

**ANNEXURE – CE - VII**

**AUDIT PLAN**

**Note: This is only an illustrative Audit Plan for M/s ABC Paper Mills. Plan for each unit should be prepared based on the specific requirement.**

Guidelines for filling in the Audit Plan:

1. Subject: - For example classification, valuation, CENVAT etc.

Sl. No.	Subject	Specific Issue	Source Document	Back-up Document	Coverage Period	Selection Criteria
1	Classification	Availing exemption by claiming a specific heading/ conditional exemption	Invoice/ER-1/ER-2/ER-3	1. R M Procurement Register 2. Digester Control sheets/ register 3. Lab reports.	For the months:	All documents
2	Valuation	Turnover Discounts	CE Invoice	1. Commercial invoice 2. General ledger 3. Credit/ Debit notes	Entire Audit period	All invoice serial numbers ending with 5.
3	Valuation	Sale to related person	(In case goods are subsequently sold by related party) 1. CE Invoices issued by manufacturer to related persons 2. Invoices issued by the related person to the customers.	1. Agreements relating to sales 2. Party ledgers	Second quarter audit year(s)	All invoices pertaining to related buyer
4	CENVAT Credit	Receipt of actual quantity vis-à-vis quantity on which credit taken	1 Input invoices 2 Credit availment register	1. Material receipt note/ register 2. Insurance claim documents for transit losses 3. Stores ledger	Entire Audit period	All invoice
5	Credit on Capital goods	Availment of credit in 2 <sup>nd</sup> year	1 Capital Goods invoices 2 Credit availment register	1. Physical verification of possession and use.	All capital goods on which 2 <sup>nd</sup> instalment of credit is availed during the audit period.	All invoices

2. Specific Issue to be verified. Under this column, the auditor should mention the precise issue pertaining to the subject. For Example Discounts passed on to the buyer, Utilisation of inputs for repair/re-processing, etc.
3. Source Document/ Information to be verified: - documents/information reflecting or having a bearing on payment of CE duty, to be verified. For example CE Invoice showing a particular discount.
4. Back-up Document: The documents to be examined to check the correctness of the information contained in the source document. The method of examination may also be specified under this column. For example Commercial invoice, party ledger, discount policy documents, price circulars, etc. reflecting the said discount.
5. Period of coverage: - Normally, the coverage will be for the whole of the audit period. However, the auditor may conduct test verification for specific periods each extending over a short duration.

Selection Criteria: - In case, the volume of documents for verification is large, the auditor may adopt sample verification. In such a case, the sample selection techniques should be spelt out. The sample should be chosen in such a way that it represents the whole, uniformly.