



केन्द्रीय उत्पाद व सीमा शुल्क आयुक्तालय,  
वडोदरा-॥

केन्द्रीय उत्पाद एवं सीमा शुल्क भवन,  
सुभानपुरा, वडोदरा - 390023

Office of the Commissioner,  
Central Excise & Customs, Vadodara-II  
Central Excise & Customs Building,  
Subhanpura, Vadodara-390023.

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फा. सं. IV/16-45/Vad-2/T/09

दिनांक - 06.04.2011

## व्यापार सूचना - 07/2011- केप - ऑडिटिंग

विषय : व्यापार सूचना - 07/2011 - केप - ऑडिटिंग के अग्रोषण के संबंध में ।

केन्द्रीय उत्पाद, सीमा शुल्क व सेवाकर आयुक्तालय, वडोदरा-॥, से जारी व्यापार सूचना - 07/2011 - केप - ऑडिटिंग सूचनार्थ संलग्न है।

आपका विश्वसनीय

( विमल एन. शकवार )

(Vimal N. Shakwar)

संयुक्त आयुक्त (तकनीकी)

Joint Commissioner (Tech)

केन्द्रीय उत्पाद व सीमा शुल्क

Central Excise & Customs,

वडोदरा-॥ / Vadodara-II

प्रतिलिपि :-

1. अपर आयुक्त, केन्द्रीय उत्पाद एवं सीमा शुल्क, वडोदरा-॥
2. संयुक्त आयुक्त, केन्द्रीय उत्पाद एवं सीमा शुल्क, वडोदरा-॥
3. सभी मंडल, केन्द्रीय उत्पाद एवं सीमा शुल्क, वडोदरा-॥
4. उप/सहायक आयुक्त, लेखा परिक्षा, निवारक, सेवाकर, कर वसूली, पुनरीक्षण, विधि, केन्द्रीय उत्पाद एवं सीमा शुल्क, वडोदरा-॥
5. आयुक्त के निजी सहायक, केन्द्रीय उत्पाद एवं सीमा शुल्क, वडोदरा-॥
6. क्षेत्रीय सलाहकार समिति के सभी सदस्य



केन्द्रीय उत्पाद व सीमा शुल्क आयुक्तालय,  
**OFFICE OF THE COMMISSIONER OF**  
केन्द्रीय उत्पाद एवं सीमा शुल्क भवन,  
**CENTRAL EXCISE & CUSTOMS**  
वडोदरा - 11 / VADODARA - II

**Trade Notice No. 07/2011 – CAAP - AUDITING.**  
**06<sup>th</sup> April 2011**

**Subject : Computer Assisted Audit Programme (CAAP) – Auditing In An Electronic Environment : Regarding**

1. The trade is informed that Computer Assisted Audit Programme (CAAP for the sake of brevity ) Centre has been set up in the Head Quarters Audit Section for the purpose of conduct of audit in respect of those assesses who use a computer to record their business transactions / activities and keep such data in electronic form. The following information is provided to the Trade for creating awareness and facilitating working of CAAP.

- (i) The departmental Audit under CAAP will involve examination and analysis of business (private) records that are maintained electronically. Under CAAP, all or a part of audit could be completed using electronic records. Trained in auditing of electronic records, the Central Excise Officers who shall conduct Computer Assisted Audit shall use commercial and custom software on secure departmental computers for this purpose.
- (ii) Computer Assisted Audit saves time both for the assessee and department as it takes much shorter time than manual audits as most of the records are made available to the auditor in electronic formats which are examined using a secure departmental computer. It also saves paper as an electronic audit reduces the amount of paper normally needed, produced or photocopied during an audit. The auditors spend less time at assessee's premises.
- (iii) The procedure followed in the Computer Assisted Audit is that Computer Assisted Audit starts with a meeting between the CAAP Auditor and assessee's accounting / systems staff. During the meeting the CAAP Auditor would request several information to determine the feasibility of a Computer Assisted Audit. The questions are part of a Computer Assisted Audit feasibility survey and include information about –
  - (a) Hardware and peripherals
  - (b) Operating System used by the assessee's computer system
  - (c) Accounting software used by the assessee
  - (d) Accounting information – like chart of accounts
  - (e) Details of information in the assessee's electronic records
  - (f) Back-up and Data retention methods used by assessee
  - (g) Data export options supported by the assessee's system
  - (h) Conversion of the assessee's data to a format readable by departmental computers.

- (iv) The CAAP Auditor would identify specific computer files and records he/she requires for the audit and ask the assessee to provide a copy of those records on a Disk or a Compact Disk(CD). He/She might also have to ask the assessee to convert the data to a format that is not proprietary and readable by departmental computers. The assessee can make a second copy of the same records provided to the CAAP Auditors.
- (v) The auditor would next copy these records to a secure departmental computer and analyze / verify them using a combination of commercial and custom software . The assessee's data is not altered during the examination. Rather, the auditor reviews these, validates that all of the records are included in the data, summarizes them, and extracts a copy of selected records of interest to a number of reports.
- (vi) The assessee's records are handled with extreme care and are encrypted during transfer and storage. Such records obtained from the assessee are accessible by only the authorized Central Excise Officer. Upon completion of an audit or upon conclusion of any appeal or judicial review, the records provided are securely erased and CDs are destroyed. The assessee may advise the CAAP auditors in case he (the assessee) wishes to have his CD returned back. The Computer Assisted Audit in no way causes any risk to the assessee's computer or electronic records. The CAAP auditor would only ask the assessee to make a copy of the assessee records.
- (vii) In short, Computer Assisted Audit works by analyzing a copy of assessee's electronically stored records that are provided to the CAAP auditor on a disk of Compact Disk (CD). The original records of the assessee are not "touched "or altered in any ways. The assessee's original records are not altered in any manner during the Computer Assisted Audit process. In fact, the commercial software used by the CAAP auditor is designed specifically to never alter any audit records. [As informed by the vendor of the WIN Idea Audit Software " HTML" was not built as a document format type. It is a language and because it is a language it is not really controlled in any way like a format would be. Essentially what the Central Excise / Service Tax CAAP Team is receiving from their assessee are web pages and are expected to pull out the pertinent data around an ever evolving language. The CAAP auditors may locate the data source and ask the assessee to save it in a different format out of the source database. The format could be MS-Excel, Print Delimited, PDF Advanced record definition editor, AS-400, dBase, Lotus, Microsoft Access, ODBC, Print report and Abode PDF, SAP/AIS, Text (Delimited) and XML. If there is a web interface (where this reporting is coming from ) then there is also database back end which can save data in a different ways like MS-Excel, Print, Delimited, PDF, Advanced record definition editor, AS-400, dbase, Lotus, Microsoft Access, Microsoft Excel, ODBC, Print report and Abode PDF, SAP/AIS, Text(Delimited) and XML. In short, as a conclusion – given the nature of HTML files as indicated above, a direct import facility into WIN Idea software will not be possible in IDEA. Workaround in terms of an IDEA Script Converter (HTML to Print Reports) could be tried but this is once again not comprehensive and fool-proof with large HTML files. The assessee are

requested to provide data in MS Excel , Print , Delimited , PDF formats as available to the CAAP Auditors”.

2. In this regard, the Trade is also advised to refer Part-III of Chapter-VI of Central Board of Excise & Customs' (CBEC's) Central Excise Manual detailing Supplementary Instructions on Computer Assisted Audit Programme.
3. For any further details/information on Computer Assisted Audit Programme, inquiries can be made at the below given address where CAAP Laboratory of your jurisdiction Central Excise Commissionerate is stationed.

Office of the Commissioner of Central Excise, Customs & Service Tax,  
Audit Wing (CAAP Lab), Head Quarters, Room No 227, IInd Floor,  
Central Excise & Customs Building, Near Arke Garba Ground, Subhanpura,  
Vadodara- 390023  
Telephone No. (0265) 2388161 – 2388167 Ext. No. 2227

4. All Trade Associations and Chambers of Commerce and Members of Regional Advisory Committee are requested to publicise the contents of this Trade Notice among their members/constituents for timely compliance.



(V. N. Shakwar)  
Joint Commissioner (Tech),  
Central Excise & Customs,  
Vadodara – II

{Authority: Government of India, Ministry of Finance, Department of Revenue, CBEC, New Delhi's Letter No. 206/08/2006 – CX.6 dated 07<sup>th</sup> October 2008}

F. No. IV/16 – 01/Vad-2/T/2011

06<sup>th</sup> April 2011

Copy forwarded to:

1. As per mailing list to trade and department.
2. Guard File