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M11

Quality Examination Instructions and Reporting Risk Analysis Unit Involvement

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Examination Reports

- The most effective way to:
 - Identify potential risks
 - Support new and existing risk profiles
 - Monitor your current criteria
- Set a standardized format for Officers to report examination findings
- Insist on the facts!



What does this tell you?

Declaration was re-routed from green to red as it may be suspect to HQ Directive 1234. Physical examination of the mixed Turkish Goods being transported by a Bulgarian driver and truck revealed that some of the products should have been assessed at a higher value according to instructions provided to the field officers. Corrections were made to the declaration in accordance with National Customs instructions.



Automated or Manual?

- The preferred reporting system is through your automated declaration processing system.
- If you don't have that capability, then you will need to develop a manual reporting system.



Element 1: Discrepancy Type

- In an automated reporting system, the first element of the examination report should identify the irregularity type.
- You will have to assign discrepancy codes.
 - Value = 002 or VAL
 - Tariff =001 or HTS
 - Quantity =003 or QUA



Element 2: Change actions

- After the discrepancy type, the record should record the “From ... To” if a change to the declaration was made:
 - VAL: \$10,000 to \$35,000;
 - HTS: 7326998080 to 8203600000;
 - QUA: 300 to 350;



Element 3: Basis or law

- If possible: The next data should be the law (or basis) under which the Officer made the change:
 - VAL: \$10,000 to \$35,000; 402(b);
 - HTS: 7326998080 to 8203600000; GRI 2;
 - QUA: 300 to 350; 1497;



Element 4: Loss of Revenue

- The next field should be the potential loss of revenue if the discrepancy had not been discovered.
 - VAL: \$10,000 TO \$35,000: 402(b); LOR=\$1,256;
 - HTS: 7326998080 TO 8203600000: GRI 2; LOR=\$543;
 - QUA: 300 to 350; 1497;LOR=\$821;



Element 5: Officer's Comments

- Allow the Officer to then make his or her own comments to justify the finding (optional):
 - VAL: From \$10,000 to \$35,000; 402(b); LOR=\$1,256; Broker error;
 - HTS: From 7326998080 to 8203600000; GRI 3; LOR=\$543; Tool on Keychain;
 - QUA: From 300 to 350; 1497; LOR=\$821; 7 boxes of 50 units;



Element 6: Action taken

- The next portion should specify the action taken if known:
 - VAL: From \$10,000 to \$35,000: 402(b): LOR=\$1,256: Broker error; Amended
 - HTS: From 7326998080 to 8203600000: GRI 3: LOR=\$543: Tool on Keychain; Confirmed by C&V;
 - QUA: From 300 to 350: 1497; LOR=\$821; 7 boxes of 50 units; \$400; penalty;



Element 7: Additional Comments

- If there is more than one irregularity, allow for both to be reported.
 - “HTS & VAL: From 392690 to 870899: From \$2500 to \$3000: GRI 1 & 402(f): plastic car hood ornaments: double invoice: referred to OI”
- If there are unknowns at the time of examination, allow the officer to state so:
 - “Possible HTS irregularity: Fabric sent to lab for analysis: Shipment released, entry not assessed”



Element 8: Discovering Officer

- The next element should identify the officer by initials or ID number:
 - VAL: From \$10,000 to \$35,000: 402(b): LOR=\$1,256: Broker error; Amended; RH
 - HTS: From 7326998080 to 8203600000: GRI 3: LOR=\$543: Tool on Keychain; Confirmed by C&V; RH;
 - QUA: From 300 to 350: 1497; LOR=\$821; 7 boxes of 50 units; \$400; penalty;RH;



Examination Instructions

- What's the difference between these two criteria names and instructions?

Criteria Name: Container

Instructions: Goods are suspect of violating Customs laws. Ensure compliance. Packages of various goods not always claimed as such. Possible diversion of shipment. Report clearly.

Criteria Name: Random

Instructions: Verify general compliance with HTS, Value, and Country of Origin. Please report any other significant findings.



Clear and Concise

- Instructions should (to the best of your ability) direct the officer to the assessed risk:
 - “Socks imported at 402(b) value but quantity regularly understated”
 - “Check markings on blades and plastic fixtures for inconsistent C/O”
 - “Known violator of IPR goods. Check database”



Summary

- Examination quality as it pertains to your criteria will only improve with better instructions.
- Develop standardized “Remarks” to simplify your analysis
- Standardize your criteria instructions
- Work with your field offices



Practical Exercise

- Divide into working groups
- Prepare a draft directive or order to be signed by the Chairman establishing a new cargo examination policy.
- Designate two members your group to each make a 10 minute presentation.