

# Compliance in the Cloud: Customs Auditing System

## Audit Desktop™ by GDM

Global Data Mining has decades of experience developing and best-practices knowledge in developing electronic auditing solutions.

Before GDM, our team conducted accounts payable audits for many of the largest retailers in the world. Now we have developed audit specifications and requirements with many leading trade professionals to create a solution long needed by the global trade industry; a fully automated cloud-based, customs auditing system that will empower your staff to complete audits in a dramatically more effective manner.



The Audit Desktop™ is designed to reduce the overall cost and the time required to conduct audits. This is accomplished by automating the very processes defined or outlined on the audit check lists of trade professionals. You will realize improved quality of audits as business requirements are captured in SQL scripts and automatically applied to every entry.

With the Audit Desktop™ you gain access to GDM's intellectual property and operational expertise resulting from decades of experience and in-practice knowledge. Our system creates improved ability to manage capacity shifts based on normal business trends or sudden demands imposed by the CBP. Finally, outsourcing the IT component of a fully automated cloud-based, auditing system leaves your staff available to focus on your core business.

### 100% audit

The Audit Desktop™ uses sophisticated algorithms to electronically link and compare ERP data, classification data and broker data to review each customs entry for accuracy. Every entry is automatically reviewed for every audit routine defined by the user but only the exceptions need to be examined and corrected. This solution not only saves time and money, it helps importers achieve Customs compliance and provide Customs with timely and accurate corrections.

100%+



### Exception Auditing

The Audit Desktop™ leverages the concept of exception auditing refined by our team over many years of research and development in the accounts payable auditing world. It's really quite simple:

- Use computer algorithms to match and compare every transaction.
- Separate "perfect" transactions from those that have discrepancies.
- Move perfect transactions directly into record-keeping, and spend your valuable time examining and correcting only those entries with discrepancies.

### Powerful web application

This powerful cloud-based auditing system is an extension of our Global Trade Desktop™ platform. Every Audit Desktop™ is a unique and secure state-of-the-art website accessible worldwide by any authorized user through the Internet. You have complete control of multi-party collaboration including the functions any given user may perform,

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the data any given user may see, and the responsibilities any given user may have based on the unique role each person provides your company.

### Custom tailored

Every Audit Desktop™ is 100% configurable to your company's specific auditing requirements. Many applications force users to operate within their system, to work the way the application works. The Audit Desktop™ is exactly opposite. It is configured to manage and control your unique audit and workflow requirements. It provides the ability to add new data files, to add or modify audit routines, or to modify the workflow of the audit with just a few hours of configuration.

### Data management apps

Data management apps make it easy to upload, link and manage data from various systems or sources throughout your enterprise, including ACE data, ITRAC data, ERP data, Broker data, Parts Master Classification data, Trade Partners data, Trade Agreements, etc. The Audit Desktop™ brings together Entry data, ERP data, and a reliable Classification database to automatically apply audit scripts and identify potential discrepancies.

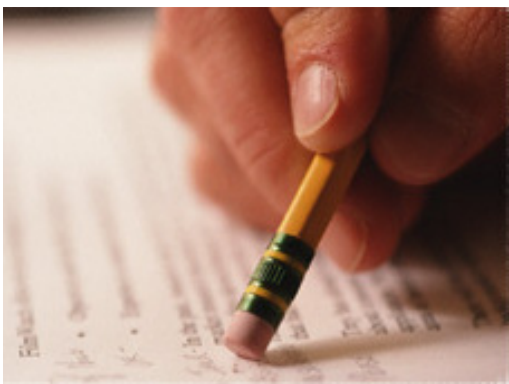
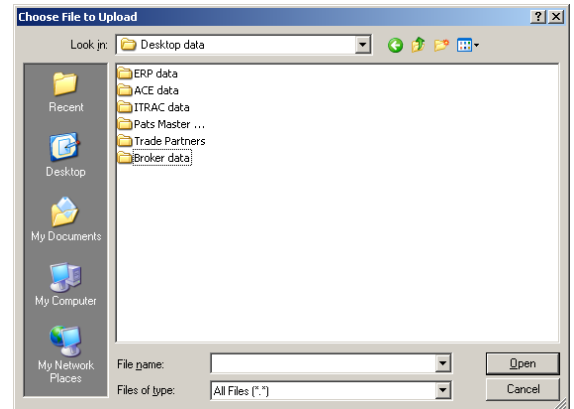
### Script Manager

SQL scripts are developed during the configuration process to compare data based on your fields and values. You may audit for correct Item #, HTS and SPI application, valuation, assists, 9801, and any other specific requirements you may have. The script manager helps manage and apply customizable, client-defined audit scripts to electronically audit 100% of your entries. English descriptions make it easier to understand and iterate the development of audit logic over time. The script manager helps "normal" people act like programmers.

### Workflow tools

Workflow tools allow complete control of the timing and execution at the individual audit routine level. In the configuration process, we create the audit workflow and assign specific responsibilities to specific users as required by your company's workflow requirements. Responsibilities may include:

- Running the Audit Routines
- Identifying exception errors for review
- Tracking progress through the Dashboard
- Setting time parameters for audit periods
- Assigning work to various users for review and correction
- Multi-pass reviews are possible to allow for final approval and sign-off
- Providing feedback and corrections to Broker & Customs, including Post Entry Amendments



### Correction process

The Audit Desktop™ has proprietary processes to help you efficiently correct errors and effectively track corrections while creating the perfect audit trail. Users may:

- Assign reason codes at the line detail level
- Apply corrective "Should Be" values
- Apply entry action codes to promote next required steps
- Add comments and documents to support the audit corrections
- Create files of corrective actions to provide the require data to correct other systems (i.e. ERP, Broker, Customs, PEA forms, etc)
- Automatically creates history for analysis and record keeping

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### System navigation

Navigation tools let you search and view all the data related to every entry audit routine. Users may:

- Search all original data files and documents
- View all Audit exceptions
- Quickly navigate to entries with filing errors by audit routine
- View summary audit results to identify scope and magnitude of an issue
- View all supporting data required to audit an Entry from a single screen including calculated values and relationships between data that identified the errors

### Tracking results

Reporting functions let you track audit progress and status by audit routine summary, by entry and by time frames. Results are organized and delivered in easy to read and research reports. These reports provide header level detail comparing the Entry Summary as reported to CBP to actual ERP data as reported in the company's financials. Reporting can be as granular as line item detail of actual receiving data comparing how each item should have been classified to what was reported to CBP. The dashboard maintains the percentage of errors to overall entries audited by audit routine.

### Electronic record keeping

All uploaded data files, corrected data fields, reason codes, entry action codes, comments and documents, files of corrective actions, auditor names and dates, final approval and sign-off are maintained in a unique and secure SQL database that becomes the system of record or the "single version of the truth" for your customs record-keeping. As statute of limitations dates arrive, you may simply direct GDM to archive or delete records per your company policy.



### Broker Oversight

The Audit Desktop™ puts powerful oversight tools in your hands. Errors may be measured and evaluated by each audit routine and by every broker providing a valuable tool for measuring the performance of your third party service providers filing entries on your behalf. The Audit Desktop™ provides the tools you need to objectively and regularly review broker performance and accuracy.

### Best Practices

Ongoing R&D efforts create powerful best-practice functionalities that will help you drive up productivity, saving valuable time and money while improving results. The Audit Desktop™ automatically updates users with the latest enhancements installed since their last login. It's like having a network of trade professionals working continually to improve your company's customs audit tools.



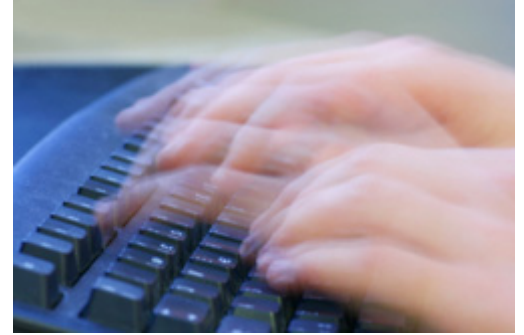
### Quality Control

At GDM, we only design solutions to problems defined by and paid for by our client's. The Audit Desktop™ has been designed by trade professionals for trade professionals. It has been vetted and approved by your colleagues and we continually upgrade and improve it through our continuous R&D efforts. The trade itself is our quality control system.

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### **Dramatically more effective**

Leveraging state-of-the-art technology and industry-wide best practices, the Desktop™ amplifies your team's capacity in an enormously productive way. It empowers your staff to apply their experience and professional judgment more efficiently, and enables each person to work dramatically more effectively. These productivity gains not only improve the bottom line but create the time needed to think and work more strategically, creating even more productivity gains.



### **Evolve from fire-fighting to six-sigma in one step**

Six Sigma (6σ), developed and espoused by Motorola in 1987, is a business strategy concept and management philosophy that sets the highest standard of discipline in meeting extremely high objectives, collecting data and analyzing results. It is a process improvement methodology designed to reduce waste, errors and irregularities in both products and services. While we are not claiming six-sigma status, automating your customs audit with the Audit Desktop™ allows importers to spend more time correcting the root causes of errors rather than spending their time manually correcting errors one entry at a time – in classic fire-fighting mode. Working diligently with your company to approach zero errors in customs declarations is our goal.

### **Articles and References**

1. 10+2 Compliance. 3 reasons executives should care and 6 tips to help!
2. 10+2 Readiness... Beware! It's strategic, not tactical
3. New Classification System Helps Achieve True Compliance
4. FTZ's help Companies Save Millions during Tough Economic Times
5. The Optimize Solution™ Dependable Knowledge Drives process Improvement & ROI in Global Sourcing
6. An American Perspective on Global Trade Opportunities in Challenging Economic Times
7. Creating a Competitive Advantage in Global Trade
8. Five Global Trade Steps to Improve the Bottom Line
9. Using Data to Identify Risk and Opportunity
10. Time to rethink off-shoring

If you have an interest in a demonstration of the Audit Desktop™ or in any of these articles, just let us know via email and we'll email you copies.

Please send any additional questions to [mattgersper@gdmlc.com](mailto:mattgersper@gdmlc.com)