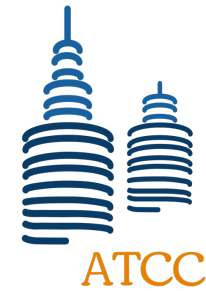




2025 ATCC Conference



Advanced Drawback: Preparing for and Responding to CBP Desk Reviews, Audits, and Inquiries

February 7, 2025

Presented By:

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Charter Brokerage, LLC

Agenda

- What is a Drawback Desk Review?
- Regulatory Authority for the Desk Review
- How to Prepare for a Desk Review
- Anatomy of a Desk Review Letter
- After Submission of the Desk Review
- Informal Inquiries from CBP
- How Do Audits Differ from Desk Reviews
- Anatomy of a Drawback Audit
- Questions



What is a Drawback Desk Review?



- A formal request for information related to a pending, complete drawback claim
 - Customs needs information to supplement or elaborate on previously submitted information/data
- Source documents to demonstrate that the information provided in the claim is correct and supportable
- While an electronic drawback claim contains significant and detailed data/information, that information is all derived from source documentation and records.
- A desk review is a formal process unique to drawback to get that information, similar to an import Request for Information (CF28), but more involved and requested for a much higher percentage of claims



19 CFR 190.61- Authority to Review All Records



190.61 Verification of drawback claims.

(a) *Authority.* All claims are subject to verification by CBP.

(b) *Method.* CBP personnel will verify compliance with the law and this part, the accuracy of the related general manufacturing drawback ruling or specific manufacturing drawback ruling (as applicable), and the selected drawback claims. Verification may include an examination of all records relating to the transaction(s).

It's All About "Perfection"



- 19 CFR 190.51 the ACE CATAIR, and the ACE Business Rules set out what is required in a complete claim and what is filed in the electronic ACE drawback claim. A complete claim is generally data elements taken from source documentation involved in the import, warehousing, manufacture, and exportation of merchandise claimed for drawback.
- The "perfection" process is where CBP may ask for the source documentation that supports those data elements.
- Claimants "perfect" the claim by providing source records that support the submitted claim data. Failure to perfect a claim will typically result in its reduction or denial.

19 CFR 190.52(b): Perfection



Perfecting the claim; additional evidence required. If CBP determines that the claim is complete according to the requirements of § 190.51(a)(1), but that additional evidence or information is required, CBP will notify the filer. The claimant must furnish, or have the appropriate party furnish, the evidence or information requested within 30 days of the date of notification by CBP. CBP may extend this 30-day period if the claimant files a written request for such extension within the 30-day period and provides good cause. The evidence or information required under this paragraph may be filed more than 5 years after the date of importation of the merchandise designated as the basis for the drawback claim (or within 3 years after the date of exportation of the articles upon which drawback is claimed for drawback pursuant to 19 U.S.C. 1313(d)). Such additional evidence or information may include, but is not limited to:

- (1) Records or other documentary evidence of exportation, as provided for in § 190.72, which shows that the articles were shipped by the person filing the drawback entry, or a letter of endorsement from the exporter which must be attached to such records or other documentary evidence, showing that the party filing the entry is authorized to claim drawback and receive payment (the claimant must have on file and make available to CBP upon request, the endorsement from the exporter assigning the right to claim drawback);
- (2) A copy of the import entry and invoice annotated for the merchandise identified or designated;
- (3) A copy of the export invoice annotated to indicate the items on which drawback is being claimed; and
- (4) Records documenting the transfer of the merchandise including records kept in the normal course of business upon which the claim is based (see § 190.10).

How do you prepare for a Desk Review?



- Preparation starts with your privilege applications when you identify the sample documents you will maintain. Know the source documents that support every piece of data that you use in the claim and make sure those are available.
- Three “silos” of data and documents: Import Records, Inventory/Manufacturing Records, Export/Destruction Records
- Periodically test the data transmitted to CBP against those documents, making sure that there is no disconnect, particularly where electronic records are being used to feed drawback claim data.
- Ensure document retention is long enough to ensure documents are available. Drawback claims can take a number of years to liquidate even if you are paid Accelerated Payment. A desk review could come years after filing the claim and even longer after the import itself.

Import Records



- What is being imported, what quantity, what value, who is importing the product and where is it being shipped
- Purchase Order
- Import Invoice
- Import Packing List
- Entry Summary
- Import BOL, where it is shipped
- Support for import classification
- Transfer records (19 CFR 190.10)

Inventory Records



- How is inventory maintained, by SKU, system used
- What is being received in inventory (SKU, Quantity), does it match to import documents, inventory movements, what is being withdrawn from inventory, does it match to export documents
- Receipt into inventory (screen shot, report)
- Inventory movements (reports)
- Sales Order
- Withdrawal from inventory (screen shot, report)

Manufacturing Records



- What component/material is being used in production, when is the finished item being produced, what is being produced, what happens to finished product (inventory and withdrawal), does it match to export documents
- Bill of Materials
- Withdrawal of component/material for production
- Standard cost/cost information (substitution, lesser of)
- Production documents (work order, production order, etc.)
- Movement of finished product after production
- Sales Order
- Withdrawal from inventory (screen shot, report)

Export Records



- What is being exported, what quantity, what value (substitution), who is exporting the product, from where is it being shipped, transportation documents supporting movement, records supporting possession
- Sales Order
- Export Invoice
- Export Packing List
- Inland transportation documents
- Export Bill of Lading or other proof of export (
- EEI (export value for unused substitution)
- Support for export classification
- Transfer records, export waiver/assignment letter

Anatomy of a Desk Review Initiated by Customs Form 28



- 30 days to respond and you can contact the DB Specialist for an extension which are generally freely given
- Should receive email if set up in ACE Portal
- The questions are in a separate Desk Review Letter referred to in Box 14
- Upload your response to DIS, just like any other CF28

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection
REQUEST FOR INFORMATION
10-001 (03-11)

09A-000000, 09-101-0000
PARTIAL/COMPLETE, 09-10-2010
09000000000000000000

1. Date of Request (mm-dd-yyyy)	2. Date of Entry and Importation (mm-dd-yyyy)	3. Entry No.
4. Manufacturer/Seller/Shipper	4. Name	5. Entry No.
5a. Invoice Description of Merchandise	5b. Invoice No.	6. HTSUS Item No.
7. Country of Origin/Exportation	8. CBP Broker and Reference or File No.	
9. TO:	10. FROM:	
Production of Documents and/or Information Required by Law: If you have provided the information requested on this form to U.S. Customs and Border Protection at other ports, please indicate the port of entry to which it was shipped and furnish a copy of your reply to this office, if available.		11a. Port
		11b. Date Information (mm-dd-yyyy)
General Information and Instructions		
12. Please Answer Indicated Questions:		
13. Please Fill in/Attach Indicated Items:		
<input type="checkbox"/> A. Are you related (see reverse) in any way to the seller of this merchandise? If you are related, please describe the relationship, and explain how this relationship affects the price paid or payable for the merchandise.	<input type="checkbox"/> A. Copy of contract or purchase order and seller's certification (where) covering this transaction, and any revisions thereto.	
<input type="checkbox"/> B. Identify and give details of any additional costs/expenses incurred in this transaction, such as: <ul style="list-style-type: none"> <input type="checkbox"/> (1) packing <input type="checkbox"/> (2) commissions <input type="checkbox"/> (3) discounts <input type="checkbox"/> (4) royalties and/or license fees 	<input type="checkbox"/> B. Description of material/merchandise or information concerning what the merchandise is, where and how it is used, and exactly how it is assembled. <input type="checkbox"/> C. Breakdown of components, materials, or ingredients by weight and the actual cost of the components at the time of assembly into the finished article. Subst. samples: Article number: _____ Article description: _____ Number from container: _____ Marked/lot number: _____ Samples consumed in analysis, and other samples whose return is not specifically requested, will not normally be returned. See item 14 below.	
14. CBP Officer Message		
15. Supply Missing Information (provide details if more space is needed)		
16. If it is required that an individual (person/company) official execute this certificate and/or endorse at correspondence in response to CERTIFICATION, the information requested. NOTE: NOT REQUIRED IF FOREIGN FIRM COMPLETES THIS FORM.		
17. CBP Official		
18. Team Designation		
19. Telephone No.		
20. Fax No.		
21. Email		

CBP Form 28 (07/18)



14. CBP Officer Message
Please see attached

Anatomy of a Desk Review- The Letter



1100 Raymond Boulevard
Newark, NJ 07102

**U.S. Customs and
Border Protection**

FULL DESK REVIEW

August 1, 2023

ABC Company
123 Street
Anytown, Ohio 12345

Re: Substitution Unused Drawback § 1313(j)(2)

Claimant ID number: 99-123456700
Drawback claim number: ABC-12345678

Per 19 C.F.R. 190.61(a), additional information is required to process your claim for drawback. Please provide the following documentation within 30 days of the date of this notice:

- **DESIGNATED MERCHANDISE REVIEW**
For ITIN/Claim Record Number(s)* 65, 278, 146 provide the following per record:
 1. Import purchase orders and invoices;
 2. Duty rates for the imported merchandise;
 3. Descriptive literature of the imported merchandise;
 4. Evidence supporting the substituted merchandise value as recorded in the claim. Documents provided should demonstrate that the value was correctly calculated per the requirements in §190.11;
 5. Provide a summary recap sheet (see sample below) that shows all transfers of the designated and substituted merchandise from import through export.
 6. Statement regarding any merchandise substitutions by the importer, claimant, or any other intermediary party;
 7. Company contact person (name, title, address, phone number) in the event that further information is required.
- **HTS VERIFICATION OF THE SUBSTITUTED MERCHANDISE**
For ITIN/Claim Record Number(s)* 65, 278, 146, identify the merchandise and provide evidence, such as narrative description, technical specifications, and photos/diagrams that supports the HTS classification as recorded in the claim.
- **TRACE REVIEW AND PROOF OF EXPORT FOR SELECTED MERCHANDISE**
For export/destructions record(s) WXYZ1000025, WXYZ1000026, WXYZ1000027, provide documents that trace the substituted merchandise's movement from claimant's possession through export/destruction. Such documents should be chronological, and will include applicable inventory records (showing receipt and withdrawal) and warehouse/logistical records, and other documents kept in the normal course of business **for each entity** that possessed the substituted merchandise. Any gaps in the chronological record must be explained.

- For proof of export/destruction provide the following:
1. Export sales orders and invoices with specifications;
 2. Proof of export or destruction:
 - a. Documents must establish the date and fact of export/destruction. The quantity, description, as well as the identity of the exporter must support the claim for drawback. Unidentified 3rd parties appearing on the documents must be explained;
 3. If the claimant is not the exporter of record, provide an assignment letter giving the claimant the right to the drawback.

***Claim Record Number(s)**
Claim Record Number refers to the sequential number of the record as it was transmitted in ACE (40-Record in the Drawback CATAIR)

Summary Recap Sample

Claim ITIN/Record Number	Substitute or Imported Merchandise (S or I)	Import Entry # (as applicable)	Party Transferring Merchandise	Merchandise Description	Merchandise QTY and UOM	Date of Transfer	Receiving Party

All documentation must be legible. Redactions will limit our ability to review your claim, which may result in a partial or full denial of drawback. To expedite our review, please annotate the documents with what the information represents in relation to this request.

If your claim was filed electronically through ABI, you must upload the documentation into DIS using your drawback claim number as the reference number. Once this occurs, please notify the contact below via email that the upload is complete. If your claim was not filed electronically, please forward the information to the contact listed below.

A filing extension will be considered for good cause if requested in writing within the response period noted herein. Failure to respond as required will result in claim liquidation based upon the information currently on file, which may result in a partial or full denial of your claim.

For manual filers, forward the information to the specialist named below at: New York/Newark Drawback Center, 1100 Raymond Blvd. – Suite 310, Newark, NJ 07102 and include a copy of this letter. If you need additional information regarding your claim or this request, please contact the undersigned at drawbackSpecialist@cbp.dhs.gov, phone number.

Sincerely,

Drawback Specialist

cc: Drawback Broker

Anatomy of a Desk Review- The Letter



1100 Raymond Boulevard
Newark, NJ 07102



**U.S. Customs and
Border Protection**

FULL DESK REVIEW

August 1, 2023

ABC Company
123 Street
Anytown, Ohio 12345

Re: Substitution Unused Drawback § 1313(j)(2)

Claimant ID number: 99-123456700
Drawback claim number: ABC-12345678

Per 19 C.F.R. 190.61(a), additional information is required to process your claim for drawback.
Please provide the following documentation within 30 days of the date of this notice:

➤ DESIGNATED MERCHANDISE REVIEW

For ITIN/Claim Record Number(s) *65, 278, 146 provide the following per record:

1. Import purchase orders and invoices;
2. Duty rates for the imported merchandise;
3. Descriptive literature of the imported merchandise;
4. Evidence supporting the substituted merchandise value as recorded in the claim.
Documents provided should demonstrate that the value was correctly calculated per the requirements in §190.11;
5. Provide a summary recap sheet (see sample below) that shows all transfers of the designated and substituted merchandise from import through export.
6. Statement regarding any merchandise substitutions by the importer, claimant, or any other intermediary party;
7. Company contact person (name, title, address, phone number) in the event that further information is required.

Identify your ITINs



- The Desk Review identifies anywhere from 1-30 ITINs
- ITINs are individual line items based upon the 40 records in the drawback claim record set
- An ITIN is a claim against a line on an import entry summary or part of an entry summary line.

40-Record Data Element	Length/ Class	Position	Design	Description	Note
				Indicator = X/T. Refer to current policy for additional guidance. If filing Drawback under 1313(a) or TFTEA: do not report	
Import Tracking Identification Number (ITIN)	5N	51-55	C	Required for Drawback Provision 51-56, 58-77. ITIN is unique identifier within Drawback for each 40 record and be sequential number. Cannot be repeated within the drawback and cannot overlap with Manufactured Tracking Identification Number (MTIN). Please note this numeric value and leave room to grow in the future up to 99,999.	

Evidence Supporting Substitute Value



- Only applies to substitution for “lesser of” calculation (Substitute Value in CATAIR)
- For 1313(b), manufacturing, looking at cost of component/material actually used in production (standard cost information, standard cost)
- For unused substitution (1313(j)(2)) value reported on EEI, so follow your ITIN to where it is reported in the Export 72 Record:

Linking Export to Import Article (Input 72-Record)

The 72-Record contains ITIN to link the articles Import article to Export/Destroy articles and is Conditional in the Export/Destroy Articles Grouping.

72-Record Data Element	Length/Class	Position	Design	Description	Note
Control Identifier	2AN	1-2	M	Always 72	
Import Tracking Identification Number (ITIN)	5N	3-7	C	ITIN is reference or link to related 40 Record/50 Record to this export. This is a one to many relationship.	
Import Tracking Identification Number (ITIN)	5N	8-12	O	ITIN is reference or link to related 40 Record/50 Record to this export. This is a one to many relationship.	

Transfers and Summary Recap Sheet



- Provide a summary recap sheet (see sample below) that shows all transfers of the designated and substituted merchandise from import to export or import to manufacturing (if 1313(b)).
- Important, no need to provide transfer documentation as described in 190.10, but must complete the Summary Recap Sheet

Summary Recap Sample

Claim ITIN/Record Number	Substitute or Imported Merchandise (S or I)	Import Entry # (as applicable)	Party Transferring Merchandise	Merchandise Description	Merchandise QTY and UOM	Date of Transfer	Receiving Party

Substitutions



- Identify all substitutions- should be when imported merchandise was substitute for the substitute merchandise
- Only one is allowed
- Should match to your completed summary recap sheet if there were transfers

Summary Recap Sample

Claim ITIN/Record Number	Substitute or Imported Merchandise (S or I)	Import Entry # (as applicable)	Party Transferring Merchandise	Merchandise Description	Merchandise QTY and UOM	Date of Transfer	Receiving Party

Additional Manufacturing Questions



- All applicable manufacturing/production records for the final drawback article;
- Provide a waste calculation worksheet as applicable;
- Identify any third party manufacturers involved in the manufacturing process:
 - a. Identify the starting material, the services provided by the agent, and the resulting product.
 - b. Provide any applicable third party manufacturing documents for the resulting product.

HTS Verification of the Substituted Merchandise



- Only for Substitution claims, 1313(b), 1313(j)(2)

➤ HTS VERIFICATION OF THE SUBSTITUTED MERCHANDISE

For ITIN/Claim Record Number(s)* 65, 278, 146, identify the merchandise and provide evidence, such as narrative description, technical specifications, and photos/diagrams that supports the HTS classification as recorded in the claim.

Trace Review- Unused Substitution



Typically related to ITINs

➤ TRACE REVIEW AND PROOF OF EXPORT FOR SELECTED MERCHANDISE

For export/destructions record(s) WXYZ1000025, WXYZ1000026, WXYZ1000027, provide documents that trace the substituted merchandise's movement from claimant's possession through export/destruction. Such documents should be chronological, and will include applicable inventory records (showing receipt and withdrawal) and warehouse/logistical records, and other documents kept in the normal course of business **for each entity** that possessed the substituted merchandise. Any gaps in the chronological record must be explained.

For proof of export/destruction provide the following:

1. Export sales orders and invoices with specifications;
2. Proof of export or destruction:
 - a. Documents must establish the date and fact of export/destruction. The quantity, description, as well as the identity of the exporter must support the claim for drawback. Unidentified 3rd parties appearing on the documents must be explained;
3. If the claimant is not the exporter of record, provide an assignment letter giving the claimant the right to the drawback.

Typical Unused Substitution Trace Records



- Sales Order
- Inventory records for substitute SKU
- Withdrawal from inventory linking to export documents
- Export invoice and packing list (linking to inventory withdrawal)
- Inland transportation documents, if applicable
- Export Bill of Lading or other proof of export
- EEI
- NOTE, no import records necessary

Trace Review- Manufacturing Substitution



➤ TRACE REVIEW AND PROOF OF EXPORT FOR SELECTED MERCHANDISE

For export BOL213456 (ITIN 217), provide documents that trace the substituted merchandise's movement from claimant's possession through manufacturing to export. Such documents should be chronological, and will include applicable inventory records (showing receipt/withdrawal of substituted merchandise entering inventory and withdrawal of finished article) and warehouse/logistical records, and other documents kept in the normal course of business for each entity that possessed the substituted merchandise. Any gaps in the chronological record must be explained.

For export BOL213456 (ITIN 217), provide the following:

1. Export sales orders and invoices for the finished drawback article;
2. Proof of export
 - a. Documents must establish the date and fact of export. The quantity, description, as well as the identity of the exporter must support the claim for drawback. Unidentified 3rd parties appearing on the documents must be explained;
3. If the claimant is not the exporter of record, provide an assignment letter giving the claimant the right to the drawback.

Typical Manufacturing Subst Trace Records



- Sales Order for finished good
- Bill of Materials
- Inventory records for substitute component/material
- Manufacturing records showing use of substitute component/material in finished good
- Withdrawal of finished good from inventory linking to export documents
- Export invoice and packing list (linking to inventory withdrawal)
- Inland transportation documents, if applicable
- Export Bill of Lading or other proof of export
- EEI
- NOTE, no import records necessary

Trace Review- 1313(j)(1) Direct ID Unused



➤ TRACE REVIEW AND PROOF OF EXPORT/DESTRUCTION FOR SELECTED MERCHANDISE

For export AWB 1758 (ITIN 160), AWB 1760 (ITIN 91) & AWB 1767 (ITIN 90), provide documents that trace the designated merchandise's movement **from import through to export.**

Such documents should be chronological, and will include applicable inventory records (showing receipt and withdrawal) and warehouse/logistical records, and other documents kept in the normal course of business **for each entity** that possessed the merchandise. Any gaps in the chronological record must be explained.

For export AWB 1758 (ITIN 160), AWB 1760 (ITIN 91) & AWB 1767 (ITIN 90), provide the following:

1. If a selected export is subject to the mandatory AES reporting requirements in 15 CFR Part 30, provide a copy of the EEI with ITN;
2. Export sales orders and invoices with specifications;
3. Proof of export:
Documents must establish the date and fact of export. The quantity, description, as well as the identity of the exporter must support the claim for drawback. Unidentified 3rd parties appearing on the documents must be explained;

If the claimant is not the exporter of record, provide an assignment letter giving the claimant the right to the drawback.

Typical 1313(j)(1) Trace Records



- Import Purchase Order, Invoice, packing list, bill of lading
- Import Entry Summary
- Inventory records for receipt of product into inventory (serial #, acctg method)
- Sales Order
- Withdrawal of product from inventory linking to export documents
- CA/MX Import Records
- Export invoice and packing list (linking to inventory withdrawal)
- Inland transportation documents, if applicable
- Export Bill of Lading or other proof of export
- EEI

Additional (j)(1) Questions



- Accounting Method or Method of Specific Identification
- Returned Merchandise

What if you discover errors?



- Determine the cause of the error and whether it impacts drawback amounts.
- Are there similar errors in this claim, other claims (liquidated/unliquidated).
- Will you owe CBP money?
- Do you need to file a voluntary disclosure? Will you need to put claims into Trade Control Status to fix?
- Your Desk Review response should explain the error and how you will fix it, how many claims it involves, and why it won't happen again.
- Request with the response that the claim be put into Trade Control Status to make changes.

After Submission of the Response



- You may not hear for months, sometimes more than 1 year
- You may get additional questions from the Drawback Specialist (often informal email requests)
- If there are issues with Drawback Specialist, escalate to Supervisory Drawback Specialist and then appropriate Assistant CEE Director
- Only way you know your response is accepted is liquidation of claim. Make sure the claim liquidates as you expect
- If you identified errors during the response, you may receive Desk Reviews on additional claims
- Accepted Desk Reviews should result in liquidation of multiple claims
- If you identified issues during Desk Review, update your program and update any privilege information

Informal Inquiries from CBP



- Typically generated by emails from the Drawback Specialist
- Often ask additional questions related to a recent Desk Review
- Technically, these are not CF28s so failure to answer or inadequate answer should not result in denial, but CBP doesn't see it that way.
- Often these questions are asked at the time when the Drawback Specialist is looking to liquidate a claim:
 - Protest refunds
 - Reconciliations
 - Verifying waivers on file
 - Rerun of validations results in error
- If you identified errors during the response, you may receive Desk Reviews on additional claims

How is a Drawback Audit Different?



- Initiated by Regulatory Audit, not Drawback Specialist
- Often generated by concerns referred to Reg Audit, but can also be based upon risk where significant money is claimed
- Typically begins with survey questions and review of company's existing drawback procedures.
- Will be a team from Regulatory Audit and at least one Drawback Specialist
- Regulatory Auditors will know little about drawback, so prepare for basic questions and you may have to educate the team
- Many more selections than Desk Reviews and broader information requests- everything is fair game
- Push Reg Audit to select based upon ITINs
- Process can take up to a year or more
- Detailed schedule and report issued at end

Anatomy of a Drawback Audit: Questionnaire



DRAWBACK AUDIT QUESTIONNAIRE **ABC Company**

INTRODUCTION

The purpose of this Drawback Audit Questionnaire is to obtain information about The ABC Company's organizational structure, relationship to suppliers, record keeping system, and procedures concerning U.S. Customs and Border Protection (CBP) drawback program. The questionnaire is designed to give the audit team a general understanding of the company's drawback operations.

INSTRUCTIONS TO THE IMPORTER

Please respond to all questions. The information you provide will assist us in focusing on the specific risks relative to your imported merchandise and the processes/procedures used to mitigate the risk of being noncompliant with CBP laws and regulations. Your responses will also help us to identify the individuals that are responsible for performing the procedures and the types of documentation that will be available for us to review.

Please respond to each question as completely as possible, and specify by entity name and location when referring to another related entity, e.g. parent company, for the information or activity related to the specific question. This will help us distinguish import activities and responsibilities of the importer and the relationship of the overall company structure associated with imports and CBP laws and regulations.

The audit team will review your responses and prepare supplemental questions that will be discussed with your personnel to further our understanding of your processes and procedures. The information you provide will not be released without your consent to anyone other than the audit team.

This file is a Word document that may be filled in with your responses and returned to the auditors as either a Word or portable document format (pdf) file. We request that your complete response be provided to us by March 19, 2025 so we may adequately prepare for the Entrance Conference.

Responding to the Questionnaire



- CBP will use responses to identify risk areas
- Depending upon CBP risk analysis, risk areas may drive the sample selection (for example, types of drawback, particular products, etc.)
- There will be a focus on the claimant's internal drawback procedures: are they in writing and are they followed
- Typically, CBP selects 2-3 walk-through transactions to use as examples to show how the procedures are followed
- Answer question and only the question. Do not provide extraneous or beyond scope of question.

Anatomy of a Drawback Audit: Opening Conference



- CBP will review questionnaire response and ask follow up questions
- Be prepared to go through each of the walk-through transactions during the Opening Conference
- Helps to prepare a PPT presentation going through each WT and linking to internal compliance procedures
- For most claimants, Drawback Broker handles quite a bit of the compliance procedures, so broker should be available to demonstrate
- Helps to show emails, spreadsheets, etc. to show communication between claimant, entities providing information, and broker who prepares the claim.

Anatomy of a Drawback Audit: Timeline



1. Conduct the entrance conference/walk-through. Discuss the questionnaire and other drawback matters with the company. Develop a mutually agreeable time-line for completing the Follow-Up Drawback Audit.

Fieldwork

1. Review company internal controls for CBP drawback related functions & interview company personnel.

2. Assess company internal controls for drawback.

3. Select sample items to determine compliance with CBP laws and regulations. Request documentation for selected items. **

4. Provide sample documentation **

5. Review samples to identify errors.

6. Interview company representatives and obtain additional information as needed.

7. Determine the cause for identified errors.

8. Calculate loss of revenue, if any.

9. Assess compliance level (acceptable or unacceptable) for drawback.

10. Prepare a finding sheet for non-compliant results, discuss with the company, and request their comments.

11. Refer to enforcement if results meet impact level for referral, if applicable.

Finalize the Audit

1. Draft the audit Report.

2. Conduct exit conference with the company to obtain comments.

3. Finalize and issue the audit report.

Records Needed for Audit



- All records potentially requested in Desk Review
- Import and Export Contracts/Agreements
- Proof of payment for import and export
- More detailed transfer documents where applicable
- Accounts Payable for imports/Accounts Receivable for exports
- Drill down manufacturing documents
- Proof supporting that importer qualifies as IOR
- Drill down records supporting substitute values

Tips for Audit



- Be prepared to answer questions completely
- Review all documents to identify errors or anomalies that need explanation
- If you see an error, make sure you are prepared to explain and know the extent of the error (consider disclosure?)
- Review findings carefully and be prepared to challenge if necessary
- Investigate findings immediately so that you can possibly explain that they are limited in scope, anomalies, etc.
- If you disagree with legal conclusions being made by auditors, escalate to appropriate authorities inside CBP depending upon impact of related findings
- Make sure you explain your disagreements in writing in response to the draft report

Question & Answer