Post Clearance Audit
A means to measure and improve compliance

Advanced PCA Training
OUTLINE

- INTRODUCTION
- BACKGROUND
- CHALLENGES
- RATIONALE
- COURSE OUTLINE
- COURSE ACTIVITIES
- BENEFITS
- WAY FORWARD
Several capacity building needs resulted in Zambia’s joining the HMRC WCO UNCTAD TFA Programme

A mission was fielded in July 2018 to assess Zambia’s implementation of Trade Facilitation Agreement articles and the wider modernization initiatives

Active involvement in development of the WCO PCA workshop material as a WCO PCA Expert

WCO PCA workshop material piloted in five member states
Post Clearance Audit was introduced in 2000 under Audit & Business Risk (ABR) Section

Sectors are mining, trading, manufacturing and telecommunications among others.

Mainly three types of audits conducted: Comprehensive, Focused and Due Diligence
Specialized audit training for PCA officers in system based audits;

Systematic integration with risk management;

Reliance on manual processes;

Reactive approach; and

Inadequate resources
World Trade Organization Trade Facilitation Agreement Article 7.5;
Revised Kyoto Convention Standard 6.6;
Need for a hands-on training for auditors;
Transform Customs generalists to audit specialists; and
Addressing a need for progressive set of training material
COURSE OUTLINE

WCO PCA Concept (Revision)

PCA Framework (Revision)

Systems-based audit process

Feedback and Follow-up activities

ZAMBIA REVENUE AUTHORITY
Develop Case Selecting Criteria

1. Case selection activities

- Import Database for Period of Year
- Participants conduct data analysis to select cases
- Issue or Trader Focused Audits suitable for Trader Segmentation

### Import Transaction Summaries for Year 2021

<table>
<thead>
<tr>
<th>Business Number</th>
<th>Importer Name</th>
<th>Classification Number</th>
<th>No. of Declaration</th>
<th>Value Imported (CND)</th>
<th>Duty Rate</th>
<th>Origin</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>123456789</td>
<td>Seaside Smads Ltd.</td>
<td>1212.23.00</td>
<td>6423</td>
<td>367,150.00</td>
<td>0%</td>
<td>Japan</td>
<td>Deep Sea Foods</td>
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<td>55665247</td>
<td>Food For Thought Ltd.</td>
<td>1212.29.00</td>
<td>2021</td>
<td>542,150.00</td>
<td>0%</td>
<td>Japan</td>
<td>Deep Sea Foods</td>
</tr>
<tr>
<td>763290176</td>
<td>Tricent Chemicals</td>
<td>1515.90.10</td>
<td>6423</td>
<td>620,000.00</td>
<td>0%</td>
<td>Hong Kong</td>
<td>Big Sea Limited</td>
</tr>
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<td>248756820</td>
<td>BRC Incorporated</td>
<td>1901.10.20</td>
<td>2021</td>
<td>325,257.00</td>
<td>5.5%</td>
<td>Greece</td>
<td>IKOS Exports</td>
</tr>
<tr>
<td>578451205</td>
<td>Quick Cooks Inc.</td>
<td>1901.10.20</td>
<td>6423</td>
<td>280,250.00</td>
<td>9.5%</td>
<td>Greece</td>
<td>IKOS Exports</td>
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<tr>
<td>02521572</td>
<td>Goodness Bakery</td>
<td>1901.20.11</td>
<td>2021</td>
<td>42,382.00</td>
<td>4%</td>
<td>Australia</td>
<td>Down Under Shipping</td>
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<td>13456578</td>
<td>Delight Chef Ltd.</td>
<td>1501.20.11</td>
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<td>128,125.00</td>
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<td>Australia</td>
<td>Down Under Shipping</td>
</tr>
<tr>
<td>506789012</td>
<td>Sunshine Bakers</td>
<td>1501.20.11</td>
<td>2021</td>
<td>580,000.00</td>
<td>4%</td>
<td>Canada</td>
<td>Canadian Wheat</td>
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<tr>
<td>1901.90.11</td>
<td>Wholesale Foods</td>
<td>6423</td>
<td></td>
<td>125,458.00</td>
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<td>Australia</td>
<td>Down Under Shipping</td>
</tr>
<tr>
<td>1902.30.11</td>
<td>Italian Pasta Imports</td>
<td>2021</td>
<td>750,000.00</td>
<td>0%</td>
<td>Italy</td>
<td>Mamma Mia Exports</td>
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<tr>
<td>1905.10.68</td>
<td>Kitchen International</td>
<td>6423</td>
<td>72,583.00</td>
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<td>Ukraine</td>
<td>UK Wheat Suppliers</td>
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<tr>
<td>1905.20.00</td>
<td>Purity Imports</td>
<td>2021</td>
<td>340,000.00</td>
<td>3%</td>
<td>India</td>
<td>Global Farm Ltd.</td>
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<tr>
<td>25641237</td>
<td>Sterling Manufacturing</td>
<td>2616.10.00</td>
<td>6423</td>
<td>21,000.00</td>
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<td>Australia</td>
<td>Silver Mining Corporation</td>
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<tr>
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<td>Dockside Manufacturing</td>
<td>2021</td>
<td>352,250.00</td>
<td>6.5%</td>
<td>China</td>
<td>Outdoor Outfitters</td>
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<tr>
<td>4820.20.00</td>
<td>Southwest Education</td>
<td>6423</td>
<td>755,800.00</td>
<td>0%</td>
<td>Malaysia</td>
<td>Book Media</td>
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<tr>
<td>123456789</td>
<td>BZ Corporation</td>
<td>6104.22.00</td>
<td>2021</td>
<td>132,526.00</td>
<td>10%</td>
<td>Vietnam</td>
<td>Classy Clothing Factory</td>
</tr>
<tr>
<td>655952045</td>
<td>City International</td>
<td>6107.11.00</td>
<td>6423</td>
<td>127,500.00</td>
<td>0%</td>
<td>Laos</td>
<td>Hang Ten Factory</td>
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<td>248957210</td>
<td>Polyester Imports</td>
<td>6107.11.00</td>
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<td>125,670.00</td>
<td>18%</td>
<td>Hong Kong</td>
<td>Hang Ten Factory</td>
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<td>746359265</td>
<td>Beachfront Imports</td>
<td>6302.50.00</td>
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<td>India</td>
<td>Sandcastle Production</td>
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<td>Global Fashions</td>
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<td>20%</td>
<td>Italy</td>
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<td>632548710</td>
<td>High Style Clothing</td>
<td>6401.92.20</td>
<td>6423</td>
<td>230,000.00</td>
<td>0%</td>
<td>Cambodia</td>
<td>Sunshine Factory</td>
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<td>214758430</td>
<td>Karen Group Limited</td>
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<td>15,600.00</td>
<td>16%</td>
<td>China</td>
<td>Country Cobbler</td>
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</table>
2. Documentary review

Business information and Accounting records.

- Organizational Chart
- Free Trader Agreement
- Purchase orders
- Invoices
- Product description
- Certificate of Origin
- Ledger Accounts
- Financial records
- Open source information
3. Audit Templates – Templates

Audit Templates

- Systems Questionnaire
- Planning Memorandum
- File Index
- Notification letter
- System Review Template
- Audit Procedures (Programme)
- Audit Report

SYSTEMS REVIEW QUESTIONNAIRE

SportMax
Suite 1502, 1234 Broadway St.
Capital City

FILE # 20180322

This document is intended as a preliminary review of your operating procedures and business systems. The controller or auditor will make a similar review of your systems. The controller will conduct the review to determine if the systems are adequate. Please complete the following questionnaire as much detail as possible. Please include a separate sheet for any section of this questionnaire where there is insufficient space for your response. Photocopies of existing documents, unless requested, are acceptable.

Customs

Customs Audit Department

This Systems Review Questionnaire was completed by:

Yvette LeBrun

Signature

Chief Financial Officer

Title

March 12, 2018

Date

FILE INDEX#: Page#

PROTECTED WHEN COMPLETED

Audit Planning Memorandum

SportMax
Suite 1502, 1234 Broadway St.
Capital City

FILE # 20180322

Importer Number: 12346789

Customs Administration
Capital City Regional Office
PCA Team A

Prepared By: Audit Team
Date Prepared: MM/DD/YY

Manager’s Signature
Date Signed-Off: MM/DD/YY
- Enhanced PCA Audit Procedures;
- Full incorporation of System Based PCA techniques into all audit cases;
- Increased understanding of PCA role in supporting risk and compliance management;
- Increased PCA capacities and mandate;
Increased internal coordination and cooperation;
Increased cooperation between Customs and business;
Improvement of the training materials through feedback from participants;
Enhanced capability in conducting interviews and evidence securing techniques for PCA
Provided real time feedback to the facilitators/Managers on the participant’s level of learning in terms of key concepts; and

Accorded the participants feedback on areas of improvement for enhanced application of WCO PCA concepts.
Add more case for different possible scenarios to address various industries/sector, Customs regimes and irregularities.

Sensitization on PCA for internal and external stakeholders by Customs.

Rollout the Training package on request to the broader WCO membership.

Continued collaboration with the WCO in developing cases, including the WIP on mining case.
THANK YOU