the outcome.	Arrangements should be made to collect the outstanding advances.

## 3. Operational review

### 3.1 Vision and Mission

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the Objective, Vision and Mission of establishing the Imports and Exports Control Department by Act No. 01 of 1969 dated 16 January 1969, the necessary activities should be carried out to control the imports and exports that adversely affect the economy of Sri Lanka. However, action is being taken at present only based on the requests made by the institutions related to each	Vision and Mission statement of our Department aims at protecting and securing the entire system of Sri Lanka. The whole system includes national, economic environment, public health and public safety. Therefore, before issuing an imports or exports control license from this Department, the benefits and social costs of the entire system are taken in to account in issuing the said license without considering only the license fees or additional fees received from it and imports and exports control licenses are issued based on the recommendation of the institutions if such institutions have been established by the	According to the Objectives, Vision, and Mission of establishing the Imports and Exports Control Department, action should be taken to control adverse imports and exports.



subject. Therefore, it was observed to the audit that there had been no recognized scientific methodology or procedure to work in such a way that the fundamental Objective of establishing this Department is fulfilled.

Constitution to deal with the goods to be imported or exported. Furthermore, this Department has prepared the basic steps required to connect with the Sri Lanka Customs through the Asycuda system used by the Sri Lanka Customs and the approval of this Department is given at present through that system when releasing some goods to the Sri Lanka Customs.

### 3.2 Delays in the Execution of Projects

----- <b>Audit Observation</b> -----	----- <b>Comments of the Accounting Officer</b> -----	----- <b>Recommendation</b> -----
<p>Imports and Exports Control Department had signed a Memorandum of Understanding with ICTA on 03 February 2017 to carry out activities such as connecting software systems with organizations approved for software development, networking and submission of online applications, and accordingly funding had been provided by ICTA. However, an amount of Rs.9,080,000 had been obtained by the Appropriation Act from the year 2017 to the year 2020. A sum of Rs. 8,119,035, out of that, had been spent on various activities. However, action had not been taken to finalize the project even during the year under review.</p>	<p>This Department had agreed with the ICTA by the Memorandum of Understanding signed dated 09.02.2017 to prepare programmes for issuing network licenses for the Department. Accordingly, the necessary provision for preparing this programme had been directly provided to the ICTA. Accordingly, a computer programme had been prepared by an Institution selected by ICTA and steps had been taken to launch its first phase.</p> <p>Since this stage was not in a level that was satisfactory to the Department, the ICTA was informed in writing and by holding meetings to correct them. However, the desired result could not be achieved.</p> <p>Therefore, this Department had taken steps to provide functional services to the customers by carrying out required improvements to the internal computer system of the Department to enable the customers to register online, submit applications, make payments and get debit notes.</p> <p>The value of Rs. 8,119,035 that had been pointed out had been incurred to modernize the electrical circuit system of the Department, establish the data transmission wiring system, purchase a power supply unit, update the software and improve the internal computer systems existed at that period in the Department to enable the operation of it through online mode in order to operate an internal computer system in the Department.</p> <p>These costs have not been incurred for the on-line computer programme proposed to be installed through the involvement of the ICTA.</p>	<p>Action should be taken to finalize the project through actively intervening to accomplish the task on time as planned.</p>

### 3.3 Management weaknesses

The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>(a) Illegal imports had been prevented from entering in to the country by Gazette No. 2044/40 dated 09 November 2017 containing provisions to prevent the importation of restricted and prohibited goods and Gazette No. 1971/10 dated 14 June 2016 to restrict the entry of old vehicles into the country. However, the Department had no follow-up system to follow up the import licenses after they are issued due to the lack of inter-connection between the Customs Department and the existing weaknesses in the control system of the Department.</p>	<p>An official discussion on this had been held at the Ministry of Finance on 18 April 2022, under the leadership of the Department of Trade and Tariff Policy of the Ministry of Finance and the Deputy Secretary to the Treasury with the participation of Sri Lanka Customs and our Department. It was decided that formal and systematic inter-relationships should be established between the Sri Lanka Customs and the Imports and Exports Control Department. It was also decided that correlation should be maintained especially through recognized targeted methodologies.</p>	<p>The licensing process should be carried out in accordance with the Gazette notifications and a follow-up system should be established to follow up the import licenses once they are issued.</p>
<p>(b) In order to retain the exchange of the national economy of the country, restrictions had been imposed on the import of certain goods and the following facts were observed in that regard.</p> <p>(i) A section called "Covid-19" was established in the Department and arrangements had been made to issue special permits to importers for the import of goods, which had been temporarily suspended. Since a list of permits collected during the year had not been available in the Section of the Department, the audit did not receive evidence to verify the quantity of temporarily banned goods,</p>	<p>Requests made by importers from CoviD -19 Section for the import of goods that had been temporarily suspended have been mentioned in a document in order of the date. As per that document, files have been maintained for each relevant date. Approved or not has been mentioned in the relevant document before the importer. Although this document had not been computerized in the early days, it is now being computerized and the number of approvals given can be observed.</p>	<p>The Regulations imposed by the Gazettes should be executed in the same manner.</p>

for which the permits had been granted.

- |       |   |   |  |
|-------|---|---|--|
| (ii)  | Permits had also been issued for incomplete applications and the relevant applications had not been filed properly.   | If only the facts sufficient to grant approvals have been mentioned in the application, action has been taken to grant the relevant approval. However, it was done so owing to the heavy workload in the early days. However, it is kindly informed that arrangements have been made to carry out that process in a formal manner.  | -Do-   |
| (iii) | It was observed that there had been occasions where goods had been imported outside the control mentioned in paragraph 8 of Gazette No. 2231/18 dated 21 June 2021 and even though imports had been restricted there had been occasions, where expected results had not been obtained by the imposition of sanctions on imports as the number of import licenses issued in the year under review had been increased rapidly when compared with the previous 05 years. | Import of the specified goods, indicated in Schedule No. (1) of the Gazette Extra Ordinary No. 2231/18 published on 11 June 2021, to Sri Lanka had been temporarily suspended. However, the importation of the items in the above schedule mentioned in paragraph No. (8) has been allowed in special and essential cases with the permission of the Tariff Determination Committee. However, an import license mentioned by you in the previous years should be considered as an import license issued under special import control licenses. Gazette Extra Ordinary No. 2231/18 dated 11.06.2021 for the above items had been issued with a view to strengthening the dollar with the Covid-19 pandemic and to reduce the tendency of increasing the abnormal deficit gap on the balance of payments and to minimize the financial pressure on the financial reserves of the Central Bank. Therefore, this list of goods had also contributed to have a quantitative increase in the number of licenses during the year 2021. | -Do-   |
| (c)   | Since an additional fee of Rs.86,907,433 to be charged for a stock of fertilizer imported by a  | If this Department had charged the additional fee of Rs.86,907,433 (for importation without license) to   | Action should not be taken extraneous to Rules and Regulations |

state-owned fertilizer company without a license in October 2021 had not been charged and the Department had lost its revenue by that value.

be charged in addition to the license fee for the stock of fertilizer imported by Ceylon Fertilizer company Ltd., a bag of approximately 50 kg of fertilizer would have been increased by Rs. 250.

in the issuance of licenses and charging additional fees.

Arrangements have been taken to limit the related additional fees by considering the facts such as controlling the crisis situation faced by the farmers to some extent due to the shortage of fertilizers in the country and the very high price prevailed for fertilizers at the time of the importation of that fertilizer and the Company that has been importing this fertilizer is a government-owned company.

- (d) The following observations were made during the special audit carried out to study the receiving of the relief, expected from the reduction of the special commodity tax imposed on one kilogram of sugar from 50 to 25 cents, to the customers.

- (i) Although the Minister of Finance had taken action to issue the Gazette Extraordinary No. 2199/20 dated 29 October 2020 by introducing a licensing system for imported sugar, it was not observed that the Ministry of Finance had given any instruction on the procedures to be followed for this purpose. Accordingly, the Controller of Imports and Exports had given approval to all the applicants, who had submitted applications for the import of sugar to import all the stocks they had applied for as action

Requests had been made from the relevant Ministry to prepare an appropriate procedure to regulate the import of sugar and since the relevant institutions had not proposed a suitable methodology to the Department, the issuance of licenses for sugar was started with effect from 18.11.2020. Accordingly, the main factor used as the base for regulation in the issuance of licenses for the import of sugar was the ability to import sugar on a 180-day credit basis. Similarly, licenses for sugar were not issued to importers who could not import on credit basis and therefore, only importers, who could import on credit basis, had applied for licenses.

Necessary action should be taken to fulfill the controls imposed on imports by the Gazettes according to the expectations of the Government.

had not been taken to introduce necessary criteria for controlling the importation of sugar. Accordingly, the expectations of the Government to control imports or exchange flow through the introduction of import licenses had not been fulfilled as expected due to the failure of the Imports and Exports Control Department to properly discharge its professional responsibility.

Through this, the Department had fulfilled the expectation of the Government to control the flow of foreign exchange, which was the primary objective at that time.

In addition to the above fact, since the State Ministry of Development of Minor Crops including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Clove, Betel Related Industries and Export Promotion has identified and requested that the production of local brown sugar is sufficient to meet the domestic consumption needs, issuance of import control licenses for brown sugar has been suspended with effect from 21.02.2021.

It is expected to protect the local brown sugar industrialists and reduce the outflow of foreign exchange from the country.

- (ii) Even though the licensing system for the importation of sugar had been implemented with effect from 30 October 2020, the issuance of licenses had been implemented with a delay until 18 November 2020. Accordingly, 18 importers had imported 101,527 MT of sugar without licenses during the period when the issuance of licenses had been delayed after the introduction of the licensing system.

Although a Gazette was issued on the basis of an urgent policy decision, several importers have already started the process of importation by opening letters of credit, ordering goods or transporting the goods by the suppliers to the ports. However, it is expected to obtain licenses before loading the cargo when any good is subject to import licensing control. However, a valid import control license must be presented to Sri Lanka Customs to clear these sugar stocks even if they are imported without obtaining a license. Accordingly, a license fee and an additional fee have also been charged for sugar imported without a license in this manner and the sugar has been cleared from Sri Lanka Customs.

-Do-

- (iii) Although an additional fee of 05 percent of the cif

As per Schedule III of the Gazette Extraordinary No. 1953/28 dated

-Do-

value should be charged for the goods imported without licenses in terms of the Gazette Extraordinary No. 1953/28 dated 11 February 2016, the Director General of Imports and Exports (Control) had decided to charge only 2 percent of the cif value of the sugar stocks imported without import licenses. It was not observed that the Imports and Exports Control Department has the Authority to reduce and charge the amount of the fine. The Government had lost an amount of Rs.433,523,216 that should be recovered by the Government due to the reduction of charges in that manner for 294,085 metric tons of sugar that had been imported without a license.

11.02.2016, the additional fee is levied as per the opportunity as 4% of the cif value when the goods are shipped and when import control permits are obtained before the goods reach the port and 5% of the cif value when import control permits are obtained after the goods reach the port. Furthermore, the Controller General has been delegated powers regarding fees as follows by Regulation No. 3 of Gazette Extraordinary No. 1953/28 dated 11.02.2016.

"The Controller General of Imports and Exports has the power to revise the import and export control license fees and additional fees as necessary".

Accordingly, it is informed that the Controller General of Imports and Exports has acted in accordance with the Powers stipulated in the Gazette mentioned above and this has been done on a legal basis.

Even though the amount of Rs.433,120,147 has been indicated as the additional fees deducted, only the amount of Rs. 37,039,589.42 had been deducted according to the information available to the Department. This concession had been given only to the importers, who loaded the goods during the period from 30.10.2020 to 18.11.2020 i.e. during the period of non-issuing of licenses.

(iv) One of the main objectives of issuing import licenses for sugar is to control the importation of sugar in bulk after deducting duty. However, the monthly average imported before the issuance of licenses had been 41,779 metric tons and after the introduction of the

According to the data of the imported sugar in the year 2020 received by Sri Lanka Customs, the monthly imports of sugar was about 58,385 MT. However, it is around 61,055 MT after the introduction of licensing system. It is a growth of approximately 4.6%.

-Do-

licensing system, it was about 61,714 metric tons per month. It was an increase of imports by about 47 percent. Accordingly, it was not observed that the desired objectives have been achieved through the introduction of a licensing system.