



# A GUIDE TO CUSTOMS AND BORDER PROTECTION COMPLIANCE AUDITS

## WHAT IS OUR APPROACH TO COMPLIANCE?

Our aim is to improve the level of voluntary compliance by clients. We use intelligence analysis and risk assessment to tailor compliance improvement programs to particular industry sectors.

We do not examine every import or export transaction. Instead, audits are used to confirm the integrity of information supplied in the self-assessment environment.

Audits are generally conducted by our officers using either monitoring powers or export examination powers.

Monitoring powers can be exercised in respect of imports and exports.

Export examination powers can be exercised in respect of goods and documents related to goods reasonably believed to be intended for export, that are not yet subject to Customs control.

Our officers are also able to conduct audit activities under existing powers or licence conditions at section 77G depots and section 79 warehouses of non Excise Equivalent Goods (EEG).

Administrative responsibility for auditing warehoused EEG was transferred to the Australian Tax Office following a machinery of government change in July 2010.

## WHAT IS A CUSTOMS AND BORDER PROTECTION AUDIT?

A Customs and Border Protection audit examines the records of clients after the import or export transaction has been finalised. Our legislation allows us to examine records up to five years after the transaction.

All audits follow recognised standards and procedures to ensure consistency and quality. Customs and Border Protection accredited and authorised auditors conduct all audits.

Audits can include:

**Desktop audits:** these are document verification checks of nominated transactions conducted at Customs and Border Protection offices. Desktop audits are generally conducted to monitor the activities of clients where a specific risk can be addressed by examining commercial documents.

**Focused audits:** these are usually conducted at a client's premises to enable closer liaison with the client and for ease of access to computer and document-based records. The aim is to examine specific aspects of the client's interaction with Customs.

**Comprehensive audits:** these are normally conducted in response to intentional or continued non-compliance or where there is a large volume of transactions involved. A comprehensive audit covers all aspects of a client's relationship with Customs and Border Protection including import and export transactions, depot or warehouse operations and manufacturing or storage operations. Comprehensive audits are conducted at the client's premises.

**National audits:** these are conducted to get a national picture of a company that operates at a national level. We do this by simultaneously examining the operations of a company in one or more states or territories of the country. They are useful for ensuring consistency across a company's various sites or for examining and making recommendations on more appropriate systems for a larger company.

## WHY WAS MY COMPANY SELECTED FOR AN AUDIT?

We have the authority to audit all client activity relating to customs, including imports, exports licensed warehouses, drawbacks, refunds, industry assistance schemes, permits and taxes on imports.

A range of companies are selected in each industry sector to make an assessment about industry risks and compliance. Every client dealing with Customs and Border Protection has a chance of being audited. The selection of clients for audit follows established risk management principles.

## WHAT HAPPENS IN A CUSTOMS AND BORDER PROTECTION AUDIT?

We will contact you about your selection for an audit.

You are welcome to include your Customs broker or any other representative in the audit process.

The audits will be conducted in as short a timeframe as possible to minimise the imposition on your business.

An entrance interview between the Customs and Border Protection audit team and key management personnel will be arranged to discuss the purpose, scope and timing of the audit. Any office accommodation requirements and access to company systems will also be discussed.

We also use the entrance interview to fulfil our legal obligations when they intend to exercise monitoring or export examination powers.

The audit team will take this opportunity to identify themselves as authorised officers, provide the company with their rights and responsibilities and gain written consent from the company to conduct the audit. This written consent is not necessary when Customs and Border Protection is exercising monitoring powers under a warrant.

An exit interview will be conducted after the audit is completed. The audit team will give you a Company Audit Report and discuss with you any issues arising from the audit.

## WHAT WILL THE AUDITORS LOOK AT?

The audit team will examine the commercial documents (including electronic versions) that you must keep concerning your dealings with Customs and Border Protection. In some cases, they will also examine the systems and processes in place for providing information to Customs and Border Protection.

Some examples of relevant documents you may be asked to produce are:

- orders
- confirmations
- bills of lading
- air waybills
- permits
- invoices
- contracts
- packing lists
- correspondence
- evidence of payment made or received.

## WHAT CAN I EXPECT FROM CUSTOMS AND BORDER PROTECTION?

- You have the right to see the auditor's identification and authorisation.
- You can expect the audit team to be professional at all times.
- You can expect Customs and Border Protection to answer any questions you have about the audit process.
- You have the right to expect Customs and Border Protection to observe privacy and confidentiality legislation.
- When Customs and Border Protection officers intend to exercise monitoring or export examination powers you can expect to be provided with a written notice of your rights and obligations.

## WHAT IF THE AUDIT TEAM DISCOVERS ERRORS IN MY RECORDS?

Our primary concern is how errors can be avoided in the future. Where appropriate, we will recommend improvements to procedures to help prevent future errors.

The audit team will discuss any specific errors with you. Where legislated guidelines allow, errors will require adjustment. This may include revenue adjustments.

In some instances, penalties may be considered appropriate. You will have the opportunity to have the circumstances of the error considered by Customs.

If you disagree with the assessment of the audit team, you should contact the audit manager. It is your right to contest the outcome of the audit.

As a Customs and Border Protection client, you are legally responsible for your statutory obligations, even if you have paid for professional advice or assistance for your Customs dealings.

For more information on any Customs and Border Protection matter, contact the Customs Information and Support Centre on 1300 363 263 or email [information@customs.gov.au](mailto:information@customs.gov.au) or browse the website [www.customs.gov.au](http://www.customs.gov.au)