

TABLE OF CONTENT

- i Foreword
- 1 Introduction
- 2 Background of PCA
- 3 Defination, Importance & Benefits
- 4 Objectives of PCA
- 5 Legal Framework
- 6 International Instruments
- 7 Scope of PCA
- 8 PCA Ethical Standards
- 9 Rights & Obligations
- Organization of PCA
- 11 Types of Audit
- 12 PCA Modalities/Cases
- 13 Stakeholders Engagement
- Voluntary Disclosure
- 15 PCA Processes
- Post Audit Management

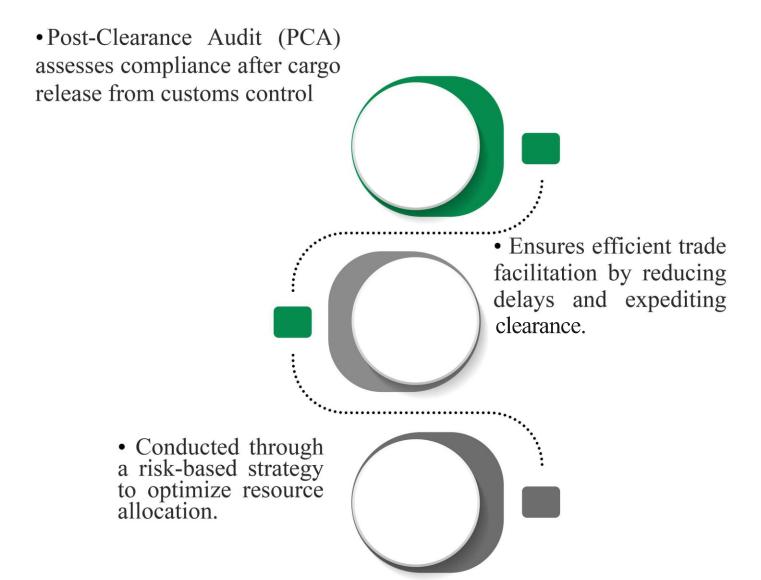
INTRODUCTION

Post Clearance Audit (PCA) is a modern Customs control strategy that balances the need for trade facilitation with compliance and revenue protection. By conducting risk-based audits after the release of goods, PCA minimizes delays, reduces costs for traders, and ensures that Customs regulations are met.

The Nigeria Customs Service Act 2023 provides the legal framework for PCA, supporting its implementation as a key element of risk management and trade facilitation in Nigeria. Through PCA, Nigeria Customs Service can protect revenue, promote a compliant and efficient trading environment.

The transition from transaction-based controls at the border to audit-based controls is a key aspect of PCA. Traditional transaction-based controls, such as physical inspections and document reviews, are often time-consuming and can create bottlenecks at ports of entry. By conducting audits after goods have been released, PCA allows for faster clearance, reducing the burden on both traders and the NCS.

BACKGROUND OF PCA



Definition, Importance and Benefits of PCA

o PCA is a means to measure and improve compliance via examination of traders' systems, accounting and other business records and premises

o PCA ensures customs declarations meet legal requirements.

o PCA helps identify undervaluation, overvaluation, misclassification, and non-compliance.

Customs

Improved revenue collection, revenue protection, risk management, trade facilitation.

BENEFITS

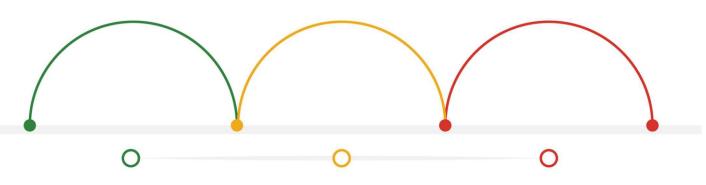
Stakeholders

release.
Increase customers
satisfactio,
predictability of duty
liability, better
understanding of record
keeeping, supports
robust client education
and enquiry services

Reduce cost due to fast

Objectives of PCA





- Ensure accurate customs declarations and duty payments.
- Verify compliance with import/export controls (licenses, quotas).
- Facilitate quicker clearance for compliant traders.

Legal Framework



PCA is legally mandated under NCS Act 2023.



Section 36	Section 37	Section 38	Section 39	Section 40
Clearance	Procedure for conducting Post Clearance Audit		Payment of additional duties and customs duties on completion of audit	Trader's system audit

Other International Instrument



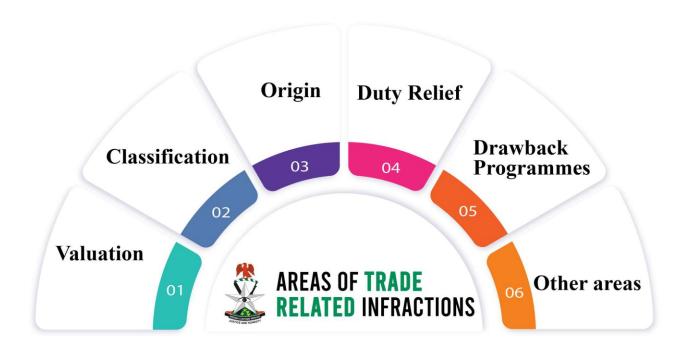
- Revised Kyoto Convention General Annex. Chapter 6 (Customs Control): Customs increasingly use audit-based controls to manage global trade and facilitate trade.
- Standard 6.6 of the General Annex to the Revised Kyoto Convention: Details of post-clearance audit and trader self-assessment.



- Article 7 5.1: Each Member must adopt or maintain post-clearance audit to expedite the release of goods.
- Article 7 5.2: Members shall select a person or consignment for post-clearance audit in a risk-based manner.
- Article 7 5.3: Information obtained in post-clearance audit may be used in further administrative or judicial proceedings.
- Article 7 5.4: Members shall use post-clearance audit results in risk management.

Scope of PCA

It covers compliance management, trade-related infractions, and persons subject to post clearance audit. It includes importers and exporters; Customs agents; warehouse operators; zone operators; banks and other financial institutions; transport firms; freight forwarders; express couriers; Excise traders; and other persons directly or indirectly engaged in international trade.



PCA ETHICAL STANDARDS

Post-Clearance Audit Standards

Competence, Profesisonal Due Care





Objectivity, Independence, and Integrity

Confidentiality & Transparency







Equity/Impartiality

RIGHTS AND OBLIGATIONS

AUDITORS

Auditors have the right to access and inspect premises, request documents, and obtain records from various entities. They must respect auditees' rights, maintain confidentiality, and adhere to professional ethics.

AUDITEES

Auditees have the right to fair hearings, confidentiality, and receive written notification of the audit, right to appeal. Auditees must provide access to premises, cooperate, facilitate goods sampling, and prepare staff for the audit.



ORGANIZATION OF PCA

PCA Teams and Locations

Coordination: ACG PCA assisted by Comptroller PCA HQ Administration and Comptroller PCA HQ Operation

Centralized at PCA HQ Office Abuja: Setting national audit policy, case selection/allocation of audit cases, strategy development and audit coordination

Decentralized at the zone: Profiling and targeting Performing audit functions, implementation of headquarter's policies and other operational duties.

PCA Zonal Locations

• Zone A: Lagos

Zone B: Kano

Zone C: Port Harcourt

· Zone D: Bauchi

Each zone is responsible for auditing activities under its zone

NB: PCA sub-units exist at various Commands/Terminals within the zones



Types of Audit

- Comprehensive Audit (Systems-Based Audit): This type of Audit takes place at the premises of the auditee, it looks at the entire business control environment and the impact that might have on Customs compliance.
- Focused Audit (Issue-Based Audit): This type of audit concentrates on one or few areas of Customs, e.g. valuation, classification, country of origin etc.
- Post-Importation Transaction Based Audit: This can work in two (2) ways.
 - Referrals from the port/border post: When an officer has doubts concerning a particular declaration at the time of clearance
 - The risk profile team scrutinizes individual Customs declarations after clearances and selects those where doubts arise regarding their accuracy.

AUDIT METHODOLOGY

Modalities of Post Clearance Audit

- Desk Audit: Conducted at Customs office without visiting the premises of the auditee to ascertain the level of compliance of an entity.
- •On-site (field) Audit: Conducted at the premises, locations, and/or places where the auditee carries out their activities including system reviews with the aim of ascertaining the level of compliance of an entity.

Cases for PCA

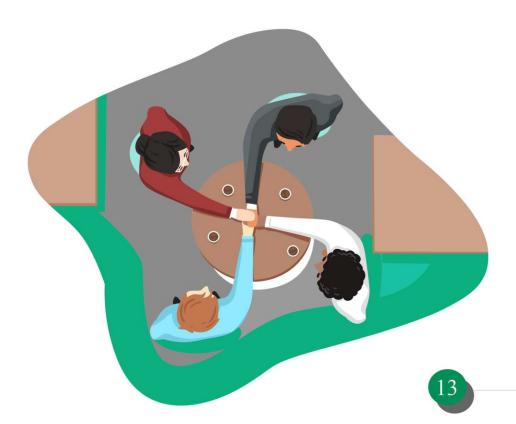
- Discrepancies or irregularities in documentation
- High-Risk shipment
- Voluntary disclosure
- Intelligence
- Changes in Government Fiscal Policies
- Non-compliance History
- Random Selection
- Government policy
- Compliance Measurement



STAKEHOLDER'S ENGAGEMENT (INTERNAL AND EXTERNAL)

The successful execution of Post-Clearance Audit (PCA) requires the engagement of both internal and external stakeholders. Internal stakeholders include Customs Auditors, Risk Managers, and others, while external stakeholders include importers, exporters, customs agent, excise traders, freight fowarders among others

Effective engagement strategies include transparency, technology adoption, regular communication, and conflict resolution mechanisms. Digital platforms, collaboration, and clear guidelines are essential for a smooth audit process.



VOLUNTARY DISCLOSURE

This encourages economic operators to disclose discrepancies within two weeks after declaration is filed for amendment of good declaration thereby promoting compliance, revenue collection, eliminating trade facilitation delays, transparency, improved reputation, reduced inspection, expedited clearance and re-inforcing the value of trust between Customs and the trading community.



PCA PROCESS

Pre-Planning & Case Selection

- Audits are selected based on risk profiles and intelligence.
- Pre-audit research includes reviewing past compliance and risk data.





The Audit Plan

- The audit plan outlines the objectives, steps, and resources needed.
- It includes data collection, sampling, and verification of records.



Execution & Sampling

- System reviews and walkthrough of traders processes.
- Sample selection base on risk and statistical method.



Audit Reporting & Follow-Up

- Audit findings are compiled into a report with recommendations.
- Follow-up ensures compliance with audit results.

POST-AUDIT MANAGEMENT

Demand Note/Assessment



- If discrepancies are found, a demand note is issued to recover loss revenue.
- The demand note details outstanding obligations.

Objections and Appeals



• Auditees may object to findings and appeal through formal channels.

Debt Management Function



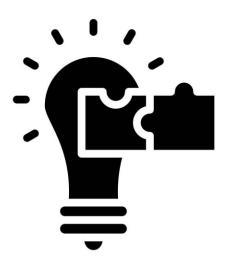
• Revenue recovery and monitoring recoveries.

POST-AUDIT MANAGEMENT

Audit Closure



- Once compliance is ensured, the audit is closed.
- Records are returned to the auditee, and a closure report is filed.
- Recommendation of stakeholder to Risk Management for Customs control.



- PCA is essential for ensuring compliance, facilitating trade, and protecting revenue.
- It is built on principles of fairness, transparency, and professionalism.

