

The AST system which is one of the biggest initiatives of the IT processes of the Income Tax Department, has been found to have several process weaknesses which have considerably limited the usefulness of the system. Although the initiative commenced in 1993 only 58% of the intended users have been brought onto the system so far.

The planning for the system identification and acquisition was weak and feasibility studies, whether technical or economic, were not done before undertaking the project. This lack of planning has meant that there are integration issues with other ITD applications and prior period data of the department. There is low user awareness about the features of the system and consequent non utilization of functionalities other than those for processing and rectification.

The system has required several changes since inception indicating weaknesses in design, and testing. There was no method of impact assessment for these changes. Certain controls which were available in the manual environment are not functioning effectively in the computerized system. There is an unacceptable level of manual overrides which affects the output integrity of the system.

Problems were noticed in inputs, outputs and data processing integrity. The system does not evaluate the integrity of input and output data as well as that of data processing. Lack of adequate technical manpower affected operational efficiency.

There was no overall policy or detailed procedures to be followed on outsourcing and relations with third parties which lead to lack of uniformity and clarity on this critical issue.

Department stated that AST was a legacy system and that technological upgradation and extension issues would be addressed in Phase III of computerization. The Department agreed to examine the issues raised by audit and stated that it may consider the possibility of revising the software as part of the Business Process Reengineering effort.

New Delhi
Dated

(SUDHA KRISHNAN)
Principal Director of Receipt Audit
(Direct Taxes)

Countersigned

New Delhi
Dated

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India