



सीमा शुल्क आयुक्त कार्यालय
OFFICE OF THE COMMISSIONER OF CUSTOMS
ऑडिट आयुक्तालय, जवाहर लाल नेहरू सीमा शुल्क भवन,
AUDIT COMMISSIONERATE, JAWAHARLAL NEHRU CUSTOMS
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F.No.S/2-PCA-Gen-50/2018-19 JNCH Pt.III

Date: /02/2021

Standing Order No.: 05/2021

Attention is invited to Instruction No. 02/2021- Customs dated 16.02.2021 issued by the Director (Anti-Smuggling), CBIC regarding "Streamlining of Customs Post Clearance Audit (PCA) work". In this regard, as per Instruction No. 02/2021-Customs the following measures shall be undertaken in the Audit Commissionerate:

1. **Transaction Based Audit (TBA):**

1.1 **Liquidation of Pendency (TBA):** All the historical pendency accumulated up to 31.03.2021 in TBA is required to be cleared by 30.09.2021.

1.2 **Half yearly meetings on TBA:** Half yearly meetings of customs Audit Commissionerate shall be convened by the ADG, DG (Audit), Mumbai to discuss the conduct of TBA. The meeting may deliberate upon topics such as including local risk parameters in the selection of BE/SB for TBA, increase or decrease in the total number of bills selected for Audit, and the progress/pendency of TBA etc. All the officers are directed to provide their inputs for the said meeting within stipulated time frame.

1.3 **TBA in exports:** As of now, the PCA on exports has not started yet. It is expected to be initiated by 01.04.2021. The instructions regarding the same will be issued in the due course.

2. **Premises Based Audit (PBA):**

2.1 **The scope and coverage:** As per the Audit Manual, AEO T1, T2 and T3 categories are to be audited once in every two/ three/ five years. Therefore the audit planning is to be done in such a way that 50% AEO T1, 33.33% of the AEO T2, and 20% of the AEO T3 shall be audited every year. As the AEOs-LO such as Customs Brokers, warehouses, etc. can be taken up under ThBA and allotted to circles C1, C2, C3 or inspected by the formations, the PBA shall be restricted to importers and exporters only and the other entities won't be covered under PBA hereafter. However, for the year 2020-21 if any such entity has been selected for PBA, the audit shall be completed as planned.

2.2 **Selection of Premises:** The DG Audit has been tasked with preparation of the list of Auditees for PBA in consultation with the DGARM. For this purpose, a committee consisting of all the Commissioners of Customs (Audit), representatives from DRI HQ and the ADG, National Customs Targeting Centre (previously RMCC) has been directed to meet in February every year to finalise

the list of Auditees for PBA for the next financial year. The final list shall be communicated to the Audit Commissionerate before 31st March. The PBA shall be planned in such a way that the number of Auditees is evenly spread in all the months and all selected entities are audited. All the Circles are directed to ensure that every entity selected is subjected to the full audit cycle starting from Desk Review, Audit Plan, Audit Verification and Preparation of audit report.

2.3 Visiting premises: The visit to premises shall be kept as minimum as possible and all the communications, if any required, shall be done through electronic modes and meetings, if necessary, shall be done through Video Conference. If a visit is necessary, only then the field Commissionerate under which the entity/ premises falls shall be asked to conduct the visit and submit their report. The Audit Commissionerate, in such cases, shall give specific mandate to the jurisdictional Commissionerates on the scope and objective of the visit and the areas to be focussed during such visits. Generalised terms of reference shall be avoided.

3. Theme Based Audit (ThBA):

3.1 Selection of themes: The DG Audit will convene half yearly meetings of the committee consisting of all the Principal Chief Commissioners/ Chief Commissioners in charge of Customs (Audit) Commissionerates. The committee shall meet in January and July to select the themes for ThBA for the first and second halves respectively for each financial year.

3.2 Timelines for ThBA: The timelines of the various activities in the ThBA are given below:

Sr. No	Event	Timeline
1	Meeting for the finalisation of the themes	January/July
2	Preparation for the ThBA by the lead Commissionerate	31 st March / 30 th September
3	Completion of ThBA	31 st July/31 st January
4	Report to DG (Audit)	20 th August/20 th February

All the concerned officers are directed to complete the ThBA related activities as per the prescribed timeline. All the pending ThBAs must also be completed expeditiously.

4. MIS Reports:

4.1 New formats: Three new formats namely, CUS PCA 1 (Annexure-1), CUS PCA-2 (Annexure- 2), and CUS PCA- 3 (Annexure-3) are prescribed for the reporting of the PCA performance of TBA, PBA and ThBA respectively. A new format CUS PCA- 4 (Annexure- 4) has been prescribed for the reporting of the status of Audit detections. In the light of this format, all the Audit Circles are

directed to update the CL Register to reflect current position of the pending audit objections, so that the factual positions are reported correctly.

4.2 Uploading data in the new formats: The CUS PAC-1, CUS PCA-2, CUS PCA-3 and CUS PAC-4 reports shall be submitted online by the Zone. The Commissionerate is required to upload the details in these formats in the DDM portal before 10th of every month from 01.04.2021 onwards. Accordingly, all the Audit Circles are directed to prepare the above reports in the prescribed format and submit the same to the Admin Section on 5th of every Month for onward submission/ uploading. The Admin Section will ensure timely uploading of all these reports.

5. Post Audit Compliance Cell (PACC):

5.1 The Board has directed that, all the Customs (Audit and jurisdictional) Commissionerates shall have PACC to ensure effective monitoring of Custom PCA. Accordingly, the PACC for Audit Commissionerate, JNCH will be headed by the Commissioner, Audit & will comprise of all the Additional /Joint Commissioners of Customs and Deputy/ Assistant Commissioners of Customs in the Audit Commissionerate. The work related to PACC will be handled by the Admin Section of the Commissionerate. PACC will ensure effective monitoring of TBA, PBA and ThBA. The Pr. Commissioners/ Commissioners of Customs of the jurisdictional Commissionerates of JNCH are requested to constitute a PACC in their respective Commissionerates on the similar lines. The said PACCs will coordinate with the Audit Commissionerates on PBA and ThBA.

5.2 Commissioner, Audit shall convene monthly meeting of PACC and shall send a consolidated monthly report to the ADG Audit of the concerned Zone within seven days of the meeting. The monthly PACC meeting shall be completed at least seven days before the MCM Meeting, so that there will be enough time to prepare for the MCM.

6. Monitoring Committee Meeting (MCM):

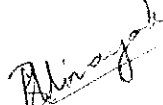
The monthly meeting of MCM should be convened preferably in the third week of the succeeding Month, to monitor the Audit performance. The ADC/JC in-charge of the PACC of all the concerned jurisdictional Commissionerate shall attend this meeting. The MCM shall discuss about performance of TBA, PBA & ThBA and decide on the objections raised during the month. Besides, the MCM Shall also take stock of the status on the decisions taken previously, progress on the pending audit objections and any other relevant issue which has a bearing on conducting PCA. A monthly report to the DG (Audit) shall be sent within seven days of the MCM. The Admin Section will ensure timely submission of all the said report.

7. Quarterly Bulletin:

The quarterly bulletin will be published by DG (Audit) for every quarter by the end of the succeeding month of the relevant quarter. For Audit

Commissionerate, JNCH Audit Circles shall share the information to the admin section by the 05th of succeeding month of every quarter as per Instruction No. 02/2021 for onward submission. The Admin Section will ensure timely submission of data for quarterly bulletin to the Office of DG (Audit).

This issues with the approval of Commissioner of Customs, Audit, JNCH.

 26.2.21
(B. Vinayak)

Dy. Commissioner of Customs
Audit Commissionerate

Copy to:

- i. Chief Commissioner of Customs, Mumbai zone- II: For kind information.
- ii. Pr. Commissioner of Customs (NS-I): With request to take necessary action as per para 5 please.
- iii. Pr. Commissioner of Customs (NS-III): With request to take necessary action as per para 5 please.
- iv. Commissioner of Customs (NS-II): With request to take necessary action as per para 5 please.
- v. Commissioner of Customs (NS-V): With request to take necessary action as per para 5 please.
- vi. Joint Commissioner of Customs (Audit)
- vii. All Dy./ Asstt. Commissioners of Customs (Audit)