

[BOC CUSTOMS MEMORANDUM ORDER NO. 36-2004, November 22, 2004]

GUIDELINES IN THE CONDUCT OF AN INVENTORY/AUDIT OF CUSTOMS BONDED WAREHOUSES PURSUANT TO PARAGRAPH 2 OF THE PRESIDENTIAL MEMORANDUM ORDER DATED 23 NOVEMBER 1998 CREATING THE WAREHOUSING MONITORING AND AUDIT UNIT (WAMU) IN THE BUREAU OF CUSTOMS

A. OBJECTIVES:

1. To delineate the procedure in the inventory/audit of the Customs Bonded Warehouses; and
2. To ensure that Customs Bonded Warehouses ("CBWs") are not utilized as shields for the non-payment of the lawful duties and taxes due the government and to prevent smuggling thru the medium of such CBW.

B. SCOPE:

This Order covers the procedures for WAMU in conducting an inventory/audit of Customs Bonded Warehouses duly registered with and licensed by the Bureau of Customs (BOC) to operate as such.

C. ADMINISTRATIVE PROVISIONS:

1. Mission Orders for the conduct of inventory/audit of Customs Bonded Warehouse shall be issued by the Deputy Commissioner, IEG. The audit team shall be named in the Mission Order and shall be composed of one (1) Team Leader from WAMU, IEG or from its deputized members.
2. The WAMU-IEG shall maintain a logbook for this purpose showing the authority, date of issue, purpose, team leader and date and time of receipt and signature of the team leader.
3. Based on the Mission Order the team leader shall, when necessary, secure the issuance of appropriate travel order for the team and necessary cash advances for transportation, meals and per diems.
4. The CBW operators, Warehouse Operating Divisions and other concerned offices of the Ports shall provide all the records necessary or appropriate for an expeditious inventory/audit of CBWs.

D. CBW SELECTION PROCESS:

1. The selection of CBWs for audit/inventory shall be undertaken using the following Risk Management System:

1.01. Information/Intelligence reports from Customs Intelligence & Investigation Service (CIIS) and Enforcement and Security Service (ESS);

1.02. Referral from the District Collector or the Warehouse Operating Divisions;

1.03. Derogatory report/information from external sources (e.g. PCCI, Informers, SRA, etc.);

1.04. As a pre-requisite for renewal of license to operate a CBW when requested by the Bonded Warehouse Committee; and

1.05. As directed by the Office of the Commissioner.

E. OPERATIONAL PROCEDURES:

1. Upon receipt of the Mission Order issued by the Deputy Commissioner, IEG the following procedures shall, as far as practicable, be followed:

1.01. Upon receipt of the Mission Order, the Audit Team shall prepare:

1.01.1. The appropriate "List of Documentary Requirements in the Conduct of Audit" ("LDRCA").

1.01.2. If necessary, appropriate travel order

1.01.3. Secure cash advances for the team covering transportation, meals and per diems.

1.02. WAMU enters in the logbook the Mission Order and proper receipt of the order by the designated team leader.

1.03. The Audit Team, within three (3) days from its receipt of the Mission Order or completion of the administrative requirements, should serve the Mission Order and the LDRCA on the CBW Operator. Service thereof shall be by providing the CBW Operator or his representative a copy each of the Mission Order and LDRCA.

1.04. The Audit Team shall immediately thereafter conduct an inventory of the bonded materials (i.e raw materials, materials in process, finished