GOVERNMENT OF PAKISTAN
CENTRAL BOARD OF REVENUE
SALES TAX WING
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C.NO 1(59) ST – AIU /98 Islamabad, the 7th January,1999.

SALES TAX GENERAL ORDER NO .1/99.

Subject: **PROCEDURE FOR MONITORING OF AUDIT REPORTS PREPARED BY AUDITORS / SENIOR AUDITORS SPECIAL AUDITORS.**

The audit of registered persons is being conducted in the Collectorates of Sales Tax through the Auditors and Senior Auditors of the department and also through the special Auditors appointed under section 32-A of the Sales Tax Act,1990.

2. Selection of units/registered persons for audit should not be left to the Auditors / Senior Auditors /Audit Division itself. Rather the selection for audit and assignment of unit/person of the Auditors should be done through computer programming. Only Additional Collector /Collector may select units/ persons manually (on the basis of his choice or information or direction from CBR) for the purpose of getting audited. However, such a manual selection may not generally exceed 10% of the total audits conducted. The same Auditor /Senior Auditor /Special Auditor should not, as or general rule , audit the same unit/person more than once in 2 years. In other words, auditors/audit teams for particular units should keep on changing.

3. Following procedure is laid down in order to ensure transparency in the whole process.

(i) The audit should be conducted in a systematic and organized way to ensure that one registered person is subjected to audit not more than once in six months, unless, of course, some emergent situation calls for another audit during the aforesaid period.

(ii) The registered person should be informed about the audit and details of records to be audited at least 10 days before the scheduled date of audit.

(iii) The audit should be completed normally within 3 to 4 days unless situation requires more time, for which written permission should be granted by an officer not below the rank of Assistant Collector on receipt of written request of the Senior Auditor or Auditor containing plausible reasons for extension of duration of audit.

(iv) The audit reports, duly signed by the Senior Auditors or Auditors, containing
approval of the Assistant Collector/Dy. Collector, Incharge of Audit Division should be submitted to the Additional Collector within 14 days from the date of commencement of audit.

(v) On receipt of the Audit Report, the Incharge not below the rank of an Assistant
collector of the Audit Division shall critically evaluate the same with a view to ensure the following:-

a) that the audit has been conducted purely in a professional manner;

b) that the audit was comprehensive and did not overlook or left any important area of audit deliberately or negligently;

c) the provisions of Sales tax law have been quoted correctly;

(vi) The Assistant /Deputy Collector Incharge Audit shall forward audit report to the
Additional Collector and the Collector within 3 days of receipt of the audit report after making his comments on each aspect as detailed at para (v) above. Recovery action/demand notice /show cause notice, if necessary, should not be delayed and rather should be pursued vigorously.

(vii) If the Collector is convinced that the audit was not conducted effectively or the audit report was not prepared properly or that there is an apparent lack of professional outlook, mollified intent or negligence, he should proceed against the Senior Auditor , Auditor and Assistant Collector/De. Collector, Anchorage Audit Division, as he deems fit.

(viii) Audits by Special Auditors under section 32-A shall be conducted in accordance with the special Audit Rules, 1998 and the Terms of Reference in this regard. Their report shall also be scrutinized by the Audit Division of the Collector / Collector accordingly.

(ix) One copy each of such of the audit reports (whether by Departmental Auditors or by the Special Auditors) which reflects detection of Sales tax amounting to RS. 1 million or above or which points out towards a serious procedure lapse should invariably be sent to Secretary ST-AIU Section of CBR and also to the Director General of Training & Research (Customs, Central Excise & Sales tax), CDA Block No. 3 (Old CBR Building), Islamabad for record and study.

(x) On receipt of audit report as mentioned at para (ix) above, the AIU Section shall critically examine the same to analyze propriety of the audit report. In case of any important detection, the matter shall be brought into the knowledge of Member (Sales Tax) for further necessary action.

(Muhammad Nazim Saleem)
Secretary (ST-AIU)