

Intimation Letter 'A' (General Intimation Letter for communication of audit schedule
to department)

Office of the Director General / Principal Director of Audit (Central)

(Complete Address of the Audit Office)

To

Commissioner/Asst. Commissioner/Superintendent

(Office Name)

(Complete Address)

Sub: Audit of Central Excise and Service tax records/accounts by CERA Team

Sir / Madam,

1. In accordance with our Annual Audit Plan 20xx-20xx, **audit** of the accounts, records and transactions of O/o _____ (*please mention the name of audited entity i.e. CDR) will be taken up by the Audit Team of this office from _____ to _____.

In this connection, a reference is invited to the CAG (DPC) Act, 1971, regarding the mandate to audit and powers to access records. Your attention is also invited to Rule 22(3) of Central Excise Rules, 2002 and Rule 5A (2) of Service tax Rules, 1994. According to these rules, every assessee shall furnish all the records maintained by the assessee stipulated under the Act/Rules for accounting transactions including cost audit reports, financial records/statements and the income-tax audit reports for the scrutiny by audit party deputed by CAG. You are requested to facilitate production of records/documents/information of the assessee, intimations for which will be sent separately. A list of important documents/records/information to be kept ready for scrutiny is enclosed as **Annexure X**¹. You are requested to ensure smooth and timely flow of information/records maintained by the assessee to the CERA party as this is a time bound program.

¹ List of records required in addition to assessee-specific records listed in Annexure A to Intimation letter 'B' may be indicated by the FO in Annexure 'X'

2. Broad objectives of audit are as under:

- (i) To ensure that the rules and procedures for Govt. Receipts are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed
- (ii) System of internal control/ internal audit in relation to levy, assessment, collection and accounting of receipts.
- (iii) To confirm whether the activities of the department are in accordance with the relevant laws, regulations and authorities that govern such entities. More specifically, it may involve examining to what extent the audited entity follows laws, rules and regulations, budgetary resolutions, policy and established codes;
- (iv) To audit transparency and competitiveness in contracts and procurements made by the department, where applicable;
- (v) To examine and report upon propriety in expenditure that has a significant bearing on mandate/operations and budgetary grants of the department;
- (vi) to provide an assessment of the achievement of economy, efficiency and effectiveness (value for money) in the implementation of the mandated activities of the department;

3. The period covered under the audit shall be _____ which may also include examination of documents/transactions of the previous years, considered relevant by the audit team.

4. Consistent with contemporary professional practice and provisions in CAG's Regulations on Audit and Accounts 2007 (Regulation 183) our audit team may seek an entry conference with appropriate top/senior management of the Commissionerate / Division / Range / Group (strike off whichever is not applicable), having control and authority over the subjects under the present audit. The entry conference will be an opportunity for the audit team to explain the audit objective, criteria and examination of the internal control systems. On the conclusion of the audit, the audit team may request you for an exit conference (Regulation 191) in which audit findings communicated to the auditee will be discussed.

5. We request you to nominate a liaison officer of sufficiently senior level for day to day coordination in the audit functions.

6. We request you to provide appropriate and reasonable office accommodation and other amenities, required to carry out the audit, to the audit team and also to enable those

assessee's opting to bring records to your office, to produce records to the audit team in your office. Access to computers/ACES may also be provided.

7. Replies along with relevant documents/records in respect of outstanding audit observations/paragraphs shall be furnished to the audit team on the day of commencement of audit.

8. Attention is drawn to regulation 169 under CAG's Regulations on Audit and Accounts, which provides that the Audit Officer would determine the form, type and extent of data, information and documents including information/records to be obtained by the auditee from third party for audit test.

9. While compilation of information from various sources, requested for by audit, may require sometime, documents/records maintained by the auditee organization should be furnished within the same day since these are readily available.

10. It is requested to provide all requisite records to audit party without delay, so that sufficient time is available to the audit party to scrutinize the records within the stipulated time. In the event of unreasonable delay in supply of information and documents leading to partial, selective or complete withholding of data/information leading to material scope limitation, the audit team may be compelled to suspend the audit after bringing it to the notice of the head of the office in writing. Higher management would be informed accordingly.

11. It may be mentioned here that failure to produce/ arrange for production by assessee the necessary records/documents or to respond to the clarifications sought by the audit team would tantamount to preventing a Government officer from performing his/her statutory duties.

12. Our audit teams have been directed to return the documents as soon as their examination is over. However, copies of the documents if requisitioned by the audit party upon examination of the records may be provided.

13. Request for rescheduling of audit will not be entertained as the schedule is fixed well in advance. However, depending upon the volume of work, supply of information/documents and other circumstances, the period of audit may be extended/rescheduled with due intimation.

14. We expect to issue an inspection report containing the results of audit within 30 days of conclusion of audit for the response of the department.

15. The present audit is being conducted as part of Performance Audit /Compliance Audit (strike out whichever is not applicable). The same unit may again be selected for audit during the year for Compliance /Performance audit (strike out whichever is not applicable).

16. We bring to your kind notice that our team would expect only working environment assistance in their day to day working, documents and information. Should you feel it necessary to contact senior officers in this regard, you are most welcome to contact the Director (or Deputy Director) of Audit at telephone number xxxxxxxx....., if necessary, even the Director General /Principal Director of Audit (Central), can be contacted at telephone number xxxxx.....and on e-mail.....xxxxx.....

17. Details of Audit Team are enclosed as Annexure-B. **(To be provided by Audit Office. Please indicate name, designation, employee ID. Please ensure details are sent before actual commencement of audit).**

18. In case you have any doubt in regard to the genuineness of the audit team reporting for audit in your office, please feel free to request them to confirm their identity with reference to valid ID cards issued by this office to its audit inspection staff.

We look forward to a constructive audit engagement.

Kindly acknowledge receipt of this communication.

Yours faithfully,

(SAO/AO)