

ASEAN CUSTOMS

PCA BULLETIN VOLUME 4



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FROM THE COUNTRY COORDINATOR'S DESK

People often associate the number “4” with death, but it is definitely not the case with this bulletin. In its fourth edition, our beloved publication is still going strong; and it gives me a great pleasure to be given the opportunity to, again, greet our readers in this column.

In this opportunity, I would like to express my most sincere gratitude for the support from Customs Enforcement and Compliance Working Group (CECWG), Coordinating Committee on Customs (CCC), and Customs Directors-General that have specifically provided support to ensure the publication of the bulletin. Additionally, I would also like to personally show my appreciation for ASEAN Member States for their hard work, commitment and excellent contribution to this bulletin.

I also feel very proud because the publication of this bulletin stems, not from mandatory instruction, but from our awareness to share experience and information concerning Post Clearance Audit as one of the defining characteristics of Modern Customs that we are cooperatively developing in ASEAN, as also recommended by World Customs Organization.

The development of international trade system, the increase of trade volume, and the sophisticated information and technology system inevitably demand customs administration to be more innovative and constructive in developing and conducting customs system and procedure. Physical examination and document inspection, as parts of customs procedures, are no longer completely relevant considering that they are time-consuming, in contrast with the increase of trade volume and the fact that business depends heavily on the rapid flow of supply-chain.

Taking the above situation into account, it is clear that PCA is vital and necessary for the improvement of the customs system and procedure employed by customs administrations.

In line with my exposition above, through this bulletin, we are trying to also continuously innovate and evolve, as can be seen in this edition where the content of the bulletin no longer solely consists of compilation of cases, but also other PCA-related articles. We are trying our hardest to keep this bulletin as informative and interesting as possible. Of course it is only achievable with strong supports from ASEAN Member States in the form of comments and inputs, as well as cases, articles, and other materials contributed to this bulletin.

Lastly, I sincerely hope that this bulletin remains to be useful for our readers, and contributes to our knowledge and experience, which, in the end, will lead us to an even better future.

Regards,

Agung Kuswandono
Director-General of Customs and Excise
Ministry of Finance of the Republic of Indonesia



FROM THE CHAIRMAN'S DESK

Welcome to our fourth edition of the PCA Bulletin in 2013. It is my pleasure to present to you a contemporary bulletin with improved changes to the contents and cover for your reading pleasure.

In international trade involving imports and exports, the limited documentation required to be produced at the time of importation does not provide the whole picture in the context of a commercial transaction, which is necessary to properly determine the correct Customs value and classification. It becomes unfeasible for the Customs to make conclusive decisions regarding duty liability in the narrow time frame available, as it is inappropriate to delay clearance of goods whilst resolving such enquiries, unless fraud is suspected.

Many Customs administrations strived to become effective tax administrations by promoting voluntary tax compliance. However, voluntary compliance can only be encouraged if the Customs is successful in establishing a strong PCA division to detect any noncompliance. In realizing our ultimate goal of fostering voluntary compliance, audit activities through PCA send a strong signal to the evaders that any failure to comply would mean assuming a substantial risk of facing heavy penalties. Many administrations, therefore, concentrate their controls on the post-importation environment, whilst retaining selective and targeted checks at the frontier. Therefore the purpose of PCA is not only to verify the accuracy and correctness of the declarations but also to give importance to speedier and timely customs clearance.

With less than two years to go before the ASEAN Economic Community (AEC) 2015 countdown, there is not much time left for us to act on the set vision. However, with the full cooperation and collaboration from all the Customs administrations, I believe we'll be able to achieve it in time.

The purpose of this Bulletin is to give readers an opportunity to know about new developments as well as to share our experience through some interesting PCA cases in this region. I hope in due time, more of our officers from the member states would come forward to contribute feature articles and PCA cases to be compiled in future publications. I also hope that readers gain a better understanding of what is happening around our region and the development of Customs PCA. With the full support and encouragement of readers we hope to produce more distinct publications in future.

Thank you.

Subromaniam Tholasy
Chairman,
ASEAN Customs Enforcement and Compliance Working Group
Malaysia



MALAYSIA

FC Co. Ltd

Insurance and freight adjustment under Regulation 5 (1) (a) (vii), the cost and packaging charges under regulation 5 (1) (a) (ii), prepayments and deposits under Regulation 4, Customs (Rules of Valuation) Regulations 1999.

1. FACT OF THE CASE.

- 1.1 FC Co Ltd. business include building renovation and civil construction.
- 1.2 Exporter company in country XYZ exports goods as follows

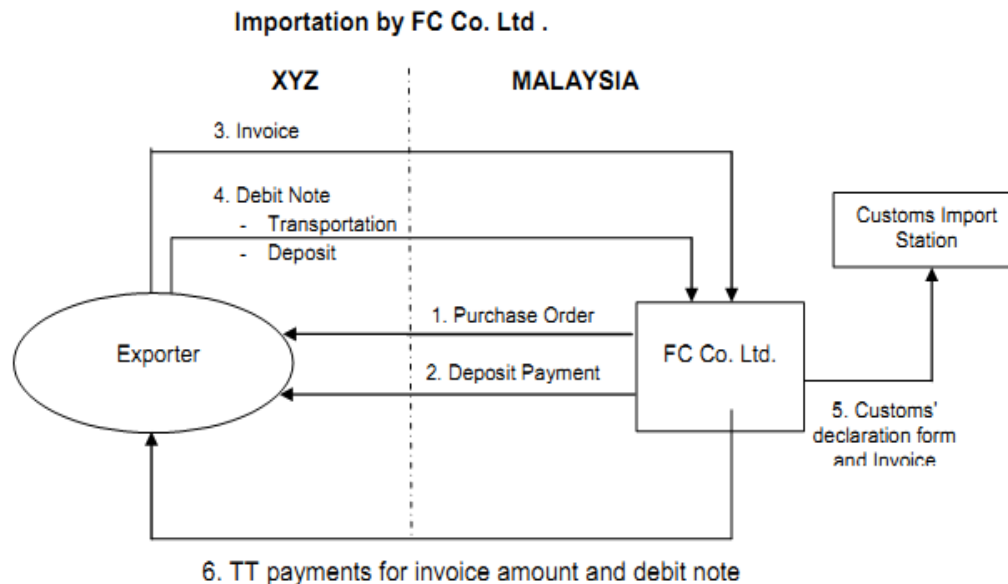
No	Goods	Tariff Code	Import Duty	Sales Tax
1	Timber Door	4418.20.000	20%	5%
2	MDF Caving	4413.00.000	20%	10%
3	Tempered Glass Door	7007.19.000	30%	10%
4	Clear Glass	7003.19.990	30%	10%
5	Stainless Steel Leg	7325.99.900	5%	10%

2. FINDINGS

- 2.1 Random inspection of documents was made and payment documents were compared with the importation documents during a PCA visit to the premise of FC Co. Ltd. It was noted that payment amount were higher than the declared value. Audit officers tried to get more information from the company but failed to obtain a satisfactory explanation.
- 2.2 Accordingly, the audit officers decided to raid without warrant in accordance with section 108 of the Customs Act 1967 on the same day. The raid discovered some accounting documents in the company premise such as debit notes and journal vouchers.
- 2.3 Inspection of the journal voucher discovered payments made as deposit or partial payment to the exporter. This amount was not taken into account in the amount in the invoices declared to customs' it was discovered that only part of the actual price of imported goods was shown.
- 2.4 In addition, further inspection found that debit notes were used for transportation charges and expenses associated with stuffing (arrangement of goods in the container). This amount was also not included in the declaration to Customs.

3. MODUS OPERANDI

3.1 Modus operandi FC Co. Ltd . can be summarized by reference to the diagram below:



Note:

- i. Purchase order issued to the supplier / exporter before the goods are delivered to the premises on CIF terms for each purchase.
- ii. Prior to delivery of goods, FC Co. Ltd have to pay a deposit or partial payment to the supplier/ exporter.
- iii. After payment has been received, the supplier / exporter send the items together with the invoice amount that has been reduced by the deposit or partial payment made earlier. Invoice amount shows a lesser amount after deducting the deposit or partial payments.
- iv. Simultaneously, the supplier / exporter will issue debit note to FC Co. Ltd. for other expenses such as transportation and stuffing.
- v. The value declared on the form K1 is based on the invoice value only.
- vi. Payment of invoices and debit notes are made by telegraphic transfer (TT).

4. DECISION

- 4.1 FC Co. Ltd. committed an offense of making incorrect declarations under section 133 (1) (a) of the Customs Act 1967 as follows: -
 - 4.1.1 Failure to disclose deposit payment or part payments as the transaction value in accordance with Rule 4, Customs (Rules of Valuation) Regulations 1999 as Price Actually Paid or Payable (PAPP).
 - 4.1.2 Failure to disclose expenses associated with transportation as the value of transactions in accordance with regulation 5 (1) (a) (vii) of the Customs (Rules of Valuation) Regulations 1999.
 - 4.1.3 Failure to disclose stuffing expenses associated with the costs and charges of packaging as the value of transactions in accordance with regulation 5 (1) (ii) of the Customs (Rules of Valuation) Regulations 1999.
- 4.2 Declared value to the customs authority was rejected as customs value because the value is not the actual price paid or payable to the supplier / exporter.
- 4.3 Prepayment to be added to the transaction value in accordance with regulation 4 of the Customs (Rules of Valuation) Regulations 1999.
- 4.4 Transportation Fee element needs to be added to derive the customs value in accordance with regulation 5 (1) (a) (vii) of the Customs (Rules of Valuation) Regulations 1999.
- 4.5 Payment for stuffing also needs to be added to derive the customs value in accordance with regulation 5 (1) (a) (ii) of the Customs (Rules of Valuation) Regulations 1999.
- 4.6 A claim for short payment of import duty and sales tax amounting to 80,000.00 c.u was issued and the Company was compounded 3,000.00 c.u for the offense committed. FC Co. Ltd paid the duty/sales tax and compound accordingly.

CS Pvt. Ltd - Double Invoicing

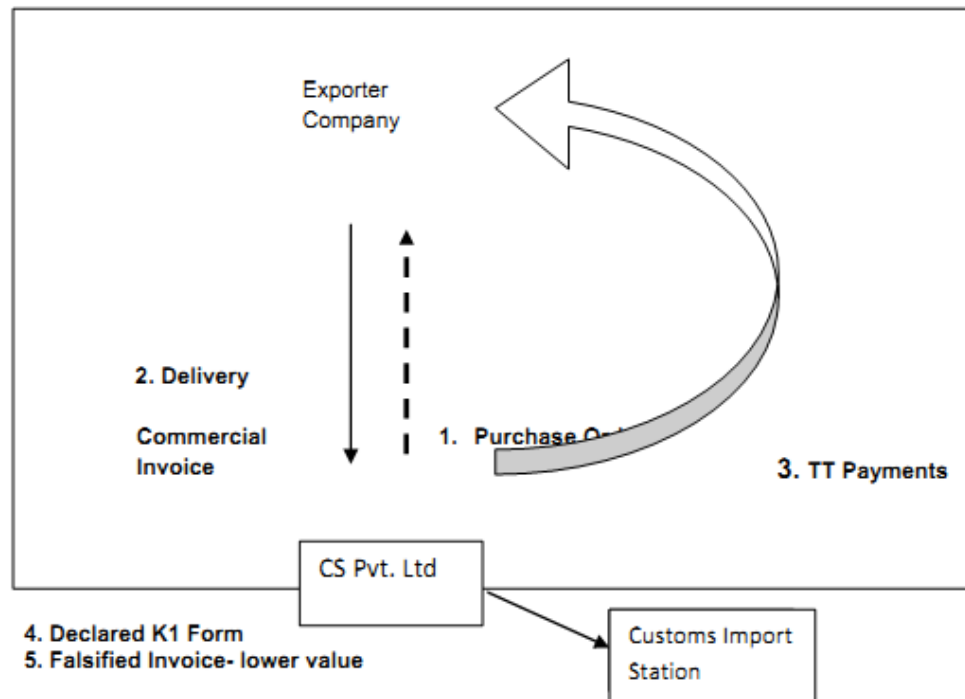
1. FACTS OF THE CASE

- 1.1 CS Pvt. Ltd businesses include selling stationery items for the local market. These items are imported from Country ABC, DEF and GHI.
- 1.2 The exporters uses Cost Insurance Freight (CIF) as the terms of delivery and payment for the goods are made by telegraphic transfer (TT). The goods were imported through Johor Port.
- 1.3 CS Pvt. Ltd was audited by Post Clearance Audit (PCA) Unit in year 2011.

2. PCA FINDINGS

- 2.1 Accounting records were scrutinized and it indicated that total payment made overseas for the goods purchased were more than the value recorded in the invoices declared to customs authority at the point of importation.
- 2.2 Upon further examination and investigation at the premises of importer, PCA officers discovered that there was double invoicing for the same importation. The first invoice which was the actual invoice, importer made entry in accounting records and made payments accordingly whilst the second invoice (falsified) was used for declaration purposes to customs authority during customs clearance.
- 2.3 Both invoices had the same invoice number except there was an alphabet at the end of invoice number of the falsified invoice. The value of goods in the falsified invoice was lower than the actual invoice.

3. MODUS OPERANDI.



- 3.1 Purchase order will be issued directly to the exporter companies.
- 3.2 CS Pvt. Ltd receives commercial invoices from the exporter companies.
- 3.3 Payments to exporters based on actual invoice amount via telegraphic transfer (TT).
- 3.4 CS Pvt. Ltd makes declaration to customs authority.
- 3.5 CS Pvt. Ltd uses the falsified invoice of which the value has been lowered and alphabet will be added to distinguish from the actual invoice. For example, the actual invoice number is 12345 while the falsified invoice number is 12345A.

4. DECISION.

- 4.1 The Company committed an offense under section 133 (1) (c) of the Customs Act 1967 for having falsified invoices for the purpose of evasion of duty / tax.
- 4.2 A claim for short payment of import duty and sales tax amounting to 350,000.00 c.u was issued and the Company was compounded 5,000.00 c.u for the offense committed. CS Pvt. Ltd paid the duty/sales tax and compound accordingly.



PHILIPPINES

Case Study 1: Cost of Transport as Adjustment to the Price Actually Paid or Payable (PAPP)

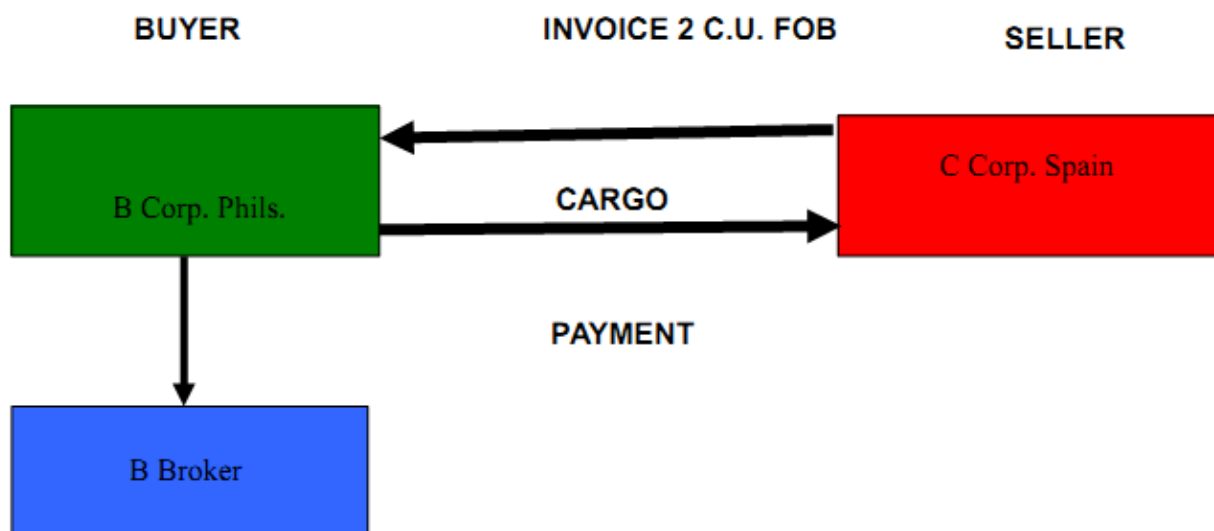
FACTS

"A Corp. Phils." buys tiles from "C Corp." located in Spain. The unit price is 2 currency units Free on Board (FOB).

Ocean freight as declared is as follows:

- .10 c.u. Insurance cost
- .01 Broker's Freight Billing includes
- .05 c.u. for Fuel Adjustment Factor (FAF), Currency Adjustment Factor (CAF) and B/L fee

TRANSACTION CHART



CUSTOMS VALUE

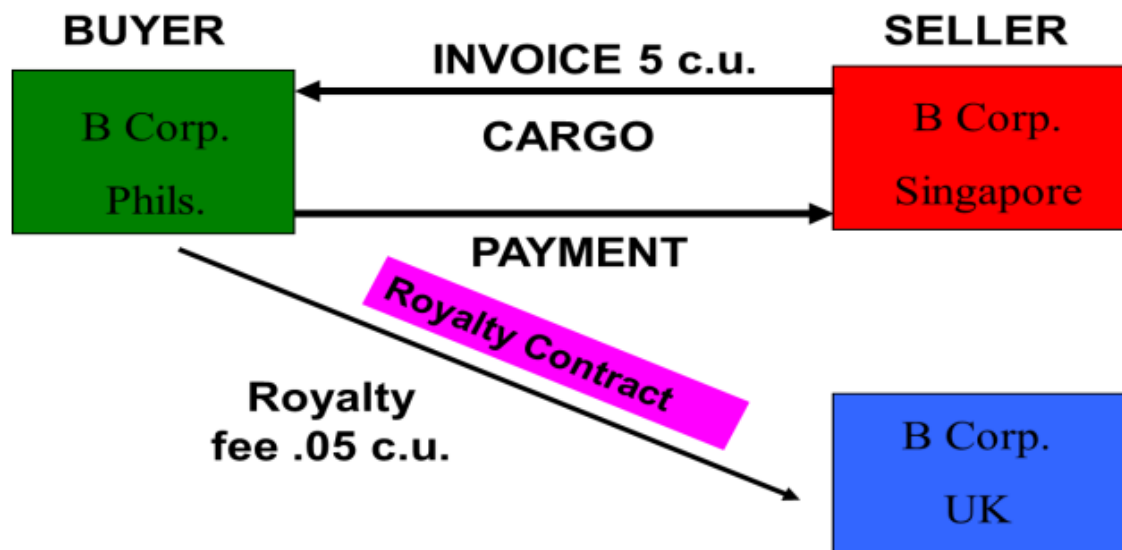
Customs Value is 2.16 cu consisting of 2 cu FOB, .10 ocean freight, Insurance of .01 cu and .05 cu FAF, CAF and BL fee.

Case Study 2: Royalty Payments as Adjustment to the Price Actually Paid or Payable (PAPP)

FACTS

Philippine buyer is "B Corporation". Seller is a related company in Singapore. The licensor of the product – lubricants – is A Corporation of UK. A Licensing Agreement exists between B Corporation and A Corporation wherein the former pays the latter a royalty fee equivalent to 10% of the price or .5 currency unit for every 5 currency units worth of purchase.

TRANSACTION CHART



CUSTOMS VALUE

Customs Value is 5.05 currency units. The royalty payment is made as a condition of sale and therefore included in the PAPP pursuant to Section 201 of the Tariff and Customs Code of the Philippines and Article 1 of the WTO Agreement



SINGAPORE

FACTS

In 2006, Singapore Customs (SC) initiated investigations on a private company for suspected incorrect declarations of the value of 34 imported cars between February and August 2005. Investigations established that the company had declared a lower Cost, Insurance, and Freight (CIF) value for the imported cars and the amount of duty and GST evaded amounted to \$24,537.91 and \$7,361.37 respectively. A total of 4 individuals were subsequently charged in court.

FINDINGS

Investigations revealed that the 4four individuals had conspired to under-declare the value of 34 imported cars in order to pay a lower amount of duty and GST. One of them had assisted to liaise with the suppliers for the purchase and importation of the said cars. The remaining two had furnished money to a company owned by one of them, for the purchase of the said cars.

MODUS OPERANDI

Excess payment made to suppliers through remittance agents.

DECISION/OPINION

Individual A was sentenced by the court on 27 Feb 2012 for 8 counts of incorrect declarations of value and ordered to pay a court fine of \$24,752.94. 18 other charges were taken into consideration for the purpose of sentencing.

Individual B was sentenced by the court on 27 Feb 2012 for 4 counts of incorrect declarations of value and ordered to pay a court fine of \$24,752.94. 10 other charges were taken into consideration for the purpose of sentencing.

Individuals C & D were sentenced by the court on 15 Feb 2013 for 26 counts of abetting incorrect declarations and 9 counts of furnishing money for purchase of the cars and ordered to pay a court fine of \$1,021,000 each



THAILAND

FACT OF TRANSACTIONS.

Importer I in country Y has imported 3,374 yds of 100% poly yarn dyed. Exporter E in country X sold the yarn dyed only through A, who was located in the imported country.

A was a subsidiary of M company in exported country. There was a commission agreement between A and M. A paid to M for 1% of invoice amount for providing the information of the supplier and goods in country X and supporting delivery shipment.

Other than these, there was another commission agreement made by and between company A and E. E appointed A as a broker in country Y. As entire and full payment for the consideration for the services by A under this agreement, E should pay A the amount equivalent to 6% of the invoice value of sale contract which made between company E and I in order to confirm the following sales under the terms and conditions as specified :

- Description : 100% Poly Yarn Dyed width 56"
- Quantity : 3,374 yds
- Unit price : US\$ 3.46 /y CIF
- Amount : US\$11,674.04
- Inv no.: EI-120
- Term of payment: By T/T remitted and let us receive payment shipment.

FINDINGS

The customs officer inspected a declaration's goods of A company after the document check had revealed a false declaration of customs classification. The customs officer prepared a request for audit mentioning a false declaration of other items and sent the request to the customs service.

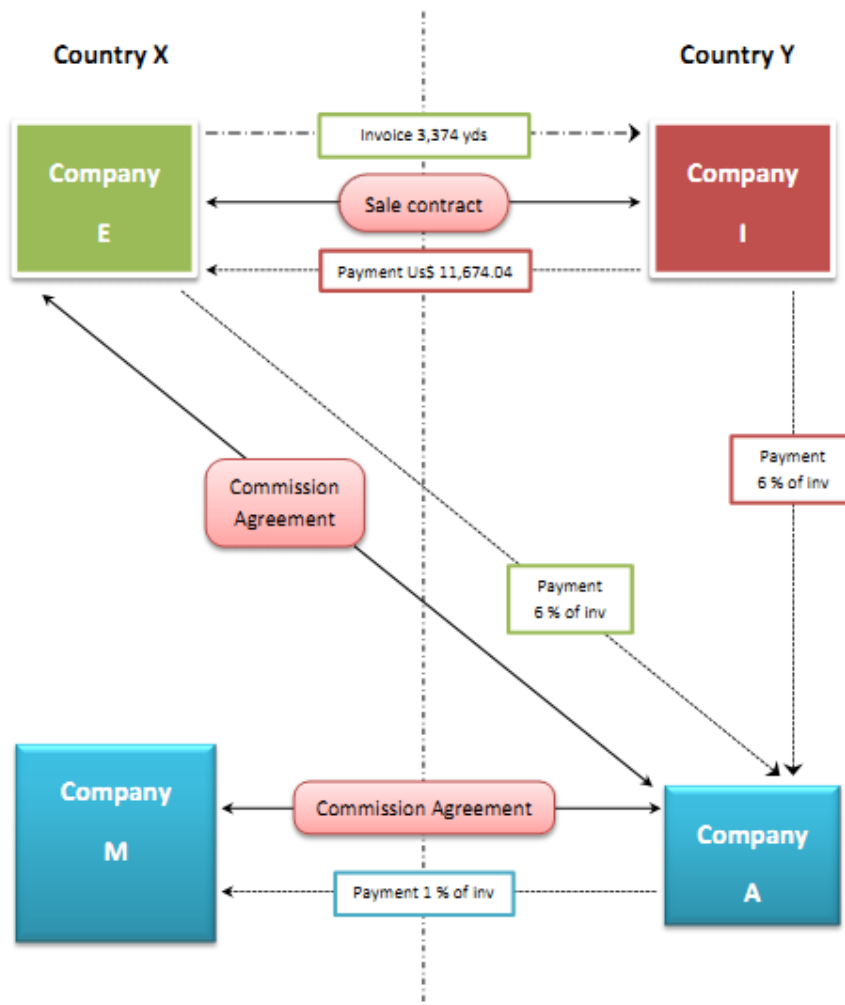
The information of the request regarding the company I which imported poly yarn dyed and brokerage A. Finding that, I company should pay on additional 0.5 % of the invoice directly to A for servicing.

The audit team decided to conduct an investigation into the import declarations lodged by I company and A.

MODUS OPERANDI

Entering to I company and talked to managing director or the authorized person officer. Requesting for the relevant documents such as the accounts payable, debit note, agreements, etc. Going to A company in order to fully grasp the commercial relationship between the various players in the investigation.

The following diagram will enable to observe the summary of the investigation, which used to reach the correct conclusion.



DECISION / OPINION

The value declared for 100% Poly yarn dyed us\$ 11,674.04 was correct according to the provision of Article 1 of GATT Valuation.

The Payment of 0.5 % of invoice amount for servicing did not a part of the customs value and did not

a part of the total payment made by the buyer to the seller. Therefore, it should not be added to the price. The commission payment of 1% of invoice amount from A to M and 6% from E to A should not be added to the price actually paid or payable for the imported goods because it is not a part of the price actually paid or payable.

THE IMPORTANCE OF INTERNAL CONTROL SYSTEM IN AUDIT

As mentioned in the Guidelines for Post Clearance Audit (PCA) Volume 1 published by WCO (World Customs Organization), June 2012, the Post-Clearance Audit (PCA) process can be defined as the structured examination of a business' relevant commercial systems, sales contracts, financial and non-financial records, physical stock and other assets as a means to measure and improve compliance. This means that the purpose of audit is to assess the compliance level of a person to the provisions in the prevailing law, especially customs law.

The examination is conducted by comparing the criteria mentioned in the regulations with the reality. For the comparison to be effective, an auditor is required to understand the business process of the auditee, which consists of activities related to customs regulation done by the auditee. This business process is called internal control system.

In a free literature¹, internal control system is defined as a plan, method, procedure, and policy designed by the management to provide adequate assurance for the achievement of efficient and effective company operation, accurate financial report, secure company assets, and excellent compliance on related laws, policies and regulations. From this definition, we can infer that a company with adequate internal control system is more likely to comply with the prevailing customs legislations.

Understanding the system is necessary for the auditor to be able to determine the characteristics, timing, and scope of audit examination and to determine the effectiveness of internal control in ensuring the accuracy of the audit result.

To understand the internal control system of a company, an auditor can initially distribute a questionnaire to be filled by the auditee. Several important points included in the questionnaire are as follows:

1. Organizational Structure, consisting of job distribution, authorities and responsibilities.
2. Bookkeeping, consisting of the components of the bookkeeping of the company.
3. Financial report, consisting of the type of financial report and information whether public accountant has audited the financial report.
4. Document record, consisting of the recording process and treatment to a transaction in the journal.
5. Document storing, consisting of things related to document storing, such as type of documents stored, availability of the documents, and the period of storing.

¹ <http://www.sai.ugm.ac.id/site/aktifitas/sistem-pengendalian-internal>

The following is the example of the questionnaire:

NO	QUESTION			CHECK	EXPLANATION
1	2	3		4	5
	GENERAL				
A	Organizational Structure	1.	Does your company have an organizational structure?		
			a. Yes, please attach		
			b. No		
		2.	Is the organizational structure officially documented?		
			a. Yes		
			b. No		
		3.	The organizational structure is based on		
			a. The function of each division		
			b. Products		
			c. Others, please specify...		
		4.	Organizational structure relates closely with span of control. What is the span of control in your company?		
			a. One level below the company president		
			b. Two level below the company president		
			c. Three level below the company president		
			d. > Three level below the company president		
		5.	The assignment of authorities in the company's structural organization is based on ...		
			a. Intimacy		
			b. Duties and functions of each division		
			c. Others, please specify....		

		6.	Is the job assignment in the organization regulated in a written regulation?		
			a. Yes		
			b. No		
			If "No", please continue to No. 8		
		7.	If the job assignment is regulated in written regulation, has it been consistently enforced by each division?		
			a. Yes		
			b. No		
		8.	Is a certain division allowed to do another division's job?		
			a. Yes, please specify.....		
			b. No		
		9.	How long has the staff at the Import Division worked in such division?		
			a. >5 years		
			b. 5 years		
			c. 3 years		
			d. 2 years		
			e. <= 1 years		
		10.	Is the staff at Import Division equipped with knowledge on customs?		
			a. Yes, (please attach the certificate)		
			b. No		

B	Bookkeeping	1.	Do you have :		
			a. Cash Book		
			b. Bank Book		
			c. Accounts Receivable Book		
			d. Inventory Book		
			e. Fixed Asset Book		
			f. Account Payable Book		
			g. General Long-Term Liability Book		
			h. Purchase Book		
			i. Sales Book		
			j. General Ledger		
			k. Trial Balance		
			l. Financial report		
			m.		
		2.	No bookkeeping :		
		3.	Is the financial report made independently?		
			a. Yes		
			b. No		
			If "No", by whom? Please mention:.....		
C	Financial Report	1.	Does your financial report consist of...		
			a. Balance		
			b. Income Statement		
			c. Capital Statement		
			d. Cash Flow Report		
			e. Note of Financial Statement		
		2.	Has the Financial report been audited by a Certified Public Accounting Firm?		
			a. Yes		
			b. No		
			If "Yes", what is the opinion on the CPA Firm towards the financial report?		
			a. Unqualified		
			b. Unqualified with Explanation		
			c. Qualified		
			d. Adversed		
			e. Disclaimer		
			What is the name of your CPA Firm?		

D	Recordkeeping	1.	Recordkeeping:		
			a. Is conducted by using financial/ accountancy application which is integrated with every part		
			b. Is conducted by using financial/ accountancy application which is not integrated with every part		
			c. Is conducted by using a computer which is integrated with every part		
			d. Is conducted by using a computer which is not integrated with every part		
			e. Is conducted manually		
E	Document Storing	1.	Does your company store data or transactions occurring in your company's activities?		
			a. Yes		
			b. No		
		2.	The data is stored in the form of:		
			a. Soft copy inside the company's computers/ information system		
			b. Hardcopy		
		3.	Is there a specific division in the company that handles the archive/administration/ storing of the data?		
			a. Yes, please specify.....		
			b. No (data are stored individually in each division)		
		4.	The data stored by your company are from:		
			a. The last 2 years		
			b. The last 3 years		
			c. The last 4 years		
			d. The last 4 to 10 years		
		5.	Is the data that are stored immediately available?		
			a. Yes		
			b. No		
			If "No", how many days are needed/:.....		

After the questionnaire is filled completely, the auditor will verify the answer to the auditee. The auditor will request a certain division in the company, such as the purchasing division, accounting division, or storage division to explain the process of purchasing goods, starting from the issuance of purchase order (P/O), issuance of invoice, delivery of goods, recording of goods entering the storage, to the recording of the goods purchased in the company's accounting system.

The auditor will also conduct a field visit to verify the answers and expand the questions in the questionnaire to get comprehensive description regarding the auditee's current condition. This will enable auditor to easily conduct the next step in the assessment of the auditee's compliance to customs regulations, such as the validity of transaction value.

Assessment of the Validity of the Declared Customs Value

In importation, importers are required to make an import declaration attached with invoice document, packing list, and bill of lading (B/L) to be submitted to DGCE. The import declaration consists of information regarding the identity of exporter, description of the imported goods, amount of goods, cost, insurance and freight of the goods, exchange rate, invoice, bill of lading, amount of import duty, value added tax, and income tax.

To assess the validity of the declared customs value, the auditor will assess the transaction value.

Transaction Value means the price actually paid or payable by the importer/buyer to the exporter/seller for the purchase of goods with additional costs in accordance with Article VII GATT (The General

Agreement on Tariffs and Trade).

As has been mentioned above, it is necessary for an auditor to understand the internal control system of a company to understand the mechanism of determining transaction value, data and requirement for transaction value, and other provisions regulated in Article VII GATT.

Therefore, when the auditee explains about the answers to the questions in the questionnaire, the auditor is recommended to further expand the answers with related questions, such as the requirement for transaction value, costs that can be added in transaction value (e.g. assist, leasing cost, royalty, proceeds, etc), etc.

The auditor can expand their questioning in numerous ways. They can inquire about the flow of documents, the authority that issues the P/O, etc. The auditor can also investigate the current account of the company and receipts to assess the validity of the declared customs value.

In conclusion, in assessing the compliance of a company, an auditor must comprehensively understand the internal control system before conducting the next assessment that is the validity of the declared customs value, which is done by inspecting the customs declaration submitted by the company.

Writer: Agus Sujendro, staff of the Audit Directorate, Directorate General of Customs and Excise, Indonesia. (The information contained in this article is solely of the writer based on his experiences and opinions).

AMONG AUDITORS

...(this section is intended as a means of sharing experiences, views, opinions or stories to help Customs Auditors in ASEAN connect each other much closer).

By Leni Rahmasari,

Leni Rahmasari is a former auditor and currently posted in the Directorate of International Affairs, Indonesian Customs and Excise.

To help customs auditors in ASEAN connect each other much closer, a means of communication sharing and learning from each other experiences will be useful to raise awareness and in this section, I have interviewed several Indonesian Customs auditors to share their valuable experiences either “good” or “not really good” (since among our auditors there is a positive point of view to look at their experiences while performing their duty, that there are no bad experiences in audit instead of good or not really good :)

How to approach the importers so they can become cooperative



Most auditors have similar opinion regarding how to approach importers so they can be cooperative during audit: “Good communication”. Praditya Wigananta or Didit (33)- an auditor for 13 years and now is working in Customs Regional Office of Riau Island - said that auditor had to know the knowledge of public speaking and psychological aspect during audit; hence the auditor would recognize the character of the importers and could make a proper approach to them.

Indri Riesfandiari or Uci (32), - being an auditor for 11 years and currently working in Customs Head Office - also added, “When communicate with the importers, we should avoid “interrogative communication”, instead do “friendship communication” thus importers will feel comfortable and consider auditor as their partner and not as their enemy who always look for their mistake by conducting audit.” Both opinions were supported by Ning Setyawati or Ning (33) – an auditor since 2001 and is working in Customs Prime Service Office of Tanjung Priok - by stressing, “The most important thing to do when communicate with importers is to make them comfortable with us and gain their trust.

Once the importers feel comfort and trust their auditor, they will support the audit process and cooperate with the auditor.” They all agreed that we must remember that audit is not only to find out the mistakes of the importers and gain income from their fine, but also assist the importers to conduct the correct record system and/or to obey the existing rules so they will not make the same mistakes in the future. Audit would be better if it can bring benefit to both auditor and importers.

Obstacles or barriers in conducting audit



Didit stated that lack of facilities and infrastructures, limited budget, unequal ability of auditor, lack of training or capacity building in order to improve both knowledge and skill were some barriers in conducting audit. Further Didit argued that these obstacles need to be solved quickly hence the audit could be conducted in more effective and efficient ways. "The information owned by Indonesian Customs from its database sometimes is incomplete so it makes the collecting data for audit purposes longer" added Uci. Further, Hafis Halim or Hafis (25) – an auditor in Customs Head Office for 4 years - argued that lack of knowledge of the auditor could be one of the obstacles in conducting audit. Other obstacles according to Hafis were lack of communication between auditor and importer due to long distance between them, or because of the importer did not cooperate with the auditor. Limited period of time in processing audit data whereas there were abundant data to be screened, can also become an obstacle in audit for Hafis.

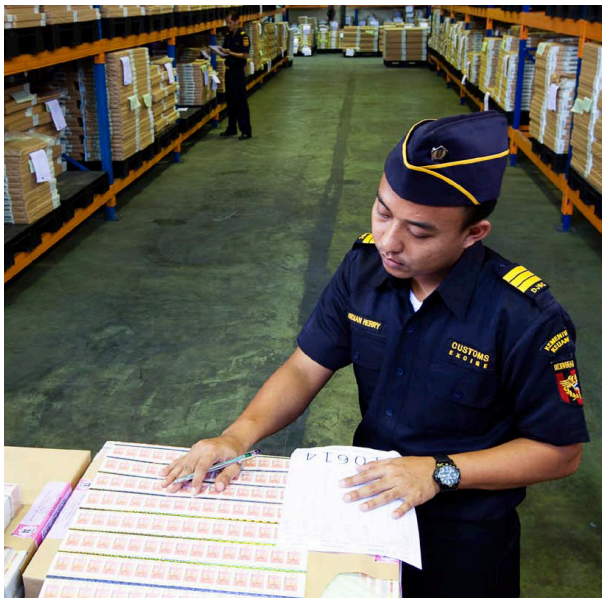
Experiences those were not too pleasant during audit



For Didit conducting audit in a remote area which is quite difficult to reach or take a long journey to get there, was unpleasant moment of audit. Despite of new experience of visit a new area, it will consume a lot of energy, and by the time he had to conduct audit, he already became exhausted. Uci had a similar opinion with Didit. She remembered when she performed an audit and did the stock opname in a very large factory where she had to use a bicycle to move from one area to another area within the factory. For her, she had to do more effort in term of energy before carrying out the audit works itself. She said, "that was an audit stamina drain", as she became very tired afterwards.

On the other hand, Ning said that disunity within audit team due to conflict of interest or different opinions regarding certain cases became unpleasant experiences. Further Ning also added that once she and her team were threatened by a company that the company would do march and report her and her team to the police because of the audit report considered unsatisfying for the company. The opinion of Ning was supported by Hafis, who believes that disunity among audit team members will create unpleasant moments during the audit as well as being threatened by auditee.

Enjoyable yet memorable audit moments



The most exciting moment during audit for Didit was when he could travel from one city to another by conducting audit, other than routine activities of auditor. He could also taste traditional food of certain regions in Indonesia as well as its unique cultures. Thus, for Didit audit could be considered as working and travelling which was quite fun yet interesting. Meanwhile, for Ning, audit investigation done by her gave a lot of valuable experiences and knowledge.

During audit investigation, Ning had to go to a certain slum area and shockingly found that a run-down house that looked bad from the outside,

apparently had become a storage of luxurious cars that had been smuggled by rogue importers. Finding this situation made Ning realize about the importance role of audit and made her believe that people should not judge a book from its cover.

According to Uci, knowing the process of production of certain industries such as flour industries could make her excited. She could gain knowledge of the extraordinary sophisticated equipments being used in such industries. Further, a solid team work could also be a memorable experience for Uci. Based on her experiences, when she and her team have to conduct an audit upon one big company with a very large factory and many inventories, cooperation and cohesiveness among all auditors are important. When the audit was finished with satisfactory result, Uci would me-

morize that as an enjoyable moment in conducting audit. In line with Uci, Hafis also considered the knowledge he gain from auditing companies with different nature of business as well as characteristic is an exciting moment during audit.

Well, aforementioned are some experiences and opinions of some auditors of Indonesian Customs. What do you think? Do you have the same stories or different ones? Share with us, remember sharing is caring.

should you have any experiences, views, opinions or stories that you would like to share, please email it to: i_customs@yahoo.com and we would be very happy to share that in the next bulletin.

