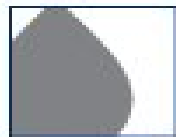




Drawback Update

American Petroleum Institute
New Orleans, LA
March 26-28, 2012



CHARTER
B R O K E R A G E

Norwalk
Connecticut

Katy
Texas

New York
New York

Miami
Florida

Calgary
Canada



Outline

- Drawback Simplification Bill
 - Customs Reauthorization
- Drawback Compliance Measurement
- Drawback Audits and Claim Selectivity
- Reconciliation Entries



CSMS #11-000290 / 11-29-2011

Drawback Compliance Measurement (DCM) Program

The purpose of this message is to provide information regarding a drawback compliance program, which U.S. Customs and Border Protection (CBP) is currently testing. The Drawback Compliance Measurement (DCM) program was developed in response to the Department of Homeland Security (DHS) Office of Inspector General annual financial statements audit findings. The audit has consistently reported drawback as a material weakness for CBP internal controls over financial reporting. This in turn results in a significant deficiency for DHS. The audit findings highlight the manual nature of drawback processing and the associated risk of erroneous drawback payments. Without a formal drawback measurement program, CBP is unable to defend the accuracy of current drawback processes. DCM will enable CBP to establish drawback compliance information based on a sound statistical methodology, as well as determine potential revenue loss, for a more comprehensive risk picture.



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Drawback Compliance Measurement (DCM) Program (cont'd)

CBP will run a full-year DCM test in fiscal year 2012. After the one-year period, CBP will evaluate the DCM procedures and results, in order to determine next steps. The sample pool for claims reviewed under DCM consists of drawback claims which liquidated in the previous month. Evaluation of liquidated claims enables CBP to fully assess compliance with drawback requirements, since all the underlying import entries are finalized. Although review is performed on liquidated claims, DCM is not an audit. The DCM review will be conducted by a drawback specialist.

This test may result in an increase in requests to the drawback filer for constructed paperless entries. However, a DCM review should not be an additional burden for the claimant in terms of substantiating documentation. Please note that as part of the test, certain drawback claims may be reviewed by an office other than the one at which the drawback claim was filed. If claimants receive requests for information, they should respond to the requesting office.



**CSMS #11-000290 / 11-29-2011
Drawback Compliance Measurement
(DCM) Program (cont'd)**

If you have questions regarding this subject, please contact:

Laurie Dempsey
Chief
Entry, Summary & Drawback Branch
Laurie.Dempsey@dhs.gov
(202) 863-6509

Georgette Bush
International Trade Specialist
Entry, Summary & Drawback Branch
Georgette.Bush@dhs.gov
(202) 863-6583