



Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
1099 Manila

December 20, 2017

CUSTOMS MEMORANDUM ORDER (CMO)
NO. 32-2017

**SUBJECT : REACTIVATION OF THE POST CLEARANCE AUDIT GROUP
(FORMERLY POST ENTRY AUDIT GROUP) OF THE BUREAU
OF CUSTOMS**

Pursuant to **EXECUTIVE ORDER NO. 46 SERIES OF 2017** (*REVIVING THE POST CLEARANCE AUDIT FUNCTION OF THE BUREAU OF CUSTOMS AND INSTITUTIONALIZING THE FUNCTIONS OF THE FINANCIAL ANALYTICS AND INTELLIGENCE UNIT OF THE DEPARTMENT OF FINANCE*), and the mandate of the Bureau of Customs under RA 10863 (Customs Modernization and Tariff Act) to conduct audit examination, inspection, verification and investigation of transaction records of importers or brokers, the **POST CLEARANCE AUDIT GROUP (FORMERLY POST ENTRY AUDIT GROUP)** under the Supervision of the Commissioner of Customs is hereby reactivated effective immediately.

SECTION 1. Composition. The PCAG shall be headed by an Assistant Commissioner (SG 28) of the BOC, duly appointed by the President of the Philippines upon recommendation of the Commissioner of Customs through the Secretary of Finance.

The Assistant Commissioner shall exercise direct supervision and control in the management of the following operating units of PCAG:

- 1.1 Trade Information and Risk Analysis Office (TIRAO)** to be headed by a Director II (SG 26) and supported by two divisions (Trade Information Analysis Division I and II); and
- 1.2 Compliance Assessment Office (CAO)** to be headed by a Director II (SG 26) and supported by five divisions (Audit Divisions I-V)

1.3 Personnel complement shall consist of those previously assigned at the Post Entry Audit Group and those identified by the Commissioner, with the approval of the Secretary of Finance. Appropriate Customs Personnel Orders shall be issued to ensure that there are sufficient number of organic personnel assigned at PCAG.

SECTION 2. Functions of PCAG. The PCAG shall conduct, within three (3) years from date of final payment of duties and taxes or customs clearance, an audit examination, inspection, verification, and investigation of records pertaining to any goods declaration, which shall include statements, declarations, documents, and electronically generated or machine readable data, for the purpose of ascertaining the correctness of the goods declaration and determining the liability of the importer for duties, taxes and other charges, including any fine or penalty.

2.1 The TIRAO shall have the following functions:

- 2.1.1 review available trade data to determine compliance markers of industry (or other means of data groupings) and set benchmarks for the purpose of developing an audit program for the Commissioner's approval;
- 2.1.2 In coordination with the Management Information System and Technology Group (MISTG), develop a computer-aided risk-based management system, the parameters of which are to be based on objective and quantifiable data, subject to the approval of the Secretary of Finance upon recommendation of the Commissioner, for use in the profiling and identification of potential priority audit candidates based on the approved audit program;
- 2.1.3 Recommend for approval of the Commissioner of Customs the potential priority audit candidates;
- 2.1.4 Develop policies, guidelines, manuals and standard operating procedures relating to the audit process; and
- 2.1.5 Perform such other functions as may be necessary or incidental in carrying into effect the provisions of this Order, and as may be provided by law.

2.2. The CAO shall perform the following functions:

- 2.2.1 Prepare the audit work plan, scope and approach for the approved priority audit candidates;
- 2.2.2 Conduct the audit examination , inspection, verification, or investigation of records subject to applicable laws, approved policies, guidelines, manuals and standard operating procedures;

- 2.2.3 Prepare and submit the required reports on audit findings and recommendations to the Commissioner of Customs for approval;
- 2.2.4 Establish and maintain a customs compliance program; and
- 2.2.5 Perform such other acts as may be necessary of incidental in carrying into effect the provisions of this Order, and as may be provided by law.

SECTION 3. Administrative Provisions

3.1. Office Location. The PCAG and its personnel shall hold office at the Customs Revenue Information Center (CRIC) Building, Bureau of Customs, Manila.

3.2 Funding. The funding requirement for the reactivation and operations of PCAG shall be sourced from the applicable budget as certified by the Financial Management Office while their logistical requirements shall be provided in coordination with the General Services Division, both of the Internal Administration Group.

SECTION 4. Reporting and Monitoring System. The Bureau of Customs shall establish and maintain an ICT based system to validate all records collected by the PCAG and generate periodic management reports for the purpose of monitoring progress and evaluation on the success or status of the Post Clearance Audit.

The collection, recording, storage, maintenance, processing, sharing of data and information; and maintenance of data information in the CMO shall be secured and consistent with the principles and policy of Republic Act No. 10173, also known as Data Privacy Act.

SECTION 5. Repeal and Separability Clause. All other previously issued customs orders, rules and regulations which are inconsistent with this Order are hereby repealed and/or modified accordingly. Likewise, should any provision of this Order be declared invalid, other provisions unaffected thereby shall remain valid and subsisting.

SECTION 6. Effectivity. This CMO shall take effect immediately.


ISIDRO S LAPEÑA, PhD, CSEE
Commissioner