

## Executive summary

We conducted the Performance Audit to seek an assurance whether the objectives of Automation of Central Excise and Service Tax (ACES) framed by the department have been achieved. We also examined the extent of utilisation of ACES in the field formations of the Board. The Performance Audit was conducted in 40 selected Commissionerates apart from the office of the Directorate General of Systems and Data Management.

The Performance Audit revealed certain inadequacies both of system as well as compliance issues relating to the working of ACES.

- a. There was no provision in ACES for selection of returns for detailed scrutiny on the basis of in built risk parameters. Further, no time limit for review of marked returns was inserted in the Return module.

(Paragraphs 2.1.3 and 2.1.4)

- b. There was no provision in ACES to upload/attach any documents and also no provision for digital signature.

(Paragraphs 2.1.6 and 2.1.8)

- c. The role of legal, adjudication, preventive/anti evasion wing etc., were not mapped in 33 Commissionerates out of 40 selected Commissionerates and also no access provided to Inspector level officials.

(Paragraphs 2.2.3 and 2.2.4)

- d. We observed that only three modules (Access Control Logic, Registration and Return) out of the ten modules in ACES are being utilised by the stake holders.

(Chapter 3)

- e. We observed that a large number of returns for Central Excise and Service Tax are being marked for Review and Correction due to small errors which can be addressed by having proper/strong validations.

(Paragraph 3.3.3)

- f. We observed that non-conducting of trainings, seminars/workshops is one of the main reasons for skewed utilisation of ACES.

(Paragraphs 4.1 and 4.2)

- g. We observed that even after five years of implementation of ACES, no post implementation review of ACES was carried out.

### **Summary of Recommendations**

1. There is a need to simplify the cumbersome procedure adopted in respect of mapping of employees in ACES to save man days that go unutilised during the period of assignment of roles in ACES.
2. Provision for complete linking of outstanding liabilities to processing surrender applications may be introduced by making the liabilities available offline a part of ACES.
3. In view of Ministry's commitment to grant registration in two days to overcome delay in issue of Registration certificates, prompt completion of Physical Verification must be ensured.
4. Electronic filing may be made mandatory for compulsory intimations such as Invoice Books and Records maintenance and CLI module may be introduced for ST also so as to ultimately reduce the interface of the assessees with the departmental officers.
5. There is a need to revisit/update the systems to make all the modules operational so as to generate required Management Information System from ACES, given that ACES is being implemented for more than five years.
6. In view of a very low/partial utilisation of Provisional Assessment, Export, Refund, Claims and Intimations, Dispute Settlement Resolution and Audit modules by department/assesseees, the Department may review the usage of all modules, and take action to identify and remove bottlenecks to make the system user friendly and result oriented.
7. Department may make a strategic plan to provide need based and structured training to employees and to conduct awareness seminars for assesseees and periodically review the same.