



WORLD CUSTOMS ORGANIZATION

# **WCO GUIDELINES FOR POST-CLEARANCE AUDIT(PCA)**

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## I. INTRODUCTION

The traditional public image of the Customs official is often portrayed as the uniformed man or woman at a frontier post or airport. The physical presence of Customs at the gateway to a country means that checks can be conducted in real time before a decision is made to release a consignment of goods. It can also act as a deterrent to would-be fraudsters.

Border controls still have a part to play in a modern Customs service; however, excessive and time-consuming checks at the point of clearance can be counter-productive. Modern international commerce works to tight deadlines and national economic benefits can be derived as the result of the smooth and timely clearance of goods. Furthermore, the majority of international trade involves large corporations with global networks and complex business systems and supply chains. The limited documentation required to be produced at the time of importation does not provide the whole picture and context of a commercial transaction, which is necessary to properly determine, inter alia, the correct customs value, classification and entitlement to preferential origin. It becomes unfeasible therefore for Customs to make conclusive decisions regarding duty liability in the narrow time frame available. Neither is it appropriate to delay clearance of goods whilst resolving such enquiries, unless fraud is suspected. Many Administrations, therefore, now concentrate their controls on the post-importation environment, whilst retaining selective and targeted checks at the frontier.

By application of a post-clearance, risk-based approach, Customs are able to target their resources more effectively and work in partnership with the business community to improve compliance levels and facilitate trade. The Post Clearance Audit (PCA) process can be defined as the structured examination of a business' relevant commercial systems, sales contracts, financial and non-financial records, physical stock and other assets as a means to measure and improve compliance.

A dynamic risk management programme is indispensable for PCA. Further information on this topic is available in the WCO's Risk Management Compendium.

### **Stepping stones towards an effective PCA system**

The transition from border-focused controls to PCA as the prime basis for Customs controls typically evolves over several years as new processes and procedures are developed and new skills learnt. However, PCA implementation is not a standalone process; it needs to be imbedded in a wider facilitation context, allowing simplified clearance procedures at the borders, warehousing procedures and other Customs regimes, e.g. regimes which build on a regularly functioning relationship between the Customs Administration and the auditee. Customs controls are normally migrated in stages from the border to the post-importation environment. Some administrations introduced, as a first step, post-importation transaction-based controls before adopting compliance-based PCA. Such an approach may be considered by those Administrations embarking on the transition to PCA. See section 1.4 for more information.

These Guidelines are presented in two volumes; Volume 1 is primarily targeted at management level to assist with development and administration of a PCA programme (this volume is freely available). Volume 2 focuses on the operational aspects of PCA, with practical guidance and check-lists for auditing officials (restricted to Customs administrations). Further information on the technical Customs topics common to the subject of a Customs audit (e.g. customs valuation, classification and origin) are available in other guidance material produced by the WCO (see [Revenue Package Schedule](#) ).

## II. VOLUME 1

### 1. BACKGROUND TO POST CLEARANCE AUDIT (PCA)

#### 1.1. What are the objectives of PCA?

The key objectives of PCA can be summarized as follows:

- To gain assurance that customs declarations have been completed in compliance with Customs requirements via examination of a trader's systems, accounting records and premises;
- To verify that the amount of revenue legally due has been identified and paid ;
- To facilitate international trade movements of the compliant trade sector;
- To ensure goods liable to specific import/export controls are properly declared, including prohibitions and restrictions, licenses, quota, etc.;
- To ensure conditions relating to specific approvals and authorizations are being observed, e.g. pre-authenticated transit documents, preferential origin/movement certificates, licenses, quota arrangements, customs and excise warehouses and other simplified procedure arrangements.

**Note:** PCA should not be confused with “internal audit” which is a mechanism to verify and review, either conducted by a company to review its own internal procedures or by Customs to review Customs’ own internal rules and procedures. Internal audits may be useful for management purposes and are an important part of an integrity programme but are quite distinct from the concept of PCA.

#### 1.2. Benefits derived from PCA

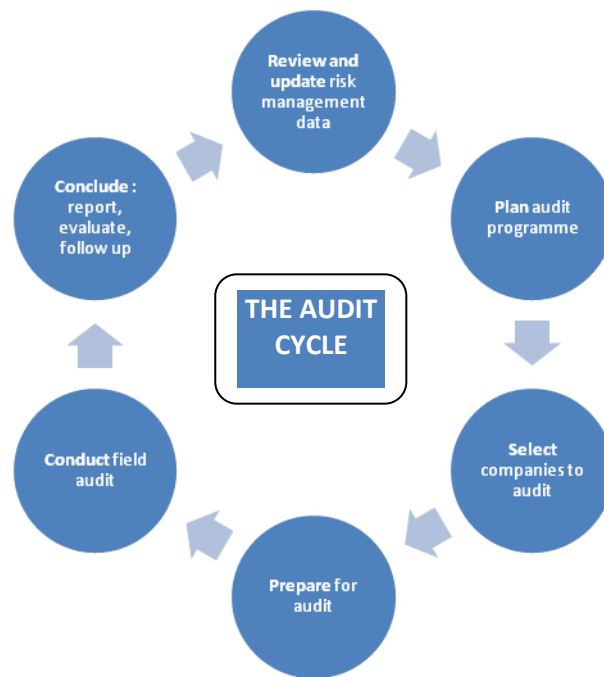
PCA provides the following benefits:

- Compliant trade is facilitated at the point of Customs clearance as border controls can be reduced;
- Enables Customs to gain better information on and understanding of clients’ business;
- Risk levels can be more easily assessed and reviewed: a premises visit provides the opportunity to identify risks and weaknesses in traders’ systems;
- Facilitates client education, long-term and comprehensive compliance management focus;
- Customs Administrations’ resources are more effectively deployed;
- Customs can promote the concept of voluntary compliance and self-assessment;
- Suspected fraudulent activities may be identified and referred to enforcement unit for appropriate action;

- Provides a platform for evaluating continued entitlement to Authorized Economic Operator status, where applicable.

### 1.3. Overview of the PCA process

The following chart outlines a recommended cycle for planning a systems-based audit programme:



### Types of audit / verifications

#### - Post-importation transaction verification

As mentioned in the introduction, Administrations who have newly implemented post-importation controls, may first consider introducing checks on individual transactions. This can work in two ways: 1) Referrals from the port/border post when an officer has doubts concerning a particular declaration at the time of clearance. If it is deemed that significant duty may be at stake, an enquiry is then referred to the appropriate Customs office to further examine the declaration, normally in consultation with the importer. The goods in question may be released or other action may be taken as appropriate. 2) A targeting team scrutinizes individual Customs declarations after clearance and selects those where doubts arise regarding their accuracy. These declarations are then verified as above, normally in consultation with the importer and action is taken as appropriate. In each case, it is highly recommended that risk-based selection criteria are used to determine which Customs declarations will be verified.



At a later stage, the Administration can consider developing a post-import systems-based audit approach.

#### **- Desk audit / verification**

An “office” or “desk” audit. Certain audits may be conducted by correspondence or telephone, typically where straightforward or single issues are involved. An office audit may be deemed appropriate as a result of the pre-audit survey. Although it is not as thorough as a field audit, it utilizes fewer resources and acts as a reminder to business that Customs are monitoring their activities. It should also be noted that a desk audit may subsequently involve a field audit, if deemed necessary, in order to examine an issue in more detail.

#### **- Field / On-site audit**

A “field” or on-site” audit. As the name suggests, a field audit takes place at the premises of auditee. The amount of information to be examined by auditors is potentially large although it depends on frequency of PCA for one auditee. A complete picture of the business can be captured by the field audit, including its business systems, trading methods and partners and;

## **2. LEGAL AND OPERATIONAL FRAMEWORK FOR PCA**

### **2.1. Legal framework and essential powers<sup>1</sup>**

To facilitate PCA, it is necessary to implement legislation which provides Customs with the legal basis to conduct an audit and also sets out the rights and obligations of the auditee. Each Customs Administration will develop laws and regulations based on national requirements or, in cases where a Customs Union exists, at a regional level.

Customs laws and regulations should provide the following:

- Definition of PCA coverage (persons/company subject to PCA);
- Authority and powers of Customs officials/auditors conducting PCA ;
- Obligations and rights of auditees;
- Penalty scheme;
- Right of appeal.

#### **- PCA scope and coverage**

The scope and coverage of PCA - namely, which persons may be subject to an audit - should be clearly defined in Customs laws and regulations. Potentially, all businesses involved in the

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<sup>1</sup> Examples of legal provisions explained in this chapter can be found in Annexes 1-2 in Volume 1 of the present guidelines.

import and/or export of goods or in the receipt, storage, manufacture and delivery of goods subject to Customs controls may be audited.

This may include:

- Importers;
- Declarants;
- Consignees of the imported goods;
- Owners of the imported goods;
- Subsequent acquirers of the imported goods;
- Customs clearing agents of the imported goods;
- Storage agents of the imported goods;
- Transporters of the imported goods;
- Other persons/companies directly or indirectly involved in the transaction of the imported goods.

#### **- Authority and Powers of Customs officers**

Customs laws and regulations should provide officers conducting PCA with the authority to conduct an audit at the premises of the auditee. Necessary powers include:

- Right to access auditee's premises;
- Right to examine business records, business systems and commercial data relevant to customs declarations;
- Right to inspect auditee's premises;
- Right to uplift and retain documents and business records;
- Right to inspect and take samples of goods.

#### **- Obligations and rights of auditees**

Customs laws and regulations should set out the rights and obligations of persons/companies involved in international trade. Provisions should include:

- Requirement to maintain specified documentation, information and records. The duration for retaining such records should be no less than the maximum period after importation when Customs may legally demand underpaid duty and make refunds for overpaid duty;
- Requirement to make such documentation, information and records available in a timely manner;
- Right to appeal <sup>2</sup>;

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<sup>2</sup> Revised Kyoto Convention, Chapter 10 and WTO Valuation Agreement, Article 11

- Right to an explanation from Customs concerning determination of customs value<sup>3</sup>;
- Right to expect confidential treatment of business documentation;
- Right to clearance of goods at the frontier with provision of security<sup>4</sup>;

When the scope of auditees is expanded to persons other than declarants and importers, it will come into question whether a legal obligation for keeping records can be imposed on all persons/companies designated complementary auditees. The problem is whether it is reasonable to impose legal obligation for keeping business records on persons/companies other than those who has close relation to import transactions and Customs clearances such as the importer, a Customs clearing agent, a transporter, etc. under the Customs laws and regulations. Other national legislations regarding the business activities, such as income tax law, may stipulate their obligation.

The adequacy of powers available to Customs administrations under national law needs to be kept under review and powers should be modified where necessary to respond to new national and international commitments.

Other non-Customs legislation may be of relevance and interest to Customs in the course of conducting PCA. For example:

- Regulation of business entities and their activities, such as commercial law, company law, income tax law, etc.
- Import/export licensing requirements
- Foreign currency control, etc.
- Obligations deriving from binding (Chapter VII UN Charta) UN Security Council Resolutions (e.g. embargos, export controls).

## **2.2. Organizational structure**

PCA has an interface with many other areas within the Customs department, including risk management and intelligence, enforcement, debt / revenue collection and legal support. The organizational and management structure should therefore reflect this and facilitate close working and effective communication among these areas.

Normally, a PCA programme will be driven by a central policy team responsible for managing the audit programme. Depending on the demographics of a particular country, an Administration will set up one or more operational PCA units. The need for Customs staff to be able to visit a trader's premises means that Customs offices should be located accordingly. For example, a small island economy may have just one main business centre and require just one PCA office. A large country, on the other hand, may have many centres, separated by long distances and time zones.

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<sup>3</sup> WTO Valuation Agreement, Article 16

<sup>4</sup> WTO Valuation Agreement, Article 13

A number of administrations have set up dedicated teams responsible for the control of large businesses. In this model, a number of officers will be appointed to the large business team with unique responsibility for ensuring the continued compliance of those businesses. It can also be useful to develop trade sector specialists; e.g. car industry, textiles, chemicals etc. within a large business team.

The actual organizational structure and allocation of responsibilities will vary between Administrations.

### **3. STRATEGIC PLANNING FOR PCA**

#### **3.1. General**

Once a PCA structure and system is in place, the next step is to develop an audit plan; this will determine how many audits will be conducted, and who will be audited, over a specified period, normally one year.

The development of an audit plan should also be linked to the overarching strategy for conducting pre-arrival controls and controls at the time of clearance. This ensures a unified strategy to the complete Customs control cycle.

#### **3.2. Targeting: selection for audit**

This work is normally carried out by a dedicated risk analysis/targeting team. The selection should be based on risk assessment and take into account the human resources available to conduct audits. The team will then present or propose a plan to the PCA team who will be responsible for carrying out the audits. The frequency for auditing a particular business entity will vary depending on the perceived risk. It is important that the results from an audit are fed back to the risk analysis/targeting team so that the risk rating of the business in question can be adjusted accordingly. This information will also help to determine the need for follow-up/repeat audits. Special exercises may be conducted in particular areas (e.g. trade sectors or countries of origin) for a limited period where high levels of irregularities are anticipated. This can be an effective use of resources and help to improve compliance.

#### **3.3. Promoting improved compliance via self-assessment**

PCA provides an opportunity for Customs to encourage commercial operators to comply with Customs requirements through self-assessment and provide advice accordingly. Customs Administrations should actively promote the benefits of compliance to the business community and provide information and advice via telephone enquiry lines, internet or other publicity.

Some Administrations offer advance rulings in the areas of classification, customs valuation and preferential origin as a further means to provide greater certainty to the importer, prior to the arrival of the goods.

In the course of an audit, auditors should provide auditees with recommendations that encourage auditees to establish, maintain, and improve their internal controls and systems. This can be effective in a number of areas such as the reliability of financial accounting and compliance with applicable laws and regulations. Internal controls can also detect and prevent frauds, negligence, or operational errors which may have affected Customs declarations. When auditors judge that the auditee's internal controls are well designed and performing effectively, this should be reflected in the risk rating of the business.

Where internal control is sufficient to fulfil the conditions set by Customs, such person/company may be considered eligible for a facilitated Customs procedures as stipulated in the Transitional Standard 3.32<sup>5</sup> (Authorized Trader) of the Revised Kyoto Convention/RKC.

Importers and brokers can also be given the opportunity to voluntarily request amendment of a Customs declaration without penalty when errors have been identified, even after clearance of the declaration.

When PCA is newly introduced, Customs may prepare a publicity or education program to disseminate necessary information to make importers aware of the objectives of PCA, raise awareness and improve the level of cooperation. Initially, there may be some resistance as some commercial operators may not understand the benefits to them of PCA and be unfamiliar with the idea of visits from Customs officers.

In order to improve compliance level of Customs declarations through self-assessment, it is effective to inform declarants, including brokers and importers, about typical and frequent errors found on Customs declarations, and assist them to avoid such errors in future. It is also important to encourage a mutual responsibility between importers and their brokers to ensure declarations are accurate; the importer should provide all necessary information to his broker and, likewise, the broker should actively challenge the information provided by an importer if he considers it to be inaccurate or incomplete.

### **3.4. Resource management**

The redirection of controls from the border towards the post-importation environment poses significant resource implications for a Customs Administration. The increase in PCA activities should coincide with a commensurate decrease in border controls; based on a adequate risk assessment, it may be considered to reduce the number of staff in ports and border posts and to increase staff in PCA teams. New offices may also need to be set up. This raises a number of considerations, including retraining of officials, human and financial resource issues and upgraded I.T. infrastructure.

#### **- Training needs/ professional skills**

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<sup>5</sup> Authorized Trader as defined in RKC Transitional Standard 3.32 should not be confused with Authorized Economic Operator (SAFE Framework of Standards Chapter 2.3. and Chapter 5.1.)

A combination of skills, knowledge and experience is required to carry out PCA effectively. With the increased use of electronic record-keeping and the complexity and diversity of global trade, the need for higher standards of training becomes more and more important. Customs administrations should be committed to providing auditors with the levels of training necessary to equip them to perform their duties. Training departments have an important part to play in ensuring that officers acquire the necessary skills to conduct an audit.

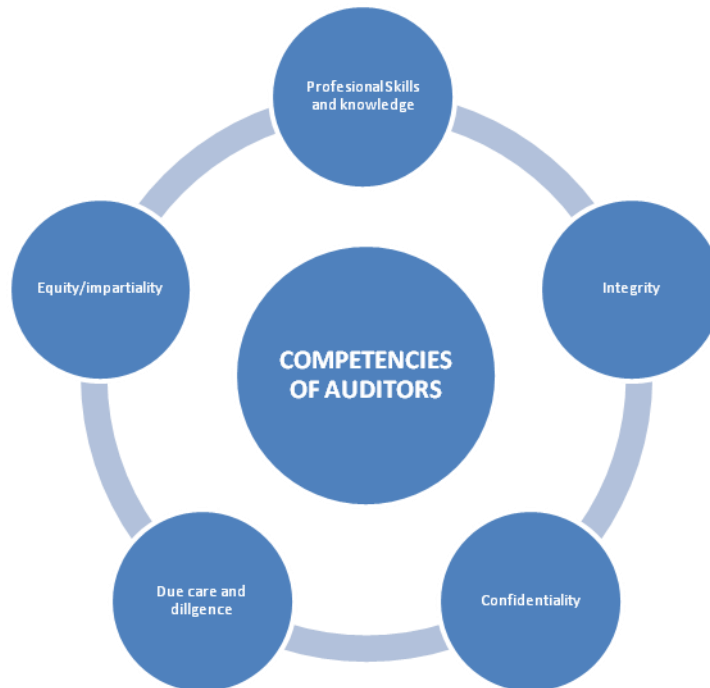
All auditors need a range of general skills relevant to the task of auditing. These skills include:

- Accounting techniques and principles, based on Generally Accepted Accounting Principles (GAAP);
- Knowledge of auditing standards and procedures;
- Familiarity with Customs laws and regulations;
- General knowledge of Customs procedures (valuation, classification, origin, etc.);
- Knowledge of computer-based accounting systems;
- Commercial awareness and knowledge of business strategies in international trade.

It is also recommended that certain staff working in audit have specialist skills for particular technical areas, such as:

- Customs Valuation, Rules of Origin, Tariff Classification.
- I.T.-based accounting
- Multi-national corporation accounting, including transfer pricing
- Specialist trade sector knowledge

Customs recruitment and training policy should address the above needs. In some cases, external support may be necessary to provide the specialist skills. With regard to knowledge of transfer pricing, assistance may be sought from direct tax officials.



### **-Ethical Standards for auditors**

Auditors must maintain high professional standards when conducting PCA.

#### *(a) Integrity*

The WCO has developed a [Model Code of Ethics and Conduct](#) that sets out the minimum required attitude and behaviour expected of all Customs officers. The Code of Conduct should be respected in the context of conducting PCA.

#### *(b) Confidentiality*

Auditors must maintain adequate levels of confidentiality when accessing and examining auditees' records. Auditors should not disclose any business information they have acquired during the performance of their duties, unless national laws provide for disclosure of information in specific cases. Likewise, they should not disclose Customs confidential information outside of their Administrations.

#### *(c) Professional competence, due care and diligence*

Auditors should act diligently and in accordance with applicable technical and professional standards. Further, they should take due care of the auditee's property and respect company health and safety policies and requirements (e.g. wearing of safety helmets).

#### *(d) Equity/Impartiality*

Auditors are required to be objective, maintain fair and just judgment over similar cases and not to treat them arbitrarily or allow bias, conflicts of interest or undue influence of others to override professional or business judgments. They should not misuse their authority over the auditee.

### **3.5 Limitations of PCA**

It is recognized that PCA is the most effective means of ensuring compliance with Customs requirements. Particularly in such areas as customs valuation, effective verification requires access to the importer's records and accounting system which is not possible at the time of clearance. Customs Administrations should therefore continually strive to implement PCA to the greatest extent possible. However, many countries have significant levels of informal trade, characterised by poor or non-existent accounting systems, cash-based trading and lack of permanent premises. In such cases, PCA is not the most practical tool; there may be problems locating the trader and, once located, there is often a lack of a structured accounting system and supporting books and records etc. Therefore, border controls are the only realistic opportunity to conduct controls, which should be targeted via risk management techniques. Notwithstanding this, Customs should continue to encourage greater compliance and ensure that those operating in the informal sector are given opportunity and incentive to formalize their procedures in line with Customs requirements.

## **4. RISK MANAGEMENT**

The WCO Risk Management Compendium defines risk management as “coordinated activities undertaken by Administrations to direct and control risk”. When adopted as a management philosophy, it enables Customs to carry out its key responsibilities effectively and organize and deploy its resources in a manner which improves overall performance and facilitates trade.

A risk-based approach is often driven by necessity as Customs administrations are often required to deliver better results with the same or fewer resources.

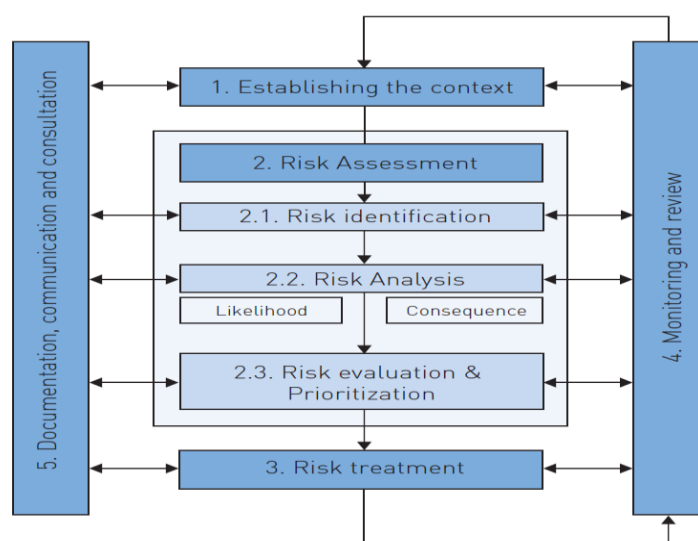
### **4.1. Outline of the risk management process**

The risk management process comprises:

1. Establishing the context
2. Risk Assessment
  - 2.1. Risk identification
  - 2.2. Risk analysis
  - 2.3. Risk evaluation and prioritization
3. Risk treatment
4. Recording, communication and consultation
5. Monitoring and review



The following outlines the process to be followed in managing risk, both for a high-level examination of risk in regard to PCA planning at a national level, or lower-level operational activities like the selection of auditees to a monthly audit plan.



Establishing the risk management context involves establishing the goals, objectives, strategies, scope and parameters of the activity, or part of the organisation to which the risk management process is being applied.

This step is also about establishing the risk criteria, i.e., criteria against which risk will be measured. Examples of risk criteria are revenue leakage, customs' image and delivery of government policy intent. These will form a fundamental basis for decisions made in the later steps of the cycle.

These criteria should be used to determine acceptable and unacceptable levels of risk (i.e., what level of revenue leakage is acceptable, what negative effects on customs' image can be tolerated, what level of movement away from government policy intent is acceptable).

Risk Management within the PCA context can be: (a) Strategic; (b) Tactical; and (c) Operational. Risk management process can apply across all of these levels.

#### *(a) Strategic risk management*

Strategic risk assessment is based upon Customs being able to identify the overall risk posed by an entire sector or a group of importers. By identifying such a group, Customs administration will be able to target all or selected companies within an industry sector as high risk.

An industry sector may be classified as high risk for various reasons, such as:

- The strategic importance of the industry to the national interest;

- The international trade agreements which govern the industry;
- Public health and safety considerations;
- Intellectual property rights;
- Economic impact of the imports;

#### *Studies on specific commercial sectors*

A general study of the commercial sector or import involved will help the officer deal with the specific information in context. The use of specific sector studies is a reliable source for collecting information in the field. For example, sector studies may be on specific program areas such as:

- Valuation;
- Textile transshipment;
- Intellectual Property Rights, etc.;

The sector would be targeted in advance according to criteria such as:

- Estimates of the value of the commodity;
- Sensitivity of nationals or industry to illegal activity, etc.

Once the sector is chosen, information must be defined and collected on the various components, at both macroeconomic (sector size, production, consumption, etc.) and microeconomic levels (the number of firms involved, their technological capacity, structure, the type of fraud to which they are exposed, etc.). This information may be compiled and maintained in a database or other electronic format.

#### *(b) Tactical risk management*

This is the process of identifying groups of high risk transactions by particular importers. Considerations when identifying these groups include:

- Importer's volume of imports;
- Total value of imported goods;
- Types of goods imported;
- Prior importer or compliance problem;
- First time importer/exporter.

#### *(c) Operational risk management*

Factors to consider when identifying high risk transactions include:

- Who the importer is
- What commodity is involved
- Prior discrepancies or violations involving the commodity
- High value importation

- Country of origin
- Whether any special regulations or programs apply to this type of import (such as quotas)
- Value declared for the commodity is outside the previously established high-low range.

Other factors which could increase the level of risk in any of the above mentioned types of risk assessment are:

- Referral information from other Customs units;
- Potential of revenue recovery;
- Risk of revenue loss;
- Government program priorities or specific intelligence.

### *Risk Identification*

The following elements can assist in identifying risk:

- performance of an industry against legislative/administrative requirements;
- performance of individual auditees;
- elements of individual auditees' operations (e.g., internal control, separation of duties/tasks, results of external reviews if appropriate.).

### *Risk Analysis*

The [WCO Risk Management Compendium](#) defines risk analysis as the systematic use of available information to determine how often defined risks may occur and the magnitude of their likely consequences.

Likelihood and consequence can be determined using a rating scale (e.g. high, medium and low or 1- 6 etc.). These two measures (likelihood and consequence) taken together determine the overall level of risk, once again rated as high, medium or low.

### *(5) Monitoring and reviewing risk*

Monitoring and review are integral steps in the process of managing risk. This is necessary to:

- Determine if previously identified risks are still current;
- Identify new risks;
- Re-evaluate risk levels assigned previously in the light of updated information;
- Evaluate the effectiveness of compliance activity undertaken.<sup>6</sup>

## **4.2 Establishment of risk intelligence systems<sup>7</sup>**

<sup>6</sup> WCO Customs Risk Management Compendium

<sup>7</sup> WCO Customs Risk Management Compendium and GIIIS

Intelligence can be defined as a product, derived from the collection and processing of relevant information, which acts as a basis for evaluating risk and making informed decisions- when developing an audit plan.

Each Customs administration should establish its own intelligence network and systems, tailored to its own needs, based on perceived risks. This network is likely to include both local intelligence units based in ports and airports and a central intelligence unit that is able to collect and collate information and disseminate it throughout the entire service. As well as receiving information, intelligence officers should pro-actively seek information from all available sources.

### *Risk and Intelligence*

A risk and intelligence team may serve the whole Customs department. The team's role will normally include the following:

- Identify, manage and cultivate information sources;
- Contribute to the identification and measurement of risk;
- Communicate with operational colleagues enabling them to take effective and appropriate action in a timely manner;
- Review intelligence data by obtaining feedback and reviewing targets accordingly.

## **5. LIAISON WITH OTHER / FOREIGN CUSTOMS UNITS AND TAX DEPARTMENTS**

As previously mentioned, PCA is not a stand-alone system but one function of the Customs organization optimally linked to the other relevant functions.

### **-Suspected fraud**

Where a potential Customs offence is discovered during the course of the audit, the audit team should withdraw from the audit without alerting the auditee and communicate and co-ordinate with the appropriate enforcement unit who will decide whether to start a formal investigation.

### **-Legal advice**

If during the course of the audit, issues arise which require further legal interpretation, the auditor may seek advice from the Customs' legal department. Auditees also may seek reconsideration of the specific rulings provided by Customs as they are applied to specific transactions. In the event that disputes regarding the audit findings cannot be resolved by a dialogue with the importer, the option should be available for requesting a formal review of the decision in question and the right of appeal in accordance with the procedures provided in national legislation.

### **-Other Customs units**

It is recommended that communication channels are established with Customs clearance units and other control, risk and enforcement units to share knowledge and information on a particular commercial operator.

### **-Liaison with Tax and VAT departments**

Benefits can be had by exchanging knowledge and information with departments responsible for VAT, excise and direct taxes, to the extent that national legislation allows.

### **-Liaison with foreign Customs administrations**

Cooperation with foreign Customs administrations may be sought using the pertinent tools for Mutual Administrative Assistance.

## **6. ANNEXES**

(Annex 1 to Volume 1)

### **INDONESIAN CUSTOMS**

#### **DECISION OF THE DIRECTORATE GENERAL OF CUSTOMS AND EXCISE NUMBER: KEP-12/BC/2000 CONCERNING PROCEDURES ON AUDITS OF CUSTOMS AND EXCISE**

#### **CHAPTER I: GENERAL PROVISIONS**

#### **Article 1**

Phrases and terms used in this decision are defined as follows:

1. "An audit on the field of customs and excise" is a series of activities on review of books, records and documents as well as inventories of goods maintained by a company. The audit is conducted by the Directorate General of Customs and Excise to ensure Compliance with regulations on customs and excise and other provisions.
2. "An Auditor", "an Audit Technical Controller" and "an Audit Quality Controller" are officials certified pursuant to the provisions of a decision of the Director General of Customs and Excise No. Kep-49/BC/1999 of August 16, 1999 concerning Certification of Auditors, Audit Technical Controllers and Audit Quality Controllers.
3. "Audit Object Planning List" refers to a roster of Auditee, reasons for audits and schedules of audits.
4. "List of Preliminary Audit Findings" refers to a list of preliminary conclusions of an audit.
5. "Closing Conference" is final session during which an audit team and officials of a company review company's comments on the List of Preliminary Audit Findings.

6. "Audit Report" is a report on an audit that is prepared by an Audit Team.
7. "A company" is an individual or a legal entity that engages in a business activity.

## **CHAPTER II: PURPOSE AND OBJECT OF AN AUDIT**

### **Article 2**

An audit of customs and excise is conducted to ensure receipt of state revenue as well as to determine the level of compliance by the company referred to in Article 3 with the provisions of laws and regulations on customs and excise and regulations implementing thereof. The Directorate General of Customs and Excise conducts audits based on General Accepted Accounting Principle.

### **Article 3**

Audits on the field of customs and excise are conducted on companies engaged in one or more of the following:

1. Import,
2. Export,
3. Management of Custom Brokers,
4. Operators of the Temporary Storage,
5. Operators of Bounded Storage,
6. Transportation,
7. Manufacture of goods subject to excise,
8. Storage of goods subject to excise,
9. Other places used for the storage of goods whose excise is not remitted or goods that enjoy exemptions from excise.

## **CHAPTER III: ORGANIZATION**

### **Article 4**

The Directorate of Verification and Audit or Regional Offices of the Directorate General of Customs and Excise conduct audits of customs and excise.

### **Article 5**

- (1) An Audit Team comprises of an Audit Quality Controller, an Audit Technical Controller and 3 (three) Auditors,
- (2) One of 3 (three) Auditors in an audit team is appointed as the Chief Auditor.

### **Article 6**

- (1) An Audit Team may be replaced if An Auditor, an Audit Technical Controller or an Audit Quality Controller is assigned to other duties or is deemed to be incapable or at the request of the party concerned.
- (2) The number of auditors in an audit team may be increased based on the volume of work and if the level of difficulty in an audit is high.

## **CHAPTER IV: AUDIT IMPLEMENTATION**

## **Article 7**

- (1) An audit on the field of customs and excise may be conducted based on a plan or carried out as an incidental request,
- (2) A planned audit on the field of customs and excise is conducted based on An Audit Object Planning List,
- (3) An incidental audit on the field of customs and excise is conducted based on an instruction, a request from or an urgent information furnished by the Director General of Customs and Excise, Director of Verification and Audit, other Directorates, Head of Regional Office, Community Member, Company or other institutions.

## **Article 8**

- (1) Every semester, the Directorate of Verification and Audit and Regional Office shall prepare An Audit Object Planning List by using the form shown in Appendix 1.
- (2) In preparing An Audit Object Planning List referred to in paragraph (1), priority shall be:
  - a. placed on the companies referred to in Article 7, paragraph (3), commensurate with the levels of urgency,
  - b. based on recommendation submitted by the Sub-Directorate of Verification or Verification Division,
  - c. based on recommendation submitted by Directorate of Prevention and Investigation or Prevention and Investigation Division.
- (3) At the latest 30 (thirty) days prior to the effective period of An Audit Object Planning List, the Head of Regional Office must forward the Audit Object Planning List to the Director of Verification and Audit.
- (4) The Director of Verification and Audit evaluates the Audit Object Planning List referred to in paragraph (3), approves it and makes correction, if necessary.

## **Article 9**

- (1) An audit must be completed at least 3 (three) months as of the enabling Letter of Assignment.
- (2) If an audit cannot be completed during the period referred to in paragraph (1) then, at the latest 7 (seven) days prior to a deadline of scheduled audit. The Audit Quality Controller compulsories to apply for an extension. The application is filed with Director of Verification and Audit or the Head of Regional Office by using the form shown in Appendix II.
- (3) Based on the application referred to in paragraph (2), the Director of Verification and Audit or Head of Regional Office issues an extension of the audit period by using the form shown in Appendix III.
- (4) If the application for an extension is submitted after the end of the settlement period referred to in paragraph (1), then an Audit Quality Controller files a written explanation of the lateness with the Director of Verification and Audit or Head of Regional Office.

## **Article 10**

- (1) A field audit must be completed in 30 (thirty) working days.
- (2) If an audit cannot be completed within the assignment period referred to in paragraph (1) then, at the latest 7 (seven) days prior to the end of the period, the Audit Quality Controller must apply for on extension of the Letter of Assignment. The application is filed with the Director of Verification and Audit or Head of Regional Office by using the form shown in Appendix IV.

- (3) Based on the application referred to in paragraph (2), the Director of Verification and Audit or Head of Regional Office may issue an extension of the letter of assignment by using the form shown in Appendix V.
- (4) If an application for an extension of an audit settlement period is filed after passage of the settlement period referred to in paragraph (1), the Audit Quality Controller must submit reasons for the lateness to the Director of Verification and Audit or Head of Regional Office.

#### **Article 11**

A change of an audit period or an expansion of an audit object to a company that is related to the auditee may be made only based on an instruction or with the approval of the Director of Verification and Audit or Head of Regional Office.

#### **Article 12**

- (1) Every audit is conducted based on a letter of assignment issued and signed by the Director of Verification and Audit or the Head of Regional Office. The letter of assignment is written in the form shown in Appendix VI.
- (2) If the replacement or addition referred to in Article 6 occurs, the Director of Verification and Audit or Head of a Regional Office must issue a letter of assignment, by using the form shown in Appendix VII.
- (3) The replacement, referred to in paragraph (2), must be made an Official Report.
- (4) An audit of the same company for the succeeding audit period, it must be appointed to conduct by a different audit team.

#### **Article 13**

- (1) A letter of assignment is issued along with a Notice of an Audit to the Auditee by using the form shown in Appendix VIII.
- (2) If an Audit is conducted by the Directorate of Verification and Audit, the Director of Verification and Audit must issue a Notice of the Audit to the Head of a Regional Office that has jurisdiction over the domicile of a company by using the form shown in Appendix IX.
- (3) The Head of a Regional Office who conducts an audit must forward a copy of the letter of assignment referred to in paragraph (1) to the Director of Verification and Audit.

#### **Article 14**

- (1) In issuing a letter of assignment, the Director of Verification and Audit or Head of a Regional Office must also send a questionnaire to the auditee by using the form shown in Appendix X.
- (2) The questionnaire referred to in paragraph (1) must be filled out by the chief executive officer of the auditee or his attorney. The officer or attorney returns the filled out questionnaire in a sealed envelope, through the Chief Auditor, to the Director of Verification and Audit or Head of a Regional Office.
- (3) The Director of Verification and Audit or Head of a Regional Office uses the questionnaire referred to in paragraph (2) to evaluate the performance of the Audit Team and Audit System.

#### **Article 15**



- (1) The Director of Verification and Audit or Head of Regional Office must summon the Chief Executive Officer of the Auditee or his Attorney to respond to the Audit to be undertaken by using the form in Appendix XI.
- (2) If an audit is investigative audit, the summons referred to in paragraph (1) is not issued.
- (3) An audit will go ahead to be conducted even if the chief executive officer of a company failed to respond to the summons referred to in paragraph (1).

#### **Article 16**

The Audit Team assumes responsibility for the:

- a. Audit Plan,
- b. Audit Program,
- c. Audit Implementation,
- d. Audit Reporting.

#### **Article 17**

- (1) Based on a Letter of Assignment, an Audit Team shall immediately prepare an Audit Plan.
- (2) Based on the Audit Plan referred to in paragraph (1), an Audit Team must prepare an Audit Program that, at the minimum, spells out the audit procedures, audit techniques and responsibilities assumed by the Audit Quality Controller, Audit Technical Controller and Auditors.

#### **Article 18**

- (1) On the first day of a visit to a company, the Audit Team must conduct the following:
  - a. They must show their a letter of assignment and identifications to the chief executive officer of the auditee or his representative.
  - b. They must present the Notice of an Audit and Questionnaire to the chief executive officer of the auditee or his representative.
  - c. They must explain the purpose of the audit to the chief executive officer of the auditee or his representative.
  - d. They must request the chief executive officer of the auditee or his representative to explain the company's Internal Control System and Accounting System.
- (2) Based on the explanation referred to in paragraph (1), item d, the Audit Team conducts an observation and tests of implementation of the Internal Control System and Accounting System, which are conducted to improve the Audit Program.

#### **Article 19**

- (1) The official of a company that declines an audit of his company shall sign a Statement of Refusal of an Audit, by using the form shown in Appendix XII.
- (2) An employee of a company that declines or doesn't support to facilitate implementation of an audit shall sign a Statement of Refusal or Refusal to facilitate the implementation of an Audit, by using the form shown in Appendix XIII.
- (3) If the chief executive officer of a company declined to sign the Statement of Refusal of an Audit or if an employee of the company declined to sign the Statement of Refusal or Refusal to Facilitate the implementation of an audit, the Audit Team must prepare and endorse Official Report of Refusal of an Audit thereon, by using the form shown in Appendix XIV.
- (4) A company that declined to be audited or an employee who declined to facilitate an audit of his company. The Audit Team presents a recommendation to the Directorate of

Prevention and Investigation or Division of Prevention and Investigation to be denied to access to services on customs and excise from engaging in activities related to customs and excise. Subsequent measures are taken pursuant to the provision of applicable laws and regulations.

## **Article 20**

- (1) An Official whose company is being audited must furnish and lend the company's books, records and documents to the Audit Team.
- (2) The lending and return of books, records and documents are spelled out in Statements on the Lending and Return of Books, Records and Documents, which are signed by Chief of Auditor, by using the form shown respectively in Appendix XV and XVI.
- (3) The books, records and documents that are lent may be photocopies and/or backup copies or extract files but on the provision, which the copies lent to the Audit Team are indeed true duplicates of the originals.

## **Article 21**

- (1) Books, records and documents must be submitted at the latest 3 (three) days after the date of received the Statements on Lending and Return of Books, Records and Documents referred to in Article 20, paragraph (2).
- (2) If, after passage of the deadline referred to in paragraph (1), company officials remain unable or are unwilling to lend their books, records and documents, then a first warning letter is issued to the company.
- (3) Prior to passage of the deadline stated in the first warning letter, officials of the company may file a written application for an extension of the deadline for submission to the Director of Verification and Audit or Head of Regional Office.
- (4) If the deadline for the submission of books, records and documents stated in the first warning letter is passed and the permitted extension has also passed and the company has not submitted the documents, then a second warning letter is issued to the company.
- (5) In the second warning letter, the company is allowed 2 (two) working days, as of receipt of the first and second warning letter, to submit its books, records and documents.
- (6) The first and second warning letters are issued and signed by the Audit Quality Controller by using the form shown in Appendix XVII.
- (7) Prior to passage of the deadline stated in the second warning letter for the submission of books, records and documents. A Company Official may file a written application for an extension with the Director of Verification and Audit or Head of Regional Office.
- (8) Based on the application referred to in paragraph (3) and (7), the Director of Verification and Audit or Head of Regional Office may issue an extension of the deadline of the submission of books, records and documents by using the form shown in Appendix XVIII.
- (9) If the deadline for the submission of books, records and documents, stated in the second warning letter, is passed and the company fails to submit the documents without the extension referred to in paragraph (8), the company is deemed to have refused an audit or refused to facilitate an audit. The company is subject to the sanction referred to in paragraph (4) of Article 19.

## **Article 22**

An Audit Team may initiate enforcement measures such as the sealing of a place of business or space, if:

- a. in spite of persuasive efforts, auditors remain unable to enter the place or space that is suspected to keep books, records and documents and goods, which may provide guidance about the condition of the auditee.
- b. There are indicators that an act of crime has been committed.

### **Article 23**

- (1) An Audit Team shall prepare an Audit Working Paper.
- (2) The Audit Working Paper shall state at least the audit procedures to be pursued, tests to be taken, evidence and information gathered and conclusion of the Audit Team.
- (3) Based on the Audit Working Paper, the Audit Team prepare a List of Preliminary Audit Findings, by using the form shown in Appendix XIX.

### **Article 24**

- (1) The Head of Sub-Directorate of Audit or Head of Audit Division forwards the List of Preliminary Audit Findings to the auditee. He sends along a cover letter, whose format is shown in Appendix XX, and a Statement of approval of the List of Preliminary Audit by using the form shown in Appendix XXI.
- (2) The official of a company shall respond in writing the List of Preliminary Audit Findings, by filling and signing the provided columns and returning it to the Audit Team, at the least 7 (seven) working days after receipt of the covering letter referred to in paragraph (1).
- (3) If needed prior to making responses, a company official may request a written explanation of the List of Preliminary Audit Findings.
- (4) Prior to passage of the deadline referred to in paragraph (2), a company official may file a written request for an extension of the deadline for submitting his responses. The request is filed with the Director of Verification and Audit or Head of Regional Office.
- (5) Based on the application referred to in paragraph (4), the Director of Verification and Audit or Head of Regional Office may issue an extension of the deadline for filing responses.
- (6) An extension of the deadline for filing responses is given once only, i.e. for up to not more than 7 (seven) working days as of the expiration of the deadline referred to in paragraph (2) by using the form shown in Appendix XXII.
- (7) If the deadline referred to in paragraph (2) and (6) are passed and the company official does not submit his responses, the company is deemed to concur to the Findings stated in List of Preliminary Audit Findings.
- (8) The List of Preliminary Audit Findings referred to in paragraph (2) is followed up with making an Audit Report.

### **Article 25**

In addition to submitting responses to the List of Preliminary Audit Findings pursuant to Article 24, an official of the company is required to:

1. Fill out and sign a Sheet of Statement on Approval of the List of Preliminary Audit Findings and returns documents to the Audit Team, if official of company approves the whole List of Preliminary Audit Findings.
2. Official of a company who disagrees with portions or all of the contents of the List of Preliminary Audit Findings must furnish supportive evidences when returning documents to the Audit Team.

### **Article 26**

1. The final discussion is held in the case that the company does not agree to part of or entire DTS and it shall be conducted at the latest 7 (seven) working days after the receipt of Company's response.
2. The head of the Sub-Directorate of Audit or the Head of the Audit Division invites the company or the representative.

3. The final discussion is held by the team of audit with the management of the company or the representatives.
4. The process of the final discussion is contained in the summary of the final discussion on outcome of the Audit by using the form in accordance with Attachment XXIV.
5. The final discussion is closed with the official Report on outcome of the Audit by using the form in accordance with Attachment XXV.
6. The summary of the final discussion on outcome of the audit is an integral part of the official report on outcome of the audit.

### **Article 27**

1. The official report on outcome of the audit as referred to in Article 26 paragraph 5 is attached with: (a) list of audit findings which is maintained by using the form in accordance with Attachment XXVI; (b) list of the audit finding which is cancelled by using form in accordance with Attachment XXVII; (c) list of audit finding which is agreed by using form in accordance with Attachment XXVIII.
2. The list of audit finding which is maintained as referred to in paragraph 1 (a) contains the audit findings which are not approved and are denied by the company, but the denial cannot be accepted by the team of audit.
3. The list of audit finding which is cancelled as referred to in paragraph 1 (b) contains the audit findings which are not approved and are denied by the company, and the denial can be accepted by the team of audit.
4. The list of audit finding which is agreed as referred to in paragraph 1 (c) contains the audit findings which are approved by the company.
5. The company and the team of audit shall sign the official report on outcome of the audit and the attachment as referred to in paragraph 1.
6. In the case that the company reject to sign the official report on outcome of the audit as referred to in Article 26 paragraph 5, the team of audit prepares notes in the official report on outcome of the audit about the rejection.

### **Article 28**

1. The LHA is prepared on the basis of the DTS, the DTS approval statement sheet or the official report on outcome of the audit.
2. The LHA is prepared in the short and long forms.
3. The LHA is prepared in accordance with Attachment XXIX.
4. The short LHA consist of Chapter I of the long LHA and related KKA to be followed up by the official of customs and excise service.

### **Article 29**

1. The Director of Verification and Audit issues the letter of follow-up to outcome of the audit regarding result of the audit by the Directorate of Verification and Audit addressed to the Head of Regional Office by using the form in accordance with Attachment XXX, with copies sent to the head of customs service office and the company attached with the short LHA.
2. The Head of Regional Office shall follow-up the letter of follow-up to outcome of the audit as referred to in paragraph 1 by issuing the official note for the follow-up to outcome of the audit.
3. The Head of Regional Office issues the official note for the follow-up to outcome of the audit regarding results of the audit by the Regional Office addressed to the head of customs service office with the copy sent to the company by using the forms in accordance with Attachment XXXI attached with the short LHA.

4. The copy of the official note for follow-up as referred to paragraph 3 is addressed to the Director of Verification and Audit by attaching the long LHA.
5. The head of the customs service office shall follow-up the official note for the follow-up as referred to in paragraph 2 and 3.
6. The head of customs service office shall submit the report on the realisation of the follow-up as referred to in paragraph 5 to the Director of Verification and Audit and the Head of Regional Office.

#### **Article 30**

1. The Directorate of Verification and Audit and Audit Division must prepare an administration of audit findings and monitor implementation of follow-up actions.
2. The Head of Regional Office prepare Semester Reports on Implementation of Audits and files same with the Director General of Customs and Excise c/o the Director of Verification and Audit at the latest 10 (ten) days after the end of a semester, by using the form shown in Appendix XXXII.

#### **Article 31**

All data and information obtained from a company are confidential.

#### **Article 32**

This decision rescinds a decision of the Director General of Customs and Excise No. Kep-35/BC/1997 of April 1, 1997 concerning Procedures on Audits of Customs and Excise by Regional Office of Directorate of Customs and Excise.

#### **Article 33**

- (1) The Director General will put in order into matters that are inadequately provided for in this decision.
- (2) This decision takes effect on the date it is issued. It will be revised accordingly if this decision is later found to be erroneous.

**TURKEY CUSTOMS**  
**REGULATION OF POST-CLEARANCE CONTROLS**  
**AND CONTROL OF RISKY TRANSACTIONS**

**CHAPTER I**  
**Purpose, Content, Base and Definitions**

**Purpose**

**ARTICLE 1 –** (1) The purpose of this regulation is to set the principals and essentials of the post clearance controls which will be performed on the premises of the declarants in order to detect risky transactions, accuracy of customs declarations and customs clearance operations.

**Content**

**ARTICLE 2 –** (1) This regulation, according to the purpose stated in the 1<sup>st</sup> article, covers the principals and essentials of the post clearance controls which will be performed on the premises of the declarants and other related persons.

**Base**

**ARTICLE 3 –** (1) This regulation is based on the 10<sup>th</sup> and 73<sup>rd</sup> articles of the Customs Code dated 27/10/1999 numbered 4458.

**Definitions**

**ARTICLE 4 –** (1)

a) Declarant: The person who submits the declaration for himself or for whom the declaration is submitted by another person.

b) Person: Real or judicial persons or the partnerships of persons who do not have a judicial person status but have a right to take legal actions according to the current legislation.

c) Auditors of the central level: Customs inspectors of Ministry.

ç) Board of Risk Assessment and Coordination: It is the Board which comprises of - in the presidency of Undersecretary of Customs- the office which is given duty of secretariat by the Undersecretary and the Deputy Undersecretary of above mentioned office, Head of Office of Investigation and Guidance, General Director of Customs, General Director of Customs Enforcement, General Director of Customs Risk Management and Controls, General Director of Liquidation Services.

d) Risky person or transaction: High risky persons or transactions identified according to the risk criteria.

e) Post Clearance Controls: The controls of the commercial documents related to goods, customs operations or later commercial activities and data or risky persons or transactions on

the premises of the declarants in order to detect the accuracy of customs declarations and customs clearance operations.

f) Post clearance Controls Plan: The plan containing the data used to define post clearance controls program.

g) Post clearance controls program: The annual or limited program prepared in the framework of Post clearance Controls Plan.

## **CHAPTER II**

### **Main principals and essentials of Post-Clearance Controls**

#### **Authorization**

**ARTICLE 5 –** (1) Post-clearance controls, within the framework of this regulation, are performed by Auditors of the central level of Ministry.

(2) The controls of customs declarations, documentary and secondary controls, are performed by Customs Clearance officers in the customs offices according to the Regulation of Customs Code and other related legislations.

#### **Persons or operations that are subject to post-clearance controls**

**ARTICLE 6 –** (1) Post clearance controls performed within the framework of this regulation covers the persons or operations that are related to the customs operations directly or indirectly or other persons who have the documents and data related to customs operations with the aim of taking commercial actions, to enable detection of the commercial documents and data related to customs operations or later activities.

(2) It is essential for post clearance controls to be performed on the premises of the persons mentioned in the 1<sup>st</sup> subsection. However, if this is not possible, the controls may be performed in the customs office if there is any where the person is settled, if not in another governmental place. If the firm subjecting to controls has many branches in different places, the controls may be performed in the head quarter of the firm.

#### **The purpose and content of the post clearance controls**

**ARTICLE 7 –** (1) The aim of the post-clearance controls is to define the position of the declarants towards the customs taxes and to determine if they fulfill the requirements coming from other regulations.

(2) Post clearance controls may be limited to some activities.

Determination of the persons who will be audited and the control methods

**ARTICLE 8 –** (1) The declarants who will be audited in the framework of Post-clearance control system are determined based on risk analysis by the office with the duty of secretariat.

(2) Post clearance control system is based on planning and it is systematic. The declarants who will be audited in a calendar year are designated in a post-clearance control plan beforehand.

(3) If there is a necessity, it is possible to perform audits out of the Plan.

## **CHAPTER III**



## **Post Clearance Controls**

### **Post Clearance Controls Program**

ARTICLE 9 – (1) Post-clearance Control Program is prepared and submitted to the Board of Risk Assessment and Coordination by the office with the duty of secretariat.

(2) The program is approved by Undersecretary and comes into force. It is distributed to the Office of Investigation and Guidance. The same way is carried out for the plans which are prepared for a necessity and out of annual plan. In these programs, it is stated the legal base of the post clearance controls, the persons or operations to be audited, the term, contents and date of the post clearance controls.

### **Notification of Post-Clearance Control**

ARTICLE 10- (1) The auditor shall notify the persons concerned about the post-clearance audit at least 15 days prior to starting of the audit.

(2) Where the persons subjected to post-clearance control request postponement of the audit in written by coming up with a valid and acceptable reason in a week following the notification, the postponement may be granted in exceptional cases.

(3) Where a prior notification would prejudice post-clearance control, the auditor shall not notify. In this case, the auditor shall be notifying the persons concerned at whose place.

(4) Upon the offer of the auditors and the approvement of the Ministry the scope of the post-clearance control program may be supplemented or extended.

### **Starting to the Audit**

ARTICLE 11- (1) When arriving to the place of the person concerned, auditors show their ID and present themselves.

(2) The beginning date and time of the audit is recorded to a report or the situation is written down on the minutes.

### **Principals of Post-Clearance Controls**

ARTICLE 12- (1) The auditors performing post-clearance controls examine every elements, in favor of or against the person concerned, related to the customs legislation and the other related legislation.

(2) Without prejudice to the purpose and the process of post-clearance control, the person concerned shall be informed on the findings of the control and the legal consequences of these findings.

### **Investigation Measures**

ARTICLE 13- (1) where the evidence leading a criminal proceeding is found during the audit, the legislation regulating the working methods and principles of the auditors shall be applied.

(2) In the cases referred in the first paragraph, necessary measures including seizure of goods, documents and data shall be taken according to Anti-smuggling Law No. 5607 of 21.03.2007, Turkish Penal Code No.5237 of 26.09.2004 and Criminal Procedure Law No.5271 of 04.12.2004.

## CHAPTER IV

### Liabilities, Final Evaluation and Reporting

#### Liabilities of the Persons Concerned

ARTICLE 14- (1) The persons concerned have to provide all necessary data, records, books and other documents on which the audit will be based. They also has to enable the auditors to reach directly or indirectly to required documents, the data and documents submitted on the data processing systems.

(2) Where the persons concerned are not able to provide information or the information provided by these persons is not explicative and sufficient, auditors may request information all other related persons who has to provide the information required.

(3) The persons concerned have to provide a suitable working place and necessary additional materials.

(4) Post-clearance controls shall be made during working hours of the persons concerned unless they accept to do it outside working hours.

(5) The auditors have the right of entering and searching every single part of the places of the persons concerned who shall attend these controls.

#### Completion and Evaluation of Post-Clearance Audit

ARTICLE 15- (1) The auditors hold a final interview with the persons concerned about the outcomes of the audit. Where there is no findings in terms of customs taxes and the liabilities coming from customs law and other related legislation or where the persons concerned do not request a final interview, this stage may be waived. In the final interview, auditors state the elements subject to conflict, juridical consideration and the consequences of the findings in terms of customs taxes and other regulations.

(2) The conclusion on the final interview is written down on the minutes which include the place, date, the subject of the interview and the names, titles and signatures of the participants. A copy of the minutes is given to the persons concerned.

#### Reports

ARTICLE 16- (1) Auditors prepare a report covering the findings which are significant for taxation process, approximate tax amount changes and guiding elements for the declarants. However, where there are no significant findings it would be enough to inform the persons concerned instead of writing a report.

(2) Where the person's concerned request, the report is sent to them before consideration and they may declare their own opinions on the report within 15 days.

(3) A final report containing the findings, considerations and suggestions on the precautions should be taken by the administration is prepared and presented to the Ministry.

#### Limiting the Audits

ARTICLE 17- (1) Where the criteria of risk analysis prove that there is no need to regular audits, audits may be limited.

(2) Limited audits is subjected to the rules of regular audits.

Results of Post-Clearance Audits

ARTICLE 18- (1) Each person subjected to audits shall be given a risk point based on the reports. These points shall be taken into account during risk assessment activities.

CHAPTER V  
Final Provisions

The Other Points

ARTICLE 19- (1) The points are not covered under this regulation laying down the Regulation of Ministry of Investigation and Guidance.

Entry into Force

ARTICLE 20- This Regulation shall enter into force on the date of its publication in the Official Journal.

**Execution**

ARTICLE 21-The Minister shall execute the provisions of this (implementing) Regulation.