

Appendix

(Criteria for selection of Excise Department for review)

Criteria	Priority	Remarks
Financial materiality	Medium	Excise revenue constitutes eight to nine <i>per cent</i> of the total tax revenue of the state.
Significance of the activities of the Department	High	The Department discharges important functions of collection of excise revenue, supervision of distilleries and breweries and preventing production and consumption of illicit liquor
Visibility of the activities of the Department	High	Liquor tragedies and various social ills caused due to liquor consumption were being regularly highlighted in the media
Risk to management: (a) Financial Risk (b) Operational Risk	Medium High	Revenue is paid by Kerala State Beverages Corporation, a public sector unit and hence major revenue leakage was not expected Past local audit reports and media reports indicated weaknesses in functioning of several key controls
Estimated audit impact	High	Review of the Department has not been taken up by us in the recent past
Overall assessment	High	As the assessment revealed four criteria to be 'high' and two as 'medium' priority.