

[**EXECUTIVE ORDER NO. 46, October 20, 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

WHEREAS, Executive Order (EO) No, 160 (s. 2003) created the Post Entry Audit Group (PEAG) of the Bureau of Customs (BOC), under the direct supervision and control of the Commissioner of Customs, to perform the post clearance audit functions of the BOC;

WHEREAS, EO No. 155 (s. 2013) transferred the functions of the BOC-PEAG to the Fiscal Intelligence Unit (FIU) of the Department of Finance (DOF);

WHEREAS, Republic Act (RA) No. 10853, otherwise known as the "Customs Modernization and Tariff Act" (CMTA), mandates the BOC to conduct audit examination, inspection, verification and investigation of transaction records of importers and brokers;

WHEREAS, Section 17. Article VII of the 1987 Constitution provides for the President's power of control over all executive departments, bureaus and offices;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

SECTION 1. Reversion of the Post Clearance Audit Function to the Bureau of Customs. The post clearance audit function shall be transferred from the DOF-FIU to the BOC. For this purpose, the operations of the BOC-PEAG are hereby revived and such group is renamed as the Post Clearance Audit Group (PCAG) under the supervision of the Commissioner of Customs,

SECTION 2. Composition of PCAG. 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:

- a. Trade information and Risk Analysis Office (TIRAO); and
- b. Compliance Assessment Office (CAO).

TIRAO and CAO shall each be headed by a Director II (SG 26).

The Commissioner, with the approval of the Secretary, is hereby authorized to determine the number of personnel requirements of PCAG and issue the necessary

order to reassign the required organic personnel of BOC to the Group.

Subject to the principles of economy, efficiency and effectiveness, the Commissioner is likewise authorized to further recommend necessary changes to the personnel and staffing of the PCAG and, with the approval of the Secretary of Finance, submit the same for evaluation of the Department of Budget and Management (DBM).

SECTION 3. Functions of PCAG. The PCAG is mandated to conduct, within three (3) years from the 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.

The TIRAO shall perform the following functions;

- a. 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;
- b. 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;
- c. Recommend for approval of the Commissioner of Customs the potential priority audit candidates;
- d. Develop policies, guidelines, manuals and standard operating procedures relating to the audit process: and
- e. 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.

The CAO shall perform the following functions;

- a. Prepare the audit work plan, scope and approach for the approved priority audit candidates;
- b. Conduct the audit examination, inspection, verification or investigation of records subject to applicable laws, approved policies, guidelines, manuals and standard operating procedures;
- c. Prepare and submit the required reports on audit findings and recommendations to the Commissioner of Customs for approval;
- d. Establish and maintain a customs compliance program; and
- e. 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.