Verification and Audit Techniques

Submitted by: Australia
Introduction

The role of Australian Customs and Border Protection is to provide effective border protection for the Australian community and ensure compliance with Australian legislation and border controls.
The Compliance Assurance Branch monitors the effectiveness of cargo process systems and undertakes activities designed to improve compliance.

All intervention is based on an intelligence-led risk-based approach.

In 2009-10 goods on approx 9,984,000 air waybills and 2,340,000 sea cargo manifest lines entered Australia. Shipments were inspected and paperwork such as declaration of origin or certificate of origin was requested on a risk assessed basis.

In 2009-10 approximately 161,000 lines of cargo were assessed by the pre-clearance intervention (real time) team, whereas the post transaction verification team conducted 244 audits and 259 other post transaction verification activities. Most audits involve the verification of details relating to 30-60 lines of cargo.

The level of intervention is proportional to client behaviour (perceived risk).

We encourage voluntary compliance and disclosure of entity identified errors.
Client charter: Our obligations

• Be open, transparent, accountable
• Maintain client confidentiality
• Be professional, responsive, fair
• Make compliance as easy as possible
• Provide advice, assistance, help
• Reduce the cost of compliance
• Firm, effective response to non-compliance

Client charter: Client obligations

• Be truthful
• Keep records
• Exercise reasonable care
• Comply with regulated time constraints
• Pay duties and taxes
• Cooperate
Questions?

Compliance Risk Analysts

• Conduct operational and tactical research for specific industry sectors
• Make recommendations based on entity/industry risks which guide all compliance risk management activities
• Provide targets to operational areas for action
Monitoring activities

• Monitoring
  – Compliance monitoring program (7000 lines of cargo per annum)
  – Compliance data monitoring team (analyses data for trends or anomalies and feeds data back to compliance risk analysts)

Targeted activities

• Prioritised in the annual Compliance Action Plan
• Pre Clearance (real time) intervention
• Cargo control activities
• Post transaction verification
• Industry referrals
Pre Clearance Intervention

- Use profiles to identify current import consignments that may be non-compliant and undertake real-time checks of the relevant documentation before the goods are released. Cargo may be referred for physical inspection.
- Revenue
  GST
  Preference (inc FTAs, origin)
  SACs (no duty/tax if under $1000)
- Restricted goods
  Medicines and restricted substances
  Intellectual property
  Other restricted goods

Post Transaction Verification

- Documents and records can be requested for up to five years after a transaction has occurred.
PTV activities include:
- Audits - Focused field audits or desktop audits
  Number of audits set by Government
  Currently 120 per annum
- Focused visits
- Programmed desk verification activities
- Leverage exercises
- Voluntary disclosures
Verification is conducted which involves a check of the details on the declaration against the commercial documents provided. These include:

- Invoices
- Bills of lading
- Permits
- Proof of payment
- Certificates or statements of origin

Types of issues/errors identified:

- Prohibited or regulated goods imported without a permit
- Incorrect values declared
- Price related costs (buying commissions, production assists, packing charges, auction fees, royalties) not included in the Customs Value
- Misuse of GST exemption codes
- Misuse of concessional codes (TCOs, warranty returns, returned Aus goods)
- Misuse of Self Assessed Clearances (not to be used for prescribed goods or goods over $1000!)
- Misuse of preference
- Incorrect origin
- Incorrect invoice terms
- Unentered invoices
- Incorrect export data
Free Trade Agreements

• Preference (Free Trade Agreements). We ensure that the goods on declarations claiming preferential duty rates stipulated in current FTAs meet the rules of origin under these agreements. List of current agreements: http://www.dfat.gov.au/trade/ftas.html

• the Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)
• the Australia-United States Free Trade Agreement (AUSFTA)
• the Singapore-Australia Free Trade Agreement (SAFTA)
• the Thailand-Australia Free Trade Agreement (TAFTA)
• New Zealand and the Association of South-East Asian Nations (ASEAN)
• Australia-Chile FTA

A further 7 agreements are under negotiation.

Results of PTV work

- Declarations are corrected via electronic amendments
- Revenue recovery action (via demands or civil action)
- Infringement Notice Scheme (INS) penalty action
- Further compliance intervention (including real time)
- Client education
- Requests/referrals to OSCORD
- Referral to investigations section for prosecution
- Referral to other government agencies such as the Australian Federal Police, Australian Taxation Office, Office of Chemical Safety, Australia Pesticides and Veterinary Medicines Authority, Australian Therapeutic Goods Administration
Further Information

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Questions?