

Duplication of audit work perturbs importers, exporters

ISLAMABAD: The importers and exporters are facing multiple audits due to duplication of audit work by Federal Board of Revenue's (FBR) Directorate General of Post Clearance Audit (PCA) as well as Directorate General of Internal Audit (Customs).

According to a report of the FBR, the old customs clearance system i.e. One-Customs still exists and is operating in parallel to the web-based customs clearance system i.e. WeBOC throughout the country. It has been noted that there is considerable duplication of audit work in FBR. As per SRO 75(I)/2006 dated 05.06.2006, Directorate General of Internal Audit (Customs) performs audit of import/export record. Directorate General of Post Clearance Audit (PCA) carries out comprehensive audit of import/export goods declarations (GDs). Notwithstanding the difference between methodology, scope of audit and objectives of audit of import/export record there is considerable overlapping of functions of two organisations to the extent of function of audit of import/export record leading to possibility of issuance of multiple notices on the same issue resulting in hassle for the trader. There is need to address the issue of duplication of audit activities at the level of FBR.

It is mentioned here that the matter of bifurcation of functional jurisdiction of DGIAC and PCA vis-à-vis GD audit has been considered at the level of DGIAC and PCA and taken up with FBR accordingly several times for various reasons in recent years; however, it remained undecided. It is reiterated again that very existence of an organisation namely Directorate General of Post Clearance Audit exclusively tasked to carry out audit of GDs calls for either revisiting or revamping the functioning of Directorate General of Internal Audit (Customs) shifting its focus from audit of import/ export transactions to audits of other functional units/ offices and procedures/ customs control vis-à-vis applicable law and procedures (notified or otherwise), evaluation of efficiency of customs offices and efficacy of applicable law and procedures (notified or otherwise) or merger of both DGIAC & PCA, it said.

For the reason that Directorate General of PCA has an effective legal and procedural framework for comprehensive post clearance scrutiny of import/export transactions processed under WeBOC, therefore, in order to avoid overlapping of functions and facilitation of trading community, it is suggested that the function of audit of import/export declarations processed under WeBOC may be exclusively left out for PCA.

The scope of audit activities of DGIAC to the extent of import/export GDs may be restricted to the GDs processed under One-Customs as a stopgap arrangement because audit of import/ export GDs filed under One-Customs are not being carried out by PCA. This is for the reason that due to connectivity and infrastructural issues at some customs stations, WeBOC has not still been put into operation and alternatively GDs are processed under One-Customs. The parallel operations in WeBOC and One-Customs surprisingly exist throughout the country for one reason or the other but the functioning of One-Customs for some of the clearances at various ports highlights the risk involved as it is not clear as to why transactions under One-Customs and out of WeBOC still continue at places like Karachi, Lahore and Peshawar, etc. The abrupt exclusion of GD audit function from the purview of DGIAC shall result into absence of any check and balance mechanism on import/export GDs processed under One-Customs. Moreover, unavoidable circumstances sometimes result in temporary layoff of WeBOC at any customs station also requires provision of auditing the import/ export record processed manually or under OneCustoms by DGIAC. The substitution of One-Customs with WeBOC in due course of time shall automatically render complete transfer of GD audit function to PCA.

Retention of function of GD audit to the extent of One-Customs stems from the fact that under existing methodology for audit at PCA, the clearance data is retrieved from WeBOC and audited thereof, hence GDs cleared under One-Customs environment remains unaudited. In certain instances, GDs are permitted to be filed and processed under One-Customs. This also requires existence of an alternate effective check and balance mechanism, hence, the suggestion of retention of function of audit of import/export GDs filed and processed under One-Customs with DGIAC, FBR added.

RECORDER REPORT