

Instruction No. 18/2020-Customs

F. No. 715/03/2020- Cus(AS)
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Indirect Taxes & Customs)

5th Floor, Hudco Vishala Building,
Bhikaji Cama Place,
New Delhi, the 06th Oct, 2020

To,

All Principal Chief/Chief Commissioners of Customs/Customs (Preventive),
All Principal Chief/Chief Commissioners of Customs and Central Taxes,
Director General of Audit,
Director General of Systems & Data Management,
Director General of Analytics and Risk Management,
Principal Commissioners/Commissioners of Customs (Audit), Delhi, Mumbai-I, Mumbai-II
and Chennai
Webmaster, CBIC.

Madam/Sir,

Subject: Directorate General of Audit as a Nodal Directorate for Customs Post Clearance Audit –regarding.

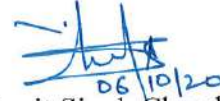
CBIC revamped the Customs Audit by introducing a new regime of Customs Post Clearance Audit. The new Customs Post Clearance Audit comprises of three types, namely, Transaction Based Audit (TBA), Theme Based Audit (ThBA), and Premises Based Audit. Besides creation of specialized Audit Commissionerates at Delhi, Chennai, Mumbai –I and Mumbai-II Zones to give special focus and to improve the effectiveness of audit, a new Manual for Customs Post Clearance Audit, 2018 was also published. The Manual describes the roles and functions of Audit Commissionerates, Director General of Analytics and Risk Management and a Secretariat of Committee of Chief Commissioners of Customs (Audit) of Chennai, Delhi, Mumbai and Mumbai II relating to the conduct of audit and its follow up.

2. Board, during the review of the new audit system, found that there is a need to effectively monitor the functioning of the new audit system. One of the major observations was that there is no nodal directorate to support the Board in the matters relating to the Customs Post Clearance Audit.

3. Accordingly, the Board has decided that:

- i. The Directorate General of Audit will act as Nodal Directorate for Customs Post Clearance Audit. Accordingly, the scope of the Charter of the Directorate General of Audit may be expanded to cover the following aspects:
 - a. To ensure effective and efficient implementation of Customs Post Clearance Audit, in coordination with the Audit Commissionerates and field formations, including periodic review and updating of the audit manual.
 - b. To coordinate with the Directorate General of Systems & Data Management and Directorate General of Analytics and Risk Management for further developing the Audit Module in ICES, which will aid the field formations in conducting meaningful and focused Audits and reduce the interaction with taxpayers to a large extent.
 - c. To interact with National Academy of Customs, Indirect Taxes and Narcotics (NACIN) to develop strategies for the timely training of auditors including refresher courses for them.
 - d. To evolve a mechanism for assessing and ensuring audit quality assurance by a simple review of major audit reports, setting up Standards and Norms or evaluating the quality of Audit and to bring about uniformity in the audit system across the country.
 - e. To study the level of compliance, including recoveries of dues relating to important audit objections/points at All India/Zonal and Commissionerate levels.
 - f. To apprise Board with the difficulties faced by the auditors due to policy issues related to Customs Audit.
- ii. The Directorate General of Audit shall create a separate vertical within the Directorate with the available resources exclusively to deal with the matters relating to Customs Post Clearance Audit.
- iii. The Directorate General of Audit in the respect of Customs Post Clearance Audit, will report to the Member (Customs), CBIC.
- iv. The Directorate General of Audit will coordinate with the Committee of Chief Commissioners and its functions listed at Para 1.6(i) to 1.6(vi) of the manual.
- v. Effective from **October, 2020** (report for the month of September) Chief Commissioners shall send a monthly report on TBA to the Directorate General of Audit from November 2020 onwards in reference to para 5.4.2 of Customs Post Clearance Audit Manual; the Directorate General of Audit will in turn shall compile and submit a monthly report to the Member (Customs) by **20th of every month**.
- vi. Effective from the **second quarter of 2020-21**, Directorate General of Audit shall publish a quarterly bulletin on TBA, ThBA and PBA incorporating the overall performance of the field formations including that of Audit Commissionerates, major audit findings, recoveries, and policy suggestions to the Board by **20th of the month** succeeding the quarter.

4. In addition to the above, Directorate General of Audit will develop a Audit Module including a MIS dash board covering all the three types of audit to automate the audit process. A task force comprising officers from Directorate General of Audit, Director General of Analytics and Risk Management, Director General of Systems & Data Management and the Audit Commissionerates may be formed in this regard. Board may be apprised of the progress on fortnightly basis by 5th and 20th of every month till the completion of the project. The first fortnightly report on the project shall be submitted by **20th of October 2020**.



Amit Singh Chandel
OSD(Anti Smuggling)