

## DLSOP Desk-Level Standard Operating Procedure

Title	<b>ACH Duty Payments &amp; Periodic Monthly Statement</b>
Procedure Number	
Rev / Date	
Issuing Department	Trade Compliance

**Scope:** To minimize risk to the companies, be a strategic partner with third party service providers and lower costs- all duty, taxes and fees owed to U.S. Customs and Border Protection (CBP) will be paid directly to the agency via ACH draws on a monthly basis. This eliminates the risk of the broker collecting but not paying the duty on the companies' behalf. It also provides an average of 30 days to pay which positively impacts cash flow as well as provides leverage for negotiating rates with broker/forwarders.

**Procedures:**

**1. Brokerage account set-up:**

- a. Any broker providing entry filing services for **COMPANY** will set up the account with the proper payer unit ID and flag the statements for Periodic Monthly (pay type 7) rather than daily draws (pay type 3). This is important as the bank accounts have been set up exclusively for duty ACH payments and while they have a small cushion, it is not enough to cover multiple daily draws. The penalty for unfunded / missed payments is \$1000 per entry.
- b. The Senior Trade Compliance Analyst responsible for ACH processing will communicate account set-up details including report distribution and update the Broker SOPs accordingly.
- c. The current importing IOR(s), payer unit IDs provided by CBP and corresponding bank accounts to be funded are:

Co Name				
IRS/IOR				
CBP Payer Unit #				
Bank Acct for ACH				

**2. Broker invoicing / entry packets:**

- a. The Broker /FFWD will continue to document the duty and fees associated with the shipment on their invoice; however it will be offset with a credit and not actually paid to the Broker with the freight and other charges. This is to facilitate the landed cost calculations on a per shipment basis.
- b. The value of the ACH duty payments per shipment are accrued to general ledger GL2111 A/P Direct Paid Duties- and reconciled with the monthly draw.

**3. U.S. Customs Statements:**

- a. The broker will also be instructed to set up each IOR for distribution of Customs daily and monthly statement email messages from CBPs Automated Commercial System (ACS) via the broker to the designated **COMPANY** recipients in Accounting and Trade Compliance.
- b. Eight days after entry date a shipment will go to statement, which triggers the preliminary statement.
- c. Once the preliminary statement is received via automated email, it is reviewed by the Senior Trade Compliance Analyst to verify that there is a periodic monthly due date and periodic monthly payment date.
  - i. If no periodic monthly dates are listed, this means the entry erroneously went on daily statement and an email is sent by GC to accounting to advise that the account needs to be funded for the amount on that statement.
  - ii. GC also contacts the Broker /FFWD to determine root cause and resolution.
  - iii. If there are periodic monthly dates, the statement can be filed.
- d. On the 11<sup>th</sup> business day, the preliminary monthly statements are emailed from ACS via the broker by IOR/port. On the 15<sup>th</sup> business day, the final monthly statement is sent out and the ACH is drawn from the IOR’s respective bank account.

**4. Broker/FFWD summary reports for reconciliation:**

- a. Prior to the preliminary monthly statement email from CBP, the broker will generate a monthly statement summary in Excel format. This report provides a summary of all payments expected to be taken on the upcoming draw. These entry totals will be verified against the monthly statement data in ACE AR007 report by the Senior Trade Compliance Analyst.
  - i. In the folder, S:Global\_Compliance\Groups\Shared\AUTOMATION\ACH\Monthly ACH Recon, a template of the Monthly ACH Recon is saved. The copy of the template should be made and saved as “Monthly ACH Recon *month*”.
  - ii. In this spreadsheet, the information provided on the monthly report from broker(s) is copied and pasted to the “Monthly Detail” tab. The data is then sorted by IOR and Port and the duties and fees are summed.
    - 1. Be sure to note if any of the lines on the report do not have a daily statement number. If the field is blank, this means there was an entry release issue. The entry fell off the report and will be picked up the following month. Be sure to exclude the entry total from the current monthly totals.
  - iii. On the “Monthly Sum” tab, a total amount by IOR and Port is listed in the cells available (as outlined below).


- iv. This spreadsheet is then checked against values found in ACE reports.
  - 1. Go to the ACE login website. (<https://ace.cbp.dhs.gov/>)
  - 2. Enter User Id and password
  - 3. Click Login
  - 4. Click Accounts
  - 5. Change View to Importer and click Go
  - 6. Under Accounts, click Reports
  - 7. Click Launch Tool
  - 8. Click Importer
  - 9. Click Revenue
  - 10. Double click on AR007 Pers Stmt Quick View Importer and click OK
  - 11. This shows values that should match the ACH Recon.
- v. This spreadsheet is emailed to a separate Senior Trade Compliance Analyst for verification against the final U.S. Customs statements.
- vi. This spreadsheet is then distributed via email to the Accounting and Trade Compliance contacts.

**5. Funds Transfer:**

- a. When the final monthly statement(s) is/are received via automated emails from CBPs ACS via the broker, the totals will be compared by the Senior Trade Compliance Analyst and the Assistant Cost Accounting Manager- to the estimated summary chart in 4.a. to verify they match, and will confirm via email to the Cash Accounting Manager who will then transfer funds to the corresponding accounts, or make any adjustments needed if the transfer was previously made based on estimated totals.
- b. The Cash Accounting Manager will confirm the accounts have been funded via email to the distribution list in 1.b. no later than the second business day before the scheduled draw.
- c. The Junior Accountant emails (to the standard distribution list) a rolling variance report indicating any discrepancies between the estimated totals in 4.a. and the actual amounts drawn. This is done after the draw date and before month end.

**Approvals:**

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Controller

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Cost Accounting Manager

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Cash Accounting Manager

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Trade Compliance Manager