

F.No. 206/07/2001-CX-6
Government of India
Ministry of Finance & Company Affairs
Department of Revenue
Central Board of Excise & Customs

Subject: - Audit of EOUs situated in port cities and other areas - reg.

I am directed to say that it has been brought to the notice of the Board that in port cities and certain other areas, where the 100% EOUs are under the administrative control of Customs, Internal Audit is not being conducted as Customs do have a system of audit in the premises of the unit. Further, Central Excise Commissionerates not having the jurisdiction over these 100% EOUs also do not conduct Internal Audit of these units.

2. The matter has been examined by the Board. In this connection, your attention is invited to para 8.3 of the Revised Audit Manual (EA-2000) in which adequate guidelines have been given for audit of EOUs. Since EOUs avail different concessions and exemptions and are a major source of leakage of revenue, these must be subjected to Internal Audit in order to safeguard revenue. Accordingly, Board has desired that the EA-2000 audit of EOUs should be conducted by the jurisdictional Central Excise Commissionerates. However, for the frequency of audit, the criteria of selection and the number of days for conduct of EA-2000 audit of EOUs, the jurisdictional Commissioners may draw a parallel from the criteria fixed for non-EOUs given in the Audit Manual. A suitable program may be drawn to audit all EOUs by the jurisdictional Commissioners in this regard.

3. Suitable instructions may be issued to field formations.
4. Receipt of the same may be acknowledged.
5. Hindi version will follow.