

**MALACAÑANG**  
**Manila**

MFN 10693

**BY THE PRESIDENT OF THE PHILIPPINES**

**EXECUTIVE ORDER NO. 160**

**CREATING THE POST ENTRY AUDIT GROUP IN THE BUREAU OF  
CUSTOMS**

**WHEREAS**, Republic Act No. 9135, entitled "An Act Amending Certain Provisions of Presidential Decree No. 1464, Otherwise known as the Tariff and Customs Code of the Philippines, As Amended, and for other Purposes," specifically Sections 3515 and other related sections mandated the Bureau of Customs to conduct audit examination, inspection, verification and/or investigation of transaction records of importers and brokers;

**WHEREAS**, with the imminent introduction of a paperless environment under a fully automated processing of import transactions and the implementation of the WTO Valuation System which requires the minimum of controls at the point of importation, the Bureau of Customs must be able to shift emphasis from documentary checks at the border to information analysis with the use of information technology on a post importation basis;

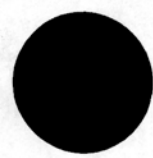
**WHEREAS**, the system of post entry audit is an accepted international best practice aimed at increasing trade facilitation, encouraging voluntary disclosures, reducing incidence of fraud and protecting government revenues;

**WHEREAS**, Section 2 par. 2(f) of Presidential Decree No. 1772, amending PD 1416, expressly grants the President the continuing authority to reorganize the National Government, including the power to group and consolidate bureaus and agencies, abolish offices, transfer functions, create and classify functions, services and activities and standardize salaries and materials.

**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1. Creation.** - A new office in the Bureau of Customs is hereby created and shall be known as the Post Entry Audit Group (hereinafter referred to as PEAG for brevity) which shall be under the direct supervision and control of the Commissioner of Customs.

**SEC 2. Composition.** - The PEAG shall be headed by an Assistant Commissioner of Customs (Director IV), SG-28, to be appointed by the President



of the Philippines upon the recommendation of the Commissioner of Customs through the Secretary of Finance. The Assistant Commissioner (Director IV) shall exercise overall supervision in the management of the different operating units of the PEAG.”

The PEAG shall have the following

1. Trade Information and Risk Analysis Office (TIRAO) to be headed by a Director II; and
2. Compliance Assessment Office (CAO) also to be headed by a Director II.

**SEC 3. Functions.** - The PEAG shall establish and operate the Bureau's post entry audit system and directions and shall specifically perform the following functions:

- I. Trade Information and Risk Analysis Office (TIRAO) –
  1. Set the framework and benchmarks for compliance measurements of industry groups.
  2. In coordination with Management Information System and Technology Group (MISTG), direct the development of a computer aided risk management system using the data warehousing technology and other statistical tools.
  3. Implement the computer-aided risk management system to develop and establish audit selection parameters based on objective and quantifiable data.
  4. Establish and recommend audit targets to the Commissioner of Customs.
  5. Set policies, guidelines, manuals and standard operating procedures relating to the audit and continuously assess how audit performance can be improved by better and more fine-tuned policies and guidelines.
  6. Performs other related functions.
  
- II. Compliance Assessment Office (CAO) –
  1. Formulate audit work plan for approved audit targets.
  2. Conduct audit examination, inspection, verification or investigation in accordance with the set policies, guidelines, manuals and standard operating procedures.
  3. Prepare and submit audit reports.
  4. Develop and implement a customs compliance program.
  5. Perform other related functions.



**SECE. 4. Appropriations.** - Funds for the necessary expenses for the initial operations of PEAG shall be sourced from available funds of the Bureau. Subsequent appropriations shall be incorporated into the budget proposals, subject to existing accounting and auditing laws and procedures.

**SEC 5. Implementing Authority.** - With the approval of the Secretary of Finance, the Commissioner of Customs is hereby authorized to determine the number of personnel consistent with the requirements of PEAG and the principles of economy, efficiency and effectiveness. The Commissioner is likewise authorized to organize such units under the Groups and Offices allowed under this Executive Order, subject to Department of Budget and Management evaluation.

**SEC 6. Transitory Provision.** - This Executive Order shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or a newspaper of general publication.

Done in the City of Manila, this 6<sup>th</sup> day of January, in the year of Our Lord, two thousand and three.




By the President:



**ALBERTO G. ROMULO**  
Executive Secretary



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