

How not to apply for AEO!



Many companies are now debating the importance of attaining AEO(C) or AEO(S) certification. Many are now, somewhat belatedly, deciding that they do wish to attain AEO status. This has caused the predicted spike in AEO applications in the UK at the end of 2015 with a higher level of applications being seen so far in 2016.

This can be seen in a positive light as business reaching out to seize a potential opportunity to gain global benefit.

However, what cannot be viewed as anything but a problem is the number of companies that are applying for AEO status and who are failing the first scrutiny of their completed questionnaires. HMRC advises the figure to be around 85% of applications received that fail at that stage. No it's not a typing error – 85%!

Think of the cost of failure that this is generating both in business and in HMRC. The wasted man-hours alone do not bear thinking about! Not to mention the failed deadlines and possible lost business.

HMRC reject an application as soon as an error or omission is detected. This has resulted in some companies having their applications rejected three or four times, as each time they simply correct the error or omission that was pointed out without checking the whole application again. Further scrutiny by HMRC then finds the next error or omission and so on and on and on....

AEO is about having and actually working to, compliant processes with an acceptable level of monitoring and learning from any breaches in compliance that occur. For companies that have to make repeated AEO applications what does this dreadful lack of attention to detail have to say about their ability to be compliant, monitor compliance and learn from errors? Worse still it is so very un-necessary.

Just as bad is the information from HMRC that of the few that finally manage to put in an acceptable application almost as high a percentage fail at audit stage because it is quickly discovered that the processes and procedures listed in their application cannot be proved on audit because either there is no evidence available or because evidence to the contrary is very clear.

Our clients have found that an initial no strings attached workshop using the self-assessment questionnaire as an agenda gives them a far better understanding of what is being expected of them, how they should formulate a response and what evidence should be presented. This is not just a gap analysis exercise but generates practical solutions and corrective actions that should prevent the repeated rejection scenario and all its associated costs.

Once a company believes all to be well the benefit of engaging an external company to complete an audit of processes using the answers to the self-assessment questionnaire cannot be overstated. The audits we conduct on the one hand highlight gaps, inconsistencies, outright failures and oversights and on the other hand confirm adherence to compliant processes and procedures, giving comfort to management and significantly reducing the risk of a failed HMRC audit.

From 1st May 2016 self-policing is going to become the order of the day. HMRC will use audits to ensure both honesty, robust processes and a determination to be compliant exist in companies that wish to be considered 'non-risky' and who will therefore be permitted to operate the full range of available customs processes and benefit from reduced security interventions around the world.

Is your company ready?

Need help? Contact us:

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