BACKGROUND TO PCA

Objectives of PCA | Benefit derives from PCA | Overview of the PCA process | Types of Audit/Verification | Audit Standards

OBJECTIVE OF PCA

To verify that the value, origin, and classification of goods is declared correctly and the amount of revenue legally due has been identified and collected;

To ensure goods liable to specific import/export controls are properly declared, including prohibitions and restrictions licenses, quota, etc;

To ensure conditions relating to specific approvals and authorizations are being observed, e.g. pre-authenticated transit documents, preferensial origin/movement certificates, licenses, quota arrangements, Customs and Excise warehouses and other simplified procedures arrangements;

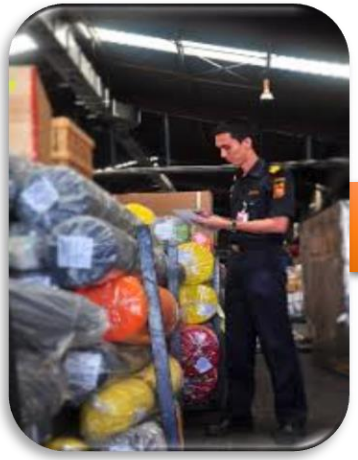
To facilitate international trade movements of the compliant trade sector;

BENEFITS DERIVED FROM PCA

1. Compliant trade is facilitated at the point of Customs clearance as border controls can be reduced;
2. Enables Customs to gain better information on and understanding of clients' business;
3. Risk levels can be more easily assessed and reviewed;
4. Facilitates client education, long-term and comprehensive compliance management focus;
5. Customs administrations' resources are more effectively deployed;
6. Customs can promote the concept of voluntary compliance and self-assessment;
7. Suspected fraudulent activities may be identified and referred to enforcement unit for appropriate action;
8. Provides a platform for evaluating continued entitlement to Authorized Economic Operator status, where applicable.

OVERVIEW OF THE PCA PROCESS

TYPES OF AUDIT



Post-importation transaction verification

Office/desk audit or verification

Field / On-site audit

TYPES OF AUDIT

Referrals from the port/border post when an officer has doubts concerning a particular declaration at the time of clearance.

Post-importation transaction verification

A targeting team scrutinizes individual Customs declarations after clearance and selects those where doubts arise regarding their accuracy

TYPES OF AUDIT

Office/desk audit or verification

May be conducted by correspondence or telephone, typically where straightforward or single issues are involved.

Although it is not as thorough as a field audit, it uses fewer resources and acts as a reminder to business that Customs are monitoring their activities.

A desk audit may subsequently involve a field audit, if deemed necessary, in order to examine an issue in more detail.

TYPES OF AUDIT

Takes place at the premises of the auditee

Field / On-site audit

A complete picture of the business can be captured during the audit, including details of business systems, trading methods and partners, etc.

AUDIT STANDARDS

General Standards

1. Has received education and fulfilled the technical competency as an auditor;
2. Honest, has never conducted unlawful actions, and always prioritizes the state's interests;
3. Use their skills and ability carefully.

Implementation Standards

1. Audit preparation must be based on audit objectives;
2. Audit is conducted by method and technique according to audit program;
3. Audit findings must be based on competence and sufficient audit evidence;
4. Implementation of audit could be held in customs office, premises of the auditee, or other place;
5. Audit worksheets must be constructed well and be able to illustrate the whole Audit process.

Reporting Standards

1. Constructed and signed by the auditor and delivered to auditee;
2. Constructed concisely dan clearly;
3. conclusion or recommendation must be clear and objective;
4. Able to reveal the unfinished procedures during audit process with reasonable reason;
5. Must include the statement that audit implementation in accordance with the audit standards;
6. In case of audit could not be conducted in accordance with the Audit Standards, it should be stated on audit report with reasonable reason;
7. Auditor's responsibility limited to conclusion and/or recommendation. But validity of data is the responsibility of the auditee.

WELCOME TO
JAKARTA

Istiqlal Grand Mosque

Largest Mosque in Southeast Asia,
can hold pilgrims as many as 200,000 people

Cathedral Church

The seat of the Roman Catholic Archbishop of Jakarta,
consecrated in 1901 and built in the neo-gothic style

Aditya Jaya Temple

Largest Hindu Temple in Jakarta with Bali vibe,
located in Rawamangun.

Jin de Yuan Temple

Oldest BhuddistTemple in Jakarta, built in 1755,
located in Glodok, Jakarta's Chinatown.

RELIGIOUS SITES.

AROUND THE WORLD

DIRECTORATE GENERAL OF
CUSTOMS AND EXCISE

LEGAL AND OPERATIONAL FRAMEWORK FOR PCA

Legal framework and Special Authorities| Organizational structure | Types of Organizational Structure

LEGAL FRAMEWORK

To facilitate PCA, it is necessary to implement legislation which provides Customs with the legal basis to conduct an audit and also sets out the rights and obligations of the auditee. Each Customs administration will develop laws and regulations based on national requirements or, in cases where a Customs union exists, at a regional level.

LEGAL FRAMEWORK

Customs laws and regulations should provide the following :

- **Definition of PCA coverage (persons/company subject to PCA)**
- **Authorities of Customs officers/auditors conducting PCA**
- **Obligations and rights of auditees**
- **Penalty scheme**
- **Right of appeal**

LEGAL FRAMEWORK

PCA Scope and Coverage

1. **Should be clearly defined in Customs laws and regulations**
2. **All businesses involved in the import and/or export of goods or in the receipt, storage, manufacture and delivery of goods subject to Customs controls may be audited.**

This may include :

- **Importers**
- **Declarants**
- **Consignees of the imported goods**
- **Owners of the imported goods**
- **Subsequent acquirers of the imported goods**
- **Storage agents of the imported goods**
- **Customs clearing agents of the imported goods**
- **Transporters of the imported goods**
- **Other persons/companies directly or indirectly invovled in the transaction of the imported or export goods**

LEGAL FRAMEWORK FOR PCA UNITS IN INDONESIA

Number	About
MOST RECENT ACTS	
UU 17 year 2006	Customs
UU 39 year 2007	Excise
MOST RECENT DECREES OF MINISTER OF FINANCE	
234/PMK.01/2015	Organization and Working Procedures of Ministry of Finance
258/PMK.04/2016	Revisions of Minister of Finance Regulation No. 200/PMK.04/2011 on Customs and Excise Audit
200/PMK.04/2011	Customs and Excise Audit
197/PMK.04/2016	Implementation Guidelines on Bookkeeping in Customs and Excise
DECREES OF DIRECTOR GENERAL OF CUSTOMS AND EXCISE	
PER-31/BC/2017	Customs and Excise Audit Standards
PER-32/BC/2017	Certification of Expertise and Job Descriptions of Auditor, Audit Team Leaders, Technical Controllers, and Quality Supervisors of Customs and Excise Audit
PER-33/BC/2017	Monitoring of Follow-up and Evaluation of Customs and Excise Audit Reports
PER-34/BC/2017	Quality Assurance of Planning, Implementation, Monitoring and Evaluation of Customs and Excise Audit
PER-35/BC/2017	Procedures of Customs and Excise Audit

ESSENTIAL POWERS

Authorities and obligations of Customs officers

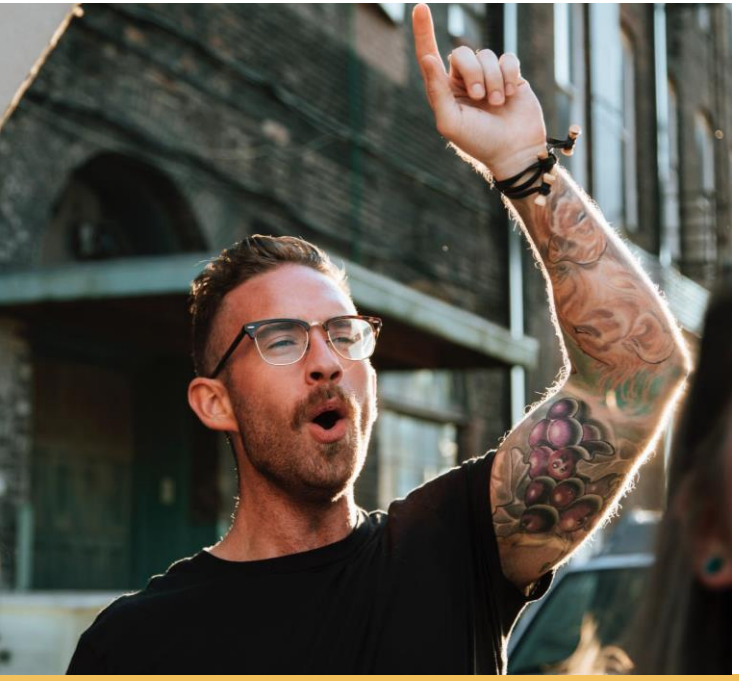
Authorities include

- the right to access auditee's premises
- the right to examine business records, business systems and commercial data relevant to Customs declarations
- the right to inspect auditee's premises
- the right to uplift and retain documents and business records
- and the right to inspect and take samples of goods

ESSENTIAL POWERS

Customs laws and regulations should set out the rights and obligations of persons/companies involved in international trade. Provisions should include:

Obligations and rights of auditees



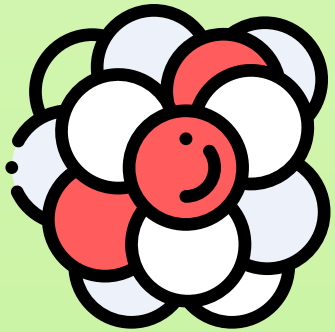
- A requirement to maintain specified documentation, information and records
- A requirement to make such documentation, information and records available in a timely manner
- A right to appeal
- A right to an explanation from Customs concerning determination of Customs value
- A right to expect confidential treatment of business documentation
- A right to clearance of goods at the frontier with provision of security

ORGANIZATIONAL STRUCTURE

PCA has an interface with many other areas within the Customs department, including risk management and intelligence, enforcement, debt / revenue collection and legal support. The organizational and management structure should therefore reflect this and facilitate close working and effective communication among these areas.

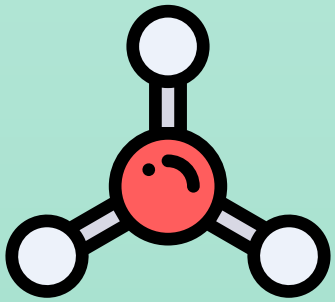
The actual organizational structure and allocation of responsibilities will vary between administrations

TYPES OF ORGANIZATIONAL STRUCTURE



Centralized Audit

- Enhanced Communication, coordination, and sharing of knowledge;
- Better supervision and management control; and
- More effective risk management.



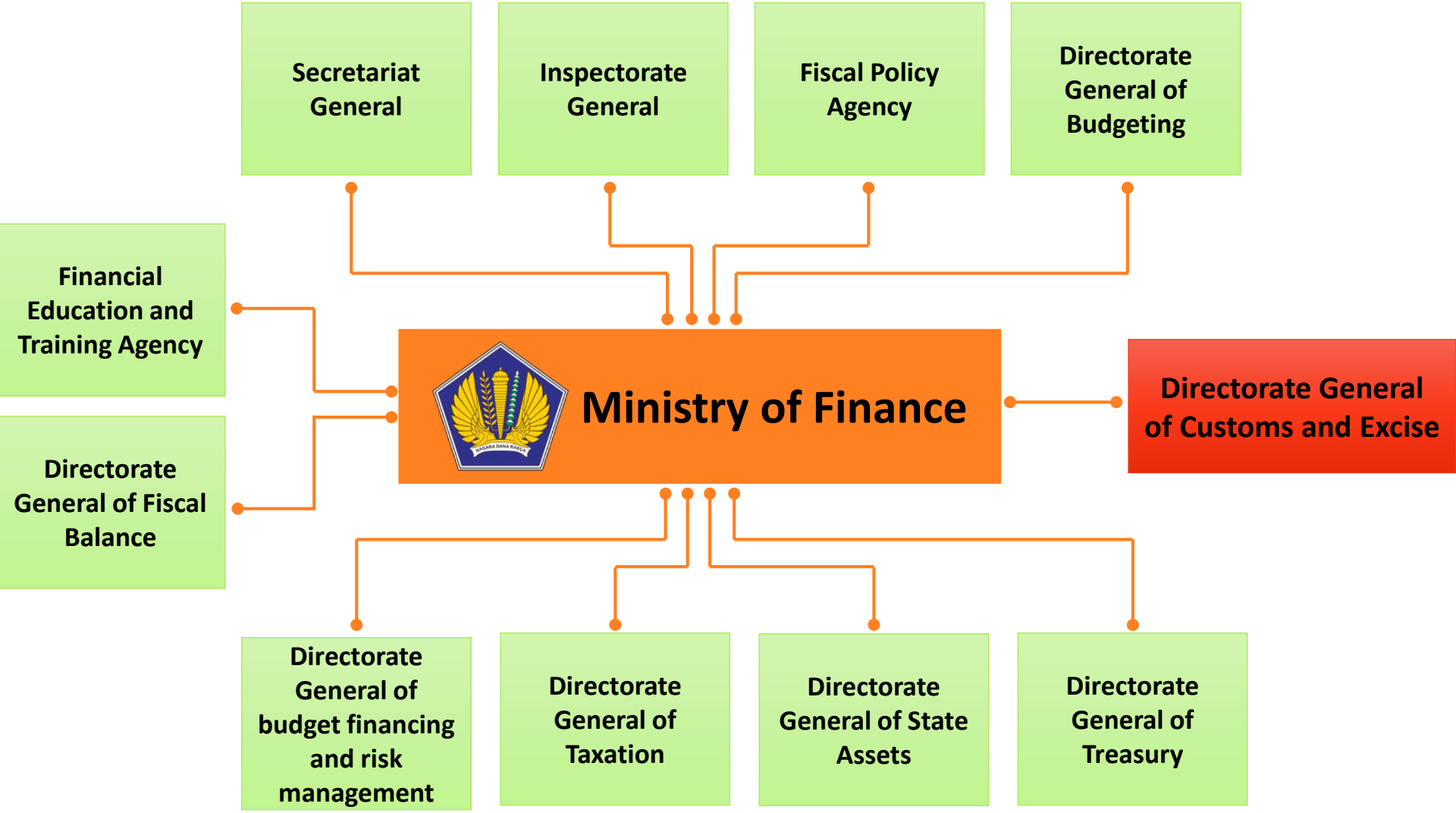
Decentralized Audit

- Easy to locate and contact importer/exporter;
- Cost and time effective;
- Auditors of different region can compete to perform better;
- Knowledge is improved in specific trade sectors; and
- Local risk factors are considered more effectively.

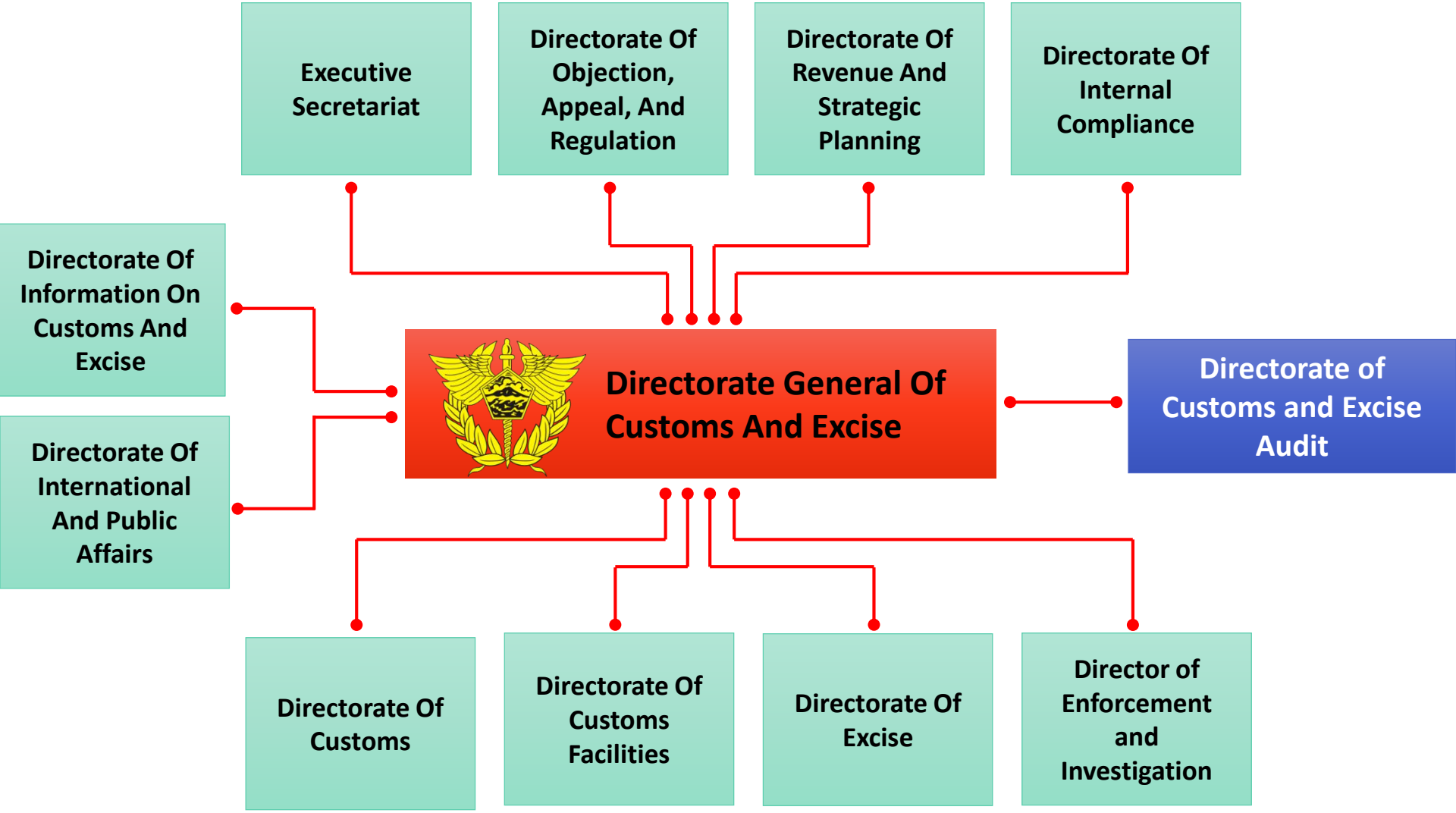
- Difficult to physically verify the business premises of trader prior to the start of the audit
- Field audit may be time consuming and costly particularly when auditors have to travel a long distance to conduct this exercise

- Difficult to coordinate with other units;
- Lack of effective communication with each regional PCA units; and
- May lead to high administrative cost due to recruitment of additional auditors, managers, and cost training.

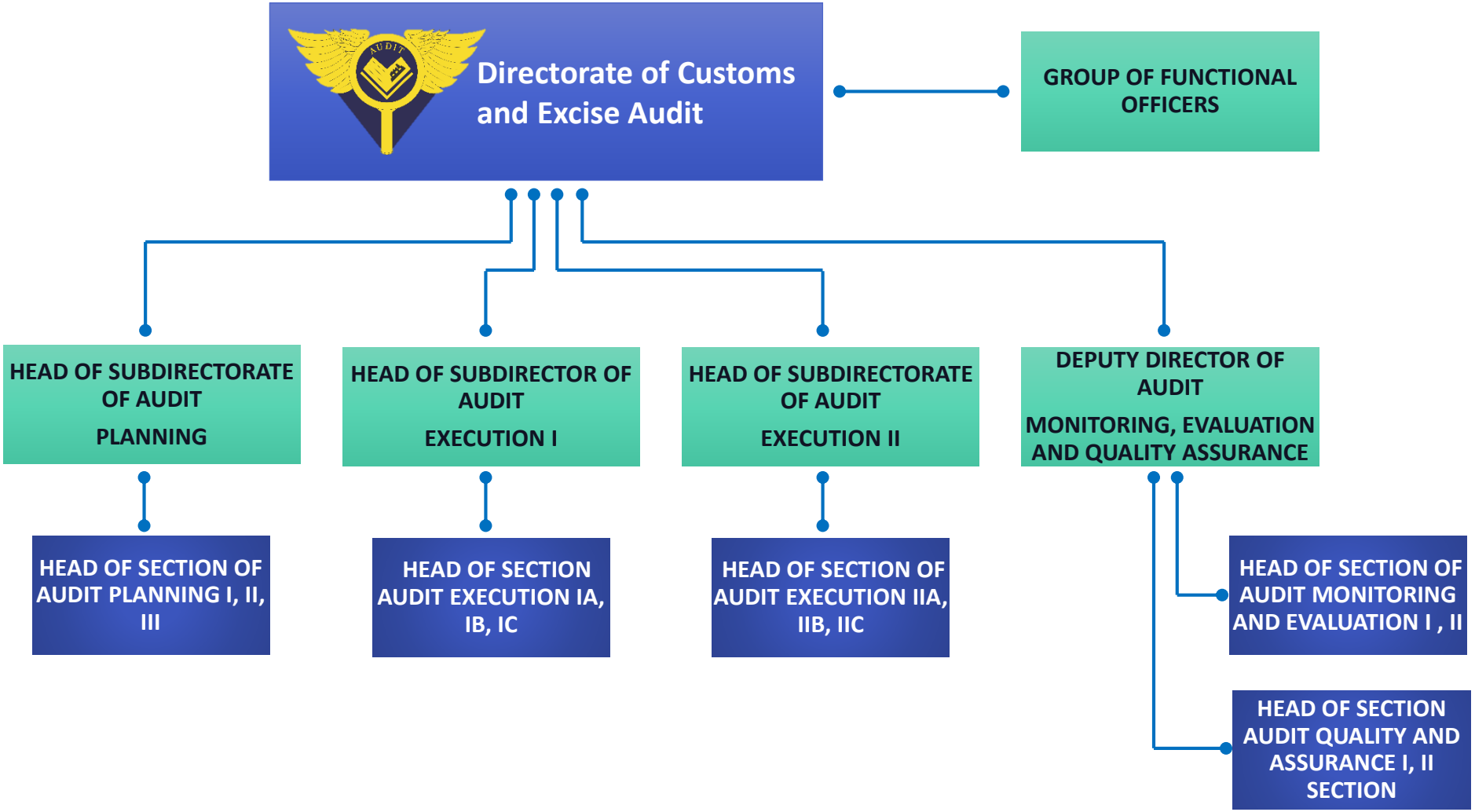
ORGANIZATIONAL STRUCTURE OF MINISTRY OF FINANCE



ORGANIZATIONAL STRUCTURE OF INDONESIAN CUSTOMS



ORGANIZATIONAL STRUCTURE OF PCA UNITS



PRE-CUSTOMS CLEARANCE - POST

The sequence process of document submission and physical goods flow:

Arrival at Port Limit 1	Docking-Unloading 2	Berthing-Stacking in CY 3	Customs Clearance 4	Container Handling → Handover 5	Gate-Out System 6	Warehouse/Bonded /Factory Storage 7
Arrival of voyage in Port, waiting to dock	Voyage docked, waiting to unloading goods	Unloading process until store in Container Yard	Customs Clearance until Customs Approval	Container handling or goods until hoarding cost payment	Goods (container) release from port (Temporary storage)	Arrival goods at Importer's place (bonded warehouse, bonded zone)

THANK YOU