

Increased Compliance via 100% Entry Audit

Along with new programs that Customs and Border Protection has implemented over the last few years, importers have found the need to be more diligent while examining the details of import transactions, all while remaining efficient in these tough economic times. As part of maintaining compliance, importers must exercise “reasonable care” when, among other things, assigning tariff classification, stating the value of goods, and declaring country of origin. The importance of correct classification and country of origin has become increasingly urgent as this data is also required when filing Importer Security Filings (ISF).

What is a 100% Entry Audit

An importer may have a parts list containing correct information pertinent to the entry of the merchandise; however at the end of the day, this information will be entered by a broker. This presents an opportunity for the entry to contain compliance errors. Brokers may audit the entry before submission, and the importer may audit a percentage of the entries over time for Importer Self Assessments (ISA) or other reporting purposes, but importers rarely audit all of customs entries. A 100% entry audit would constitute auditing every single customs entry in order to see if all goods were entered correctly. If an importer normally conducts a post audit of a percentage of entries, it is easy to see that a 100% entry audit would be a “best practice”.

How the Audit Process Works

Allyn International Services, Inc.’s (Allyn) Customs Import Management System (CIMS™) allows for electronic auditing of 100% of an importer’s entries. CIMS™ will compare electronic entry data provided by the broker to the data that the importer has previously entered into CIMS™. Items that can be audited include: Entry Type, IOR,

MID, Exporting Country, Country of Origin, Related Party, HTS, Trade Preference Indicator, Unit Price, and Quantity.

After the audit, any exceptions will populate as potential errors, and an import compliance team member will need to determine if there is an error and submit the appropriate correction.

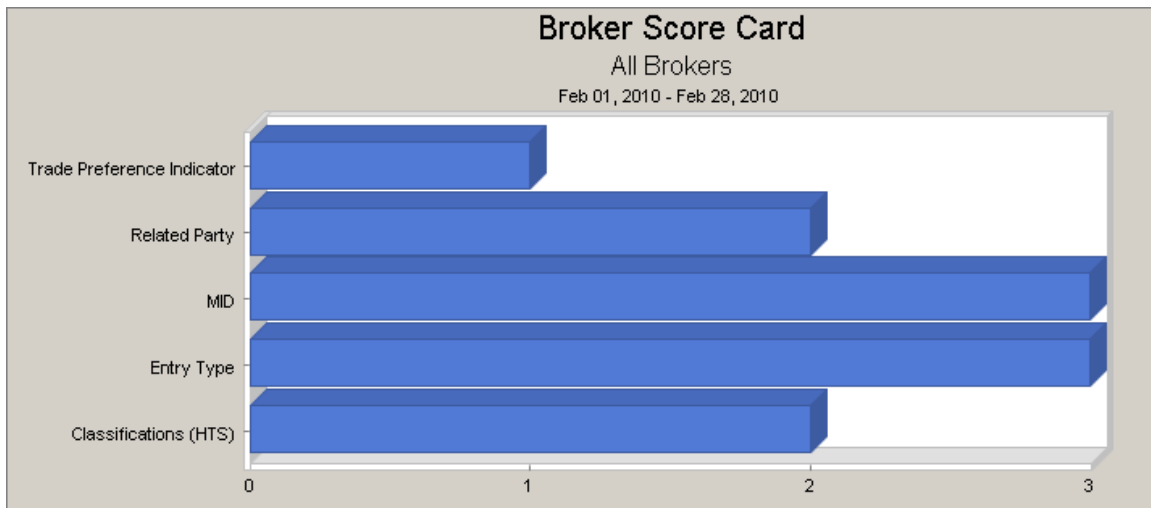
The audit and exception parameters can be adjusted to fit any importer's needs. Allyn works with importers and brokers to develop the flow of data and documentation to ensure that all entries can be audited in a timely manner. Allyn currently receives electronic entry data from a number of customs brokers and importers in a variety of formats, so there should not be any compatibility issues

Advantages

The auditing will actually take place before entry summary, so formal entries can still be amended with the correct information. This audit process minimizes the need for importers to file Post Entry Amendments.

In addition, CIMS™ tracks entry errors, allowing for the publishing of broker scorecards at the touch of a button. This aspect of the tool is invaluable, allowing importers to ensure their brokers share the same dedication to import compliance.

Sample Metrics



Case Study

Allyn was contacted by an importer in late 2008. This importer had experienced some problems with import compliance and was interested in setting up a process that would put an emphasis on classification, valuation, and country of origin. Among the numerous best practices that Allyn helped this importer implement was the 100% Entry Audit, via Allyn's CIMS™ software. Allyn worked with the importer and brokers on setting up the data feeds and CIMS™ HTS database. After the first month of auditing 100% of all the entries, the error rate was 21%. Over the next year while the company's entry volume increased by over 150%, the number of entry errors decreased to 2%. Additionally, while this particular importer discovered over 80 errors through that first year, no Post Entry Amendments were necessary as all of the formal entries were corrected prior to entry summary date.

Summary

In summary, the CIMS™ Entry audit tool provides both high and low volume importers an opportunity to confirm that 100% of all U.S. Customs Entries are declared correctly. It allows for errors to be discovered and corrected prior to entry summary, thereby minimizing the need for Post Entry Amendments, Protests or Prior Disclosures.

CIMS™ is a great tool for assisting with broker management, as it helps importers monitor the performance and compliance rate of their brokers.

A 100% entry audit is a great way to show an importer's use of "best practices" and commitment to compliance. In addition, over time the audit process should also help importers increase efficiency while improving their recordkeeping processes, data availability, and customized reporting capabilities.

[For More Information](#)

In addition to the Entry Audit tool, CIMS™ also contains the following modules: Broker Interface Module, Free Trade Module, Recordkeeping Module, Post Entry Module, and a Reporting Module. For more information on any of the modules that make up this comprehensive global trade compliance system please contact the Trade Compliance Department at Allyn International Services, Inc. (239)489-9900 or Dreckman.M@allynintl.com

[About Allyn International Services, Inc.](#)

Allyn International Services, Inc. is a privately-held professional services firm established in 1992 dedicated to providing high quality, customer centric services and solutions for the global marketplace. Our core products include transportation management, logistics sourcing, freight forwarding, supply chain consulting, tax management and global trade compliance. More information is available at www.allynintl.com