

## Sevottam Internal Audit Report

**Authorization** : Circular F.No.S17/04/2014 – Estt. dated 02/08/2016

**Audit Dates** : 08-08-2016 to 12-08-2016

**Auditors** : Shri. K.P.S.Reddy, Superintendent of Customs (P)  
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Sevottam Internal Audit of Custom House, Visakhapatnam was undertaken on the given dates. The review of the implementation, monitoring and Service Delivery was examined and evaluated. The standards covered are:

- a. Acknowledging communication within 7 working days of receipt
- b. Conveying decisions within 15 working days of receipt of communication
- c. Remit drawback within 7 working days
- d. Clear export goods within 24 hours
- e. Clear import goods within 48 hours
- f. Dispose off a refund claim within 3 months
- g. Release of non-required seized documents within 60 working days
- h. Acknowledge grievances within 48 hours
- i. Final decision on grievances within 30 working days.

### 2. Review of Implementation:

**2.1** This is the second Audit after the Commissionerate had decided to implement Sevottam. A systematic study of the Commissionerate's compliance with Sevottam standards was undertaken. The implementation of Sevottam in all Sections of the Commissionerate was studied for the period from 01-03-2016 to 31-07-2016. The statistical compilation of Section-wise compliance is enclosed as **Annexure –A** (Format as in SQM-3.4). The Internal Audit Check List (SQM-4.3) is enclosed as **Annexure –B**.

**2.2** In general, the compliance with Service standards is good in most of the Sections.

- i) The Sections which have received at least a minimum of 10 letters per month and which have adhered to the compliance standards prescribed in the Sevottam manual i.e., >80% desirable disposal within time norms are Bonds, Import & Export, General Preventive and Refunds.
- ii) The standard maintained by the Sections like Bonds, Import & Export and General Preventive is excellent and commendable considering the fact that these 3

Sections put together have received 86% (approx.) of the total 3833 letters received through Sevottam during the period covered by the Audit.

- iii) The problem of entering the details of the letters by the Sections in their respective Sevottam Registers, which was pointed out in the 1<sup>st</sup> audit, continues to persist. This non-adherence of prescribed method requires urgent attention from the Section Heads. Out of the 3833 letters received at Central Receipt Section of Sevottam, 96 letters are not figuring in any of the Registers.

Test check was done to trace some of these 96 letters to the Section concerned. The said letters have reached the respective Sections and also been attended to, but the same were not entered in the respective Sevottam Registers of the Sections. Further, it appears that many officers, who were working in field formations last year and who were transferred to Customs House in the AGT, were not aware of the Sevottam procedures. This appears to have resulted in a lack of thorough understanding of the Sevottam procedures on the part of some of the officers. It is suggested that a special awareness session may be conducted for such officers. Suggestions regarding training are elaborated in the following paras under the Heading 'Effectiveness of Training'.

**2.3** In the 1<sup>st</sup> audit report submitted, certain compliance issues pertaining to ITP Cell and Import Section were discussed, but the said issues continue to remain unresolved. These 2 Sections continue to accept certain documents viz., permissions for landing of containers, transshipment of containers to various CFSs, movement of containerized cargo to various SEZs, Manual IGMs and Manual Bills of Entry etc., directly rather than through Sevottam. The same has to be avoided in tune with the measures suggested by the scheme.

**2.4** The information available in the Registers pertaining to some of the Sections as detailed below is incomplete.

Appraising Section: Information available in the register maintained in Appraising Section is incomplete in r/o 19 cases. In some of the cases it is not mentioned whether a decision is required or not. In some other cases date of disposal is not mentioned.

The details of some of the cases where it is not mentioned whether a decision is required or not are given below.

- i) **ID No. 1636/2016 dated 31/03/2016**

The issue is regarding request for release of end use bond against import consignment

**ii) ID No. 1684/2016 dated 04/04/2016**

The issue is regarding refund against B/E. No. 457/14.09.2015

**iii) ID No. 2400/2016 dated 04/05/2016**

The issue is regarding finalization of B/E for the Vessel MV Lord Willington

Bonds Section: No information is available in r/o 12 cases. Informed the Section Head to update the status of the same. 309 cases in the first Register in r/o which decisions were taken were not entered in the Decision (2<sup>nd</sup>) Register. Section Head was informed to update the Decision (2<sup>nd</sup>) Register in r/o the said 309 cases.

Import and Export Section: Information is not available regarding disposal of 28 cases. Informed the Section Head to update the status of the same.

## **2.5 Lack of clarity on what constitutes a decision paper**

During the audit, it was noticed that there is an element of confusion as to what constitutes a decision paper. As per the **EXPLANATION OF SERVICE DELIVERABLES & FUNCTIONS under SQM-4.0**, “Scrutiny is not a part of standard. **As regards where this applies, the decision is warranted for the benefit of citizen.** A decision in matters like goods being detained, bank guarantees not being released or assessee needs a speaking-order etc will be covered in this service. Even a decision like being unable to release the goods, if assessee wants the goods to be released, will be considered as a decision.” Rejection of pending request is also a decision. For example, it was noticed in the SIIB register a letter from a Noticee seeking extension of time for filing of reply to SCN is treated as not requiring decision, whereas, it appears that a decision has to be taken as to whether the extension sought has to be given or not and accordingly, the same has to be communicated to the applicant. Similar examples were noticed in some other Sections as well.

As per SQM-3.2.1.2, the addressee has to identify a communication requiring a decision and to mark the same for decision along with specific due date. As most of the communications are being addressed to the Commissioner / Additional Commissioner / Assistant Commissioner, it is imperative that these officers evolve some form of marking

on the IC paper wherein the same is immediately identified as a communication requiring a decision. It was suggested in the earlier audit observation that the authorities concerned should ensure that the correspondence reaches the Sevottam Central Receipt Section through their P.A.s.

### **3. Citizen's Charter Awareness**

While there is a general awareness of the Citizens Charter, there is a need to enhance the knowledge of the Citizens Charter as it will aid in the proper service delivery to customers.

### **4. Complaint Handling Timeliness**

41 grievances were received by the Commissionerate through online on CPGRAMS during the period under review. Final decisions were taken within standard time norm of 30 working days on all the 41 grievances.

### **5. Resource Management Effectiveness**

The Sevottam Cell and Management have done a good job in displaying Citizens Charter & signage's at strategic places and providing Registers for recording transactions. Further, staff is also available at the points of Service to handle Sevottam standards. However, as pointed out in the earlier audit report, the Sevottam Section is still clubbed with Establishment Section, with no proper facility to have a streamlined and self-contained implementation cell. Further, there is only one Superintendent who is handling the work pertaining to Sevottam on an additional charge basis. An exclusive Section to run Sevottam would go a long way in implementing the Sevottam effectively and to raise the compliance standards

### **6. Effectiveness of Training**

During the course of audit it was noticed that there is an awareness of the concept of Sevottam, but there is a need to improve the level of awareness as many new officers have joined in different cadres. Also, many officers, who were working in field formations last year and who were transferred to Customs House in the AGT, were not aware of the Sevottam procedures. Hence, training classes may be conducted periodically atleast 3 times in a year which includes a training class immediately after the AGT so that the awareness levels of the officers will not diminish.

### **7. Major Deficiencies Noticed**

- A. Out of the 3833 letters received at Central Receipt Section of Sevottam, 96 letters are not figuring in any of the Registers. This situation has arisen due to the lack of proper

awareness of Sevottam, lack of commitment and monitoring. It is imperative that every letter received in the Section is duly accounted for and attended to.

- B. There is very little feedback on the quality of service from the trade due to lack of proper awareness of the Sevottam facility amongst the Trade. Awareness levels of the Trade can be raised by informing them about Sevottam during PTFC/Trade Facilitation meetings

## **8. Suggestions for improvement**

- i. It is quiet likely that most/all of the 96 letters unaccounted for, might have been received by different Sections and action might have also been taken on the same. Central Receipt Section of Sevottam has a data base about the routing of letters to different Sections. Respective Section Heads (Incharge Superintendent/Appraiser/A.O.) can reconcile with the dealing clerk of Central Receipt Section of Sevottam and correlate their Registers with the Sevottam Register of the Central Receipt Section so that the unaccounted for letters can be traced and if action has already been taken on such letters, the respective Sevottam Registers can be updated.
- ii. It is once again reiterated that as soon as a letter/claim is received from the Central Receipt Section of Sevottam and even before any action is initiated on the said letter/claim, entries should be made in the Sevottam Registers so that the problem of unaccounted letters mentioned above will not arise in future. Further, if any decision is required on the letter/claim, entry should immediately be made in the second Register as well. Once a decision has been taken and communicated to the person/firm, entries in the Registers may be updated immediately.
- iii. A general tendency to the effect that the proper maintenance of Sevottam Registers is the look out of the dealing assistants and other superior officers have no role in the same is noticed. The impression needs to be changed and officers at all the levels should own the processes so that Sevottam standards can be met. Failure to effectively supervise the implementation of this scheme and it's nuances by the officers working under them is not a happy parameter to evaluate the performance of the Section Heads.
- iv. As can be seen from the data given in Annexure A except for drawback, Custom House is able to achieve the standards prescribed in Sevottam. Regarding drawback, a

- suggestion was given by the Audit team to take up with Directorate General of Performance Management (DGPM) to increase the standard time norm to 11 working days instead of the existing 7 working days. A detailed proposal/request may be sent to the DGPM enumerating the reasons for increasing the time limit.
- v. Senior Officers may make a specific reference to Sevottam whenever they address public functions, Trade Bodies, etc., this would enhance the awareness levels of the program.
  - vi. Collect feedback through email questionnaires in addition to feedback collected at point of service.

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Encl: Annexure – A & B.

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(P.V.S.S.Srinivas)  
Assistant Commissioner (Sevottam – Audit)

Submitted to:

The Principal Commissioner of Customs, Custom House, Visakhapatnam

## ANNEXURE A

		Implementation			
		Internal audit (Data Capture)	Management Review (Analysis to identify gap)		
Defined Service	Standard Time Norm	Cases received during the period covered by audit	Desired disposal within time norms	Actual % disposal as per standard	Reasons for not meeting norms
Acknowledge all Written Communication	Within 7 working days	3833	>80%	100%	NA
Convey Decision on matters	Within 15 working days	3390	>80%	97.28%	NA
Remit Drawback	Within 7 working days	8027	>80%	48.13%	
Clear Export Goods	Within 24 hours	11383	>80%	82.7%	NA
Clear Import goods	Within 48 hours	9990	>80%	81.58%	NA
Dispose off a refund claim	Within 3 months	48	>80%	87.5%	NA
Release non-required seized documents	Within 60 working days	Nil	>80%	NA	NA
Acknowledge grievances	Within 48 hours	41	>80%	100%	NA
Final decision on grievances	Within 30 working days	41	>80%	100%	NA

**Section wise Data**

S. No.	Name of the Section	Standard Time Norm	No. of cases received	No. of cases where decision was required	No. of cases disposed		No. of Cases where interim reply is given		Remarks
					Within standard time	Beyond standard time	Within standard time (15 days)	Beyond standard time	
1	Central Receipt Section	Within 7 working days	3833	NA	3833	0	NA	NA	
<b>Convey Decision on matters</b>									
2	Establishment	Within 15 working days	7	4	4	0	NA	NA	
3	Cash	Within 15 working days	3	3	3	0	NA	NA	
4	Dock Appraiser	Within 15 working	9	9	6	3	NA	NA	

		days							
5	Statistics	Within 15 working days	6	3	0	1	1	0	2 cases in which decision is required are yet to be disposed even after 15 working days. Interim reply is also not given in those 2 cases.
6	Appraising	Within 15 working days	129	40	23	9	6	1	Information available in the register is incomplete in r/o 19 cases. In some of the cases it is not mentioned whether they require a decision or not. In some other cases date of disposal is not mentioned
7	EDI	Within 15 working days	2	2	2	0	NA	NA	
8	RI & I	Within 15 working days	12	6	6	0	NA	NA	
9	General Preventive	Within 15 working days	232	227	223	3	0	0	No information is available regarding 1 case
10	ITP	Within 15 working days	2	2	2	0	NA	NA	
11	SIIB	Within 15 working days	17	6	5	1	NA	NA	
12	Bonds	Within	2657	2649	2625	12	0	0	No information is available in r/o 12

		15 working days							cases. Informed the Section Head to update the status of the same. 309 cases in the first Register in r/o which decisions were taken were not entered in the Decision (2 <sup>nd</sup> ) Register. Section Head was informed to update the Decision (2 <sup>nd</sup> ) Register in r/o the said 309 cases
13	Imports & Exports	Within 15 working days	413	409	373	8	0	0	Information is not available regarding disposal of 28 cases. Informed the Section Head to update the status of the same
14	ARC & Records	Within 15 working days	4	4	4	0	NA	NA	Even though decisions were taken within time as per the notings in the files, replies were not sent to the applicants
15	MCD	Within 15 working days	1	0	NA	NA	NA	NA	
16	Export PD finalisation	Within 15 working days	29	26	22	1	0	3	
<b>Sub Total (Conveying Decision)</b>			3523	3390	3298	38	7	4	
17	Refunds	Within 3 months	78	78	42	6	0	0	30 claims are pending for disposal. 24 out of the 30 claims are within 3 months time and the remaining 6 claims the time period of 3 months is over.
18	Drawback	Within 7 working	149	13	0	10	0	0	3 cases of Drawback are yet to be disposed even after 7 working days.

		<b>days</b>							Interim reply is also not given in those 3 cases.
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Out of the 3833 letters, refund claims, drawback claims etc., received by the Central Receipt Section of Sevottam, information regarding 96 letters as to whether any action has been taken or not could not be made out as the said letters were not shown as received by any of the Sections in their respective Sevottam Registers. Further, 13 letters with the same unique Sevottam Id were entered in 2 different Sections.

## Internal Audit Check-List (SQM - 4.3) (ANNEXURE B)

Criteria	(Pl. tick mark in column applicable)			Evidences
	Fulfilled	Partially Fulfilled	Not fulfilled	
<b>(A) There are clear PROCEDURES established and approved for:</b>				
Control of documents (clause 4.3.3 of IS 15700)				Not applicable as this is a task to be handled at the Apex Level (CBEC) as per SQM 3.2.4. At the Unit Level, the Service deliverables as per SQM are available.
Control of Quality Records (clause 4. 4)				
Complaint Handling (clause 7.3)				
Service deliverables (as per Citizens' Charter)	✓			
Are the above PROCEDURES reviewed periodically and are identifiable with current revision status				
<b>(B) There are clear DOCUMENTS established and approved for:</b>				

Citizens' Charter (clause 7.1)	✓			Not applicable as this is a task to be handled at the Apex Level (CBEC) as per SOM 3.2.4. However, it is confirmed that Documents are available and have been distributed to the officers at the Points of Service.
Service Quality Policy (clause 5.3.1)	✓			
Quality Objectives (clause 5.4)	✓			
Internal Quality Audit Plan (clause 8.3)	✓			
Are the above DOCUMENTS reviewed periodically and are identifiable with current revision status				
<b>(C) Controlled copies of established PROCEDURES and DOCUMENTS correctly &amp; timely dispatched</b>				
<b>(D) The organization collects citizen FEEDBACK and new requirements through:</b>				
Customer satisfaction surveys / feedback forms /Suggestion forms available at single window system at points of public contact		✓		Only Suggestion cum Feedback form available. There is no Customer Satisfaction survey undertaken.
Analysis of grievances	✓			CPGRAMS has a built in facility for grievance analysis.
Consultations with citizen representatives/ association			✓	No evidence produced

Information to customers through facilitation centers or helpline		✓		No helpline. Functionality of the Facilitation centre needs to be expanded.
<b>(E) There is system on process performance showing:</b>				
A process owner is designated for each service deliverable	✓			Orders have been issued.
Monitoring is in place to equate Service standards prescribed with achieved	✓			Monitoring is being done through the Management Review meetings
Monitoring is in place to equate Complaint-handling norms prescribed with achieved	✓			CPGRAMS has a built in online facility. Review is being done at the Management Review meetings.
Monitoring is in place on to oversee working of single window system	✓			Monitoring is being done through the Management Review meetings
<b>(F) Training plan is place to ensure:</b>				
Staff capacity building to deliver high level of customer satisfaction		✓		Due to the rotation of officers and induction of new recruits, there is a need to have training classes
Records of training imparted are maintained	✓			Records maintained in the Sevottam Cell.
<b>(G) The organization reviews its work through:</b>				

Maintenance of records of internal audit conducted	✓			Records maintained in the Sevottam Cell.
Management review in structured format (clause 5.7)	✓			Records maintained in the Sevottam Cell. The Review is undertaken in the prescribed format
Corrective and preventive actions		✓		The Process owners take up the corrective action
Maintenance of records of the management review and corrective/preventive actions	✓			Records maintained in the Sevottam Cell
<b>(H) The evidences of conformity maintained:</b>				
As per prescribed procedure in SQM 3.2.5	✓			Records maintained in the Sevottam Cell
All the records are available for prescribed time period	✓			Yes
Records are eliminated post prescribed time period as per SQM 3.2.5	✓			Retention period of the records is 3 years as per SQM3.2.5.. This office started Sevottam in 2015 and no record is more than 3 years old.