



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA

**CUSTOMS ADMINISTRATIVE ORDER**  
NO. 8-2003

**SUBJECT: SELECTION CRITERIA FOR POST ENTRY AUDIT**

Pursuant to Section 10 of Republic Act 9135, the following rules and regulations are hereby promulgated:

**1. OBJECTIVES**

- 1.1 To assist in achieving the overall objective of the post entry audit program which is to promote self-compliance among importers and brokers; and
- 1.2 To prescribe the criteria and procedures for the selection of importers to be subjected to post entry audit based on a risk management approach.

**2. SCOPE OF AUDIT**

- 2.1 Post entry audit shall include the audit of importers and their brokers.
- 2.2 The importers shall be selected using a computer-aided risk management system.
- 2.3 Brokers shall be audited to validate audits of their importer-clients and/or to fill in information gaps revealed during an audit of their importer-clients.

**3. SELECTION PROCESS OF AUDITEES**

- 3.1 A computer-aided selection of firms to be audited shall be developed. The criteria for the selection of firms to be audited shall include, but not be limited to, the following:

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- 3.1.1 Relative magnitude of current customs revenue from the firm;
- 3.1.2 The rates of duties of the firm's imports;
- 3.1.3 The compliance track record of the firm; and,
- 3.1.4 An assessment of the risk to revenue of the firm's import activities.

3.2 The choice of candidates for audit shall come from:

3.2.1 The recommendation of the Trade Information and Risk Analysis Office (TIRAO) based on its analysis of ACOS transactions, using the data warehouse on:

- 3.2.1.1 assessment at the section level of each major port entry;
- 3.2.1.2 industry profiling;
- 3.2.1.3 product and commodity profiling;
- 3.2.1.4 company and activities profiling;
- 3.2.1.5 analysis of trade and industry data (e.g. trade publications);
- 3.2.1.6 analysis of other sources of information and such other relevant statistical data from any other office within the Bureau of Customs and from the outside, including, but not limited to, the following:
  - 3.2.1.6.1 Customs intelligence;
  - 3.2.1.6.2 Results of enforcement operations;
  - 3.2.1.6.3 Private sector inputs.

- 3.2.2 Analysis of the results of the interim audit and examination of selected entries prior to final liquidation;
- 3.2.3 Importers who volunteer to be audited as described in Section IV below;
- 3.2.4 Firms in whose import declaration errors are detected;
- 3.2.5 A random sample of SGL accredited members; and,
- 3.2.6 Recommendations by the District Collectors as a result of VCRC review.

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3.3 The allotment and ranking of auditees from among the above categories in terms of audit priority shall be determined using, but not limited to, the following criteria:

- a) Importer classification;
- b) Industry classification;
- c) Attributes of the import shipment, e.g. nature of the commodity, tariff classification, country of origin, valuation, and whether subject to quota, preferential treatment or special duty rates;
- d) Revenue contribution;
- e) Volume and/or magnitude of importation;
- f) Importer's track record;
- g) Importer's relationship with supplier; and,
- h) Such other criteria as may be approved by the Commissioner of Customs.

**4. VOLUNTARY COMPLIANCE**

Importers in the Voluntary Compliance Program shall consist of the following:

- 4.1 Importers who volunteer for audit in order to qualify for special privileges such as the Super Green Lane Program and other trade facilitation programs of the Bureau. Such volunteer auditees shall be required to provide the information needed to guide the assignment of audit priority.
- 4.2 Firms who voluntarily request to be audited as may be approved by the Commissioner.

Auditees from among importers already accredited under the Super Green Lane Program shall be selected through random sampling.

**5. CONSULTATIVE APPROACH**

The Post Entry Audit Group (PEAG) shall ensure that the principles as well as the process governing the compliance program are sufficiently communicated to the transacting public. Towards this end, the PEAG shall establish an institutional forum for interfacing with various stakeholders, including, but not limited to importers, brokers, exporters, and their umbrella organizations. A regular dialogue shall be conducted with them to ensure that problems are addressed in a timely manner and there is a deliberate effort to improve the conduct of post entry audit.

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The Post Entry Audit Group shall render periodic reports on such dialogues to the Commissioner of Customs.

**6. REPEALING CLAUSE**

All orders, memorandums, circulars or parts thereof which are inconsistent with this Order are hereby deemed repealed and/or modified accordingly.

**7. EFFECTIVITY**

This order shall take effect fifteen (15) days after publication.

  
**ANTONIO M. BERNARDO**  
Commissioner

APPROVED:

  
**JOSE ISIDRO CAMACHO**  
Secretary of Finance

Date approved OCT 10 2003