



Risk management - Post-clearance control

Risk can be defined as “the chance of something happening that will have an impact on objectives”. Risk management attempts to control and manage risk in order to achieve the best possible results; it can be applied to nearly every decision-making situation.

In the Customs context, risk management represents a modern, effective and efficient way of working and importantly assists Customs administrations in managing their various functions effectively and in deploying their resources more effectively.

For a given risk sector, the risk management process involves identifying the risks which could arise, analyzing the likelihood that they will in fact occur, evaluating their impact and assigning an order of priority for dealing with them. Implementing this risk management procedure in Customs work will make it possible to :

- focus attention on the high-risk areas, for a more cost-effective use of the available resources;
- detect irregularities more easily;
- perform fewer checks on companies which comply with the laws and regulations;
- avoid hindering the circulation of goods unnecessarily.

In the context of this approach, Customs administrations also rely on post-clearance (sometimes known as post-facto) audit. What distinguishes this type of control is the fact that it is carried out on the premises of operators who have conducted external trading operations, and involves in-depth scrutiny of their commercial and accounting records. This shifts some of the burden away from the traditional transaction by transaction control carried out at the border, towards those carried out in the companies' premises. This is an effective means of optimizing Customs controls and expediting the clearance of goods.

Post-clearance audits are generally carried out for compliance verification purposes in the areas of valuation, origin, tariff classification, duty relief/drawback remission programmes, etc., but other areas may also be targeted as necessary. Depending on the profile of the auditee and its business (e.g., type of business, goods, revenue involved, etc.) the audit may be conducted on a continuous, cyclical or occasional basis.

Post-clearance audit is an effective tool for Customs control because it provides a clearer and more comprehensive picture of the transactions relevant to Customs as reflected in the books and records of international traders. At the same time, it enables Customs administrations to offer the trader facilitation measures in the form of simplified procedures (e.g., periodic entry system).