



GAMBIA REVENUE AUTHORITY

CUSTOMS & EXCISE DEPARTMENT

RISK MANAGEMENT POLICY

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CUSTOMS & EXCISE RISK MANAGEMENT POLICY

1. Introduction

The Customs & Excise Department is a key revenue collection Department of the Gambia Revenue Authority. It recognises the need to maximise its resources to meet its statutory obligations to the government and to the community. The Department's obligations are to facilitate international trade, collect revenues, protect industry and society, and to offer customer service in a professional, transparent, effective and efficient manner to all stakeholders. This Risk Management policy seeks to minimise the uncertainty generated by risk leading to adverse effects on these obligations. The adverse risk could cause loss of revenue, inhibit facilitation of trade, negatively affect service delivery and permit unprofessional conduct of employees. The policy would also be the basis for the development of Customs wide Risk Management Strategy and would help strike an optimal balance between control and trade facilitation.

The GRA Corporate Strategic Plan (2015-2019) provides a framework and direction for the CED to professionally administer its processes and procedures efficiently and effectively in all its work places. Policies and procedures have been implemented to ensure that the objectives of the corporate strategic plan are achieved in a timely manner. The primary corporate objective is to maximise the central government tax revenue collection, while optimising resource utilisation and ensuring a fair and equitable tax administration with a highly motivated and professional staff. An essential element towards achieving the above objectives is the adoption of a risk management policy and practices for all areas throughout the CED.

2. Purpose of the Policy

The purpose of this policy is to provide an overview of the Customs & Excise Department's approach to risk management. It identifies and manages potential events that may affect the Department

- Categorization of risks
- Governance and oversight of risk management activities
- Roles and responsibilities for risk management

3. Scope of the Policy

This Policy will be applied throughout CED's activities, which includes all the Units and Sections of the Department.

4. Objectives of the Policy

The objectives of this policy are to ensure that:

- Government revenue collections are maximised, in accordance with the law,
- The principles and practices of risk management are fully integrated into all Customs operational strategies, procedures, business practices and training courses of the Department,
- The Department develops an operational environment in which all staff assume responsibility for managing risk,
- The likelihood and consequences of risk are reduced throughout the Department,
- Resources are effectively and efficiently deployed,
- All Customs Border Posts are efficiently and effectively controlled,
- Trade facilitation is enhanced through the application of risk management,
- The integrity of all Customs systems and procedures are maintained.
- Detail the process for escalating and reporting risks,
- Communicate the Department's policies, approaches and attitudes to risk management

5. Policy Statement

Risk management is an integral part of the CED's decision making process and will be embedded at all levels of activities. The Department will ensure that its entire staff are responsible for managing risk in so far as is reasonably practicable within their area of activity and are provided with appropriate training on risk management.

6. Key Linkages of the Customs Risk Management Policy and other Policies

The CRMP has linkage to the following GRA Strategies, Policy and other related documents and they are integral part of the risk management.

- Domestic Tax Compliance Risk Management Framework,
- GRA Wide Compliance Management Strategy
- Internal Audit Manual
- ICT Policy
- Post Clearance Audit Manual
- Finance & Accounting Manual

7. Mandate and Commitment

Effective implementation of Risk management requires strong and sustained commitment of management of the Department. CED is committed to embedding risk management principles and practices into its Departmental culture, governance and accountability arrangements, planning, reporting, performance review, business transformation and improvement processes.

7.1 Corporate Mandate

CED Risk Management Policy mandate emanates from the GRA's Strategic Plan. It addresses implementation of Risk Management by the following:

- Optimize Compliance with Statutory Revenue and Non-Revenue measures,
- Implement an effective risk management framework

8. Definition of Terms

The term "Risk" means an occurrence that could negatively affect CED in achieving its objectives.

The term "Risk Management" means the systematic application of management procedures and practices which provide Customs with the necessary information to address movements or consignments which present a risk.(WCO2010)

The term "Risk Assessment" means the combined process of risk analysis and risk evaluation to control and minimise the impact of risk on CED.

The term "CED" means Customs & Excise Department.

The term "CRMP" means Customs Risk Management Policy

Compliance means the voluntary adhering to all obligations correctly and completely in accordance with Customs legislation, regulations and administrative policies. Stakeholders will meet their compliance obligations through voluntary disclosure and continued education in all matters of their transactions with CED.

The term "**Accredited User**" means a person conditionally approved by the Commissioner General under the provisions of this Act to use simplified procedures and operate in an environment of reduced intervention in the Movement of Goods, having satisfied the CG on meeting the criteria identified as necessary to ensure the traders compliance with Customs Law.

The term "Proper Officer" means a Customs Officer whose right or duty it is to require the performance of, or to perform, the act referred to.

9. Sources of Risk

There are many sources of risk, which can impact adversely on the corporate goals of the Department. For CED six major areas can be categorised as follows:

- (i). **Political Risks**
 - Designs of fiscal policies.
 - Government budgetary requirements.
 - Political instability within the region.

- (ii). **Social and Economic Risks**
 - Smuggling, importation of prohibited and restricted goods
 - Poor technical and literacy skills of importers and customs brokers
 - Mis-description, undervaluation and false declarations

- (iii). **Technological Risks**
 - Rapid technological developments
 - Electronic commerce
 - Inadequate software for effective collection and analysis of data

- (iv). **External Risks**
 - Dependency on donor funding for technical assistance and capacity building.
 - Low levels of compliance by external stakeholders.
 - Low literacy levels of the trading community, e.g. importers and clearing agents.
 - Natural hazards.
 - Exchange rates and price fluctuation on the world markets.

- (v). **Management Risks**
 - Inadequate management information collection and analysis
 - Untimely Units/Sections and inter-Departmental communication and coordination
 - Inadequate resources to provide training for all staff

10. Standards

Risk management in Customs will be managed in accordance with the Kyoto Convention guidelines on Customs Control for Risk Management and with the internationally accepted standards such as those used by recognised international organisations (i.e. WCO/WTO). All risk management decisions and practices will have due regard to the Customs & Excise Act 2010, its regulations, any relevant National legislation and the GRA Code of Conduct.

11. Risk Appetite and Tolerance

Setting Risk Appetite is an important part of Risk Management Implementation. Operating within risk tolerances provides staff greater assurance that the Department remains within its risk appetite, which, in turn, provides a higher degree of comfort that, the Department will achieve its objectives.

CED has a low appetite for risks relating to:

- Risk which has impact on the Department's objectives,
- All forms of loss resulting from negligence
- Fraud and corruption

12. Implementation Strategy

The principles of risk management will be integrated into all areas of functional responsibility, in line with corporate priorities. Risk management program will be established in all areas of the CED. This requires all officers to gain a comprehensive understanding of the nature of the risks in their areas of functional responsibility and to systematically identify, analyse, evaluate, prioritise and treat those risks. There is also an on-going requirement to monitor and report the effectiveness of the process by the Risk Management Section

Managers will institute a measurement system to establish the level of compliance throughout their areas of responsibility. Treatment will be utilised to minimise the adverse impact of risk on all operational functions of the Department. All risk management processes will be fully documented, results recorded and measured against the identified risks. These measurements will be used to adjust risk treatments and for future planning.

13. Risk Governance and Accountabilities

CED gives emphasis on assurance of the implementation of Risk Management, so that proper Risk governance is emplaced. The Governance is important to ensure accountability and authority for risk management process, risk management implementation, continuous review and improvement of the Department's risk management policy; and providing risk management assurance.

14. Structures

It has governance structures that support risk management at the Departmental, Unit and Sectional levels. At the Departmental level the structure includes:

- The Commissioner of Customs & Excise
- Risk Management Committee
- Customs Risk Management Section

At Operational and Tactical Levels, include:

- All, Units, Section and Station heads
- All Officers

15. Responsibilities

The responsibility for managing risk cascades downwards, from the Commissioner of Customs to every Customs officer. The Commissioner of Customs will set the overall Risk Management plans for the Department. Unit, Section and Station heads will establish risk management plans for their functional areas, which reflect the overall Departmental plan. Operational management and documentation of risk by every Customs officer forms the foundation for the Risk Management planning. The responsibilities at each level are briefly described below. Diagram 2 illustrates the cascade of responsibilities throughout the Department.

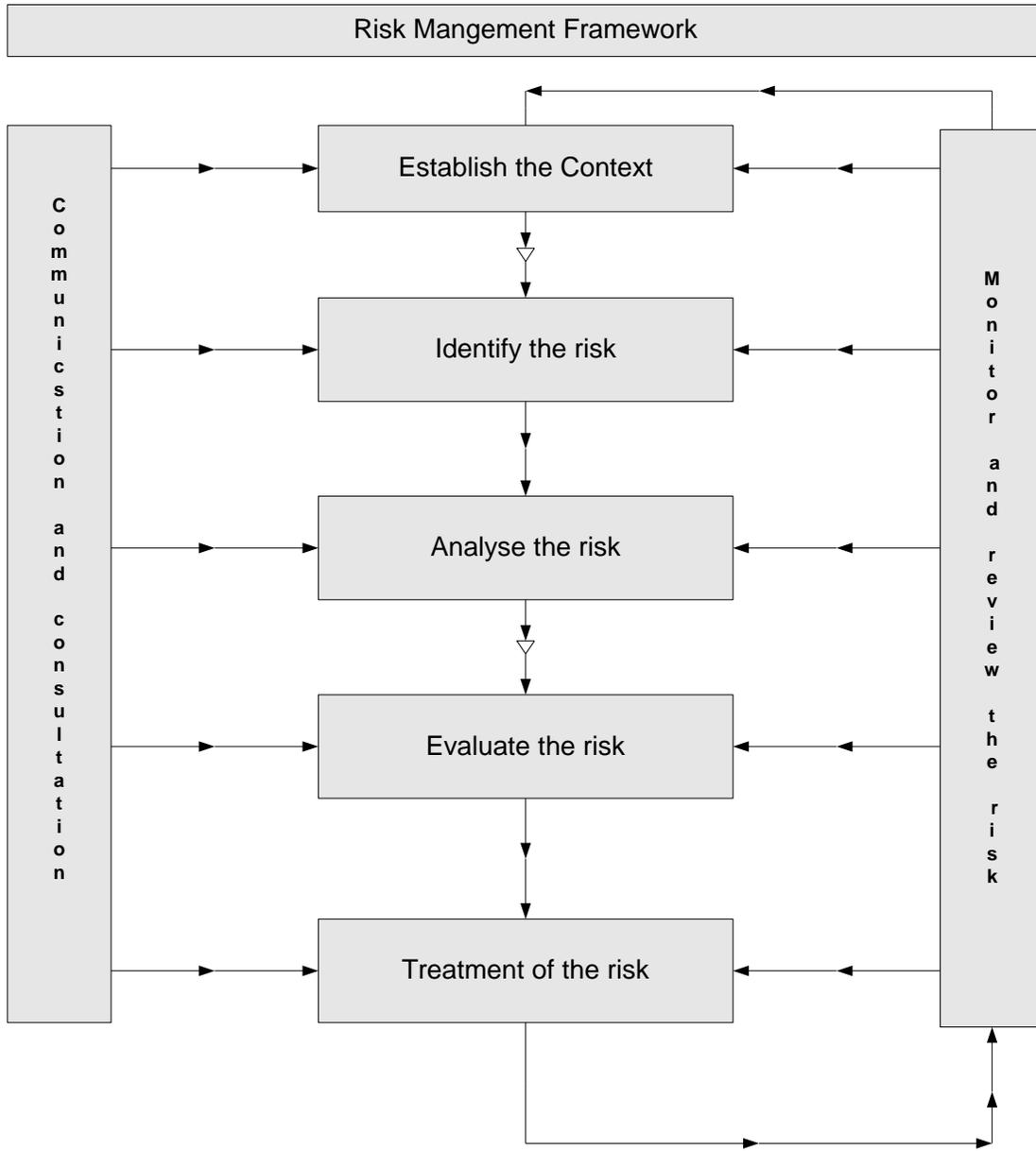
- **The Commissioner of Customs** is responsible for implementing the Risk Management strategy within Customs and Excise in accordance with the standards laid down in this policy.
- The **Risk Management Champion** will lead and sponsor all GRA efforts in Risk Management.
- The **Risk Management Committee** is responsible for establishing the Customs Department's risk management plan and determining Departmental priorities for treating identified risks, assessing the effect of the treatment of the identified risks, and communicating those priorities to all areas. This committee will establish a systematic audit program to ensure uniform implementation of the Risk Management policy throughout the Department.
- **The Customs Risk Management Section** is responsible for assisting managers in the implementation of risk management plans and processes; gathering and collating information; identifying, analysing and reporting areas of risk; developing targets and profiles; establishing and maintaining a risk management data base; providing advice and guidance on risk management issues; and, monitoring the application of risk management remedies.
- **The Risk Management Section in collaboration with the GRA Training Section** is responsible for ensuring that risk management principles and practices are appropriately addressed in Customs training programs.
- **All Units, Sections and Station heads** are responsible for identifying, analysing, evaluating, treating, monitoring and reporting risks in their areas of operation in accordance with the Departmental Risk Management plan.
- **All officers** are responsible for the application of sound risk management practices within their areas of operational responsibility.

16. Client Voluntary Compliance

Clients are provided with information about legislation, policy and procedures. CED expects all stakeholders to build an improved working relationship through voluntary compliance. Clients who comply with Customs Act and Regulation will be given a status of an Accredited User and will benefit through improved trade facilitation, speedy clearance and reduced costs.

Customs expects clients to accept their responsibility to understand and meet their obligations in accordance with legislation, policy and procedures and to accept any justified fines and penalties imposed for failing to comply.

Diagram 1: Customs Risk Management Process Framework



Based on the Australian/New Zealand Risk management Standard (AS/NZS4360)

17. Overview of the Process

The elements of the above five steps, along with the key cross cutting functions of “Monitor and Review” and “Communicate”, are set out below:

1. **Establish the Context**
Define and establish Strategic Risk Management, Tactical Risk Management and Operational Risk Management.
2. **Identify Risks**
Determine What, When, Where, How and Why Risks may arise.
3. **Analyse Risks**
Determine controls and analyse Risks in terms of likelihood and consequences to consider how likely is an event to happen and what are the potential consequences and their magnitude.
4. **Evaluate and Prioritize Risks**
Compare estimated levels of Risk against the pre-established criteria. Rank Risks into High, Medium and Low in accordance with Department’s priorities.
5. **Treat Risks**
Accept and Monitor low Risks, develop and implement the best possible options to deal with medium and High Risks.
6. **Monitor and Review (cross cutting)**
Undertake periodic Monitoring and Review of performance, effectiveness and efficiency of the Risk Management systems and changes that might affect it.
7. **Communicate (cross cutting)**
There is a requirement for continuous communication with all stakeholders including operational staff, the Risk Management Committee, agents and importers.

18. Roles and Responsibilities

The Commissioner of Customs & Excise

The Commissioner of Customs is responsible for:

- Providing strategic leadership and governance for the Department’s management of risk, including reviewing effectiveness of internal controls, and setting and approving the Department’s risk appetite and tolerance

- Providing oversight of the strategic risks for the Department, including reviewing and approving Department's Risk Register, and reviewing the progress of treatment plans for strategic risks that are being managed by Departmental Units and Sections
- Ensuring whether the risk management is embedded into the operational and tactical discussions
- Provide leadership and governance for the Department's management of risk, direct Risk Management initiatives, ensure availability of resources and that the Risk management framework is working effectively

Customs & Excise Risk Management Committee:

The responsibilities of the CRMC are to:

- Provide input into the development, implementation and evaluation of risk programs that support the implementation of the Department's Risk Management Policy
- Assist in the monitoring of systemic risk reporting
- Review the effectiveness of Department's Risk Management Policy and associated Risk Management processes and procedures
- Review the effectiveness of the risk management approaches
- Recommend annual risk management plans of the Department
- Review and approve the risk profiles

All Proper Officers

- Proper Officers are required to comply with the Department's Risk Management policy and apply risk management processes within their work unit.

Diagram 2



19. Risk Register

The risk register facilitates the documentation, management, monitoring, reviewing and updating the operational and tactical risk information. Risk register reporting allows management to monitor and review risks in alignment with the strategic plan, Department's operational plans, programs of change and other cascading plans. Information from the risk management process is recorded, reported and monitored using the risk register. Risk Register has to be maintained at all levels of functionalities and the Commissioner of Customs & Excise has to endorse.

The risk register records details of all the risks identified. It will include the following:

- An Objective/s affected by the Risk
- List of Identified Risks
- Unique identifier number/code for each risk
- A description of each risk and how it will affect CED
- An assessment of the likelihood of its occurrence, and the possible seriousness or impact of its occurrence (extreme, high, medium, low)
- An outline of proposed mitigation actions (may be more than one for a particular risk)
- Who will be responsible for managing the risk
- Where possible include a costing for each mitigation strategy
- Risk Owner

20. Risk reporting

In the implementation of the CRMP, there is a mechanism of Risk Reporting. Risk reports are important to support management's decision making during the planning and review processes. The Risk reports shall include:

- Risks that are getting worse, success of treatment plans and risks that require additional attention
- New risks that may still need to be fully considered and understood
- Potential areas that require urgent attention
- Untreated risks and risk treatments that are overdue
- What are the risks that need to be escalated to strategic risks
- What are the risks that are no longer regarded as operational and tactical risks and why

21. Monitoring and Reviewing of the Policy

There should be continual review of the Policy periodically. Some of the processes that support continuous improvement and review of the Policy include:

- Regular assessment of the quality of risk management processes
- Regular reviews of the policy
- An ongoing training and development of staff at all levels

Review of the Policy will be done annually to ensure that the Policy and associated business processes continue to meet Department needs as risk management matures and improves.

22. CRMP Implementation

For the effective implementation of the CRMP, the following basic requirements are important:

- Established and functional Customs Risk Management Committee
- Endorsement of the Policy by the Board of Directors through the Commissioner of Customs
- Define Stakeholders, their accountability and responsibilities
- Formulate a road map and action plan

Appendix 1: Example of a Risk Register

Reference #	1	2	3	4	etc.
Risk	Smuggling				
Indicators	-Enclosures -Activity between ports				
Current Controls and Effectiveness	-100% examination -no profiles				
Rating	1 (severe)				
Residual Risk	No significant increase in enforcement actions indicates risk remains substantially intact				
Risk Treatment	-Risk assess the top 25 importers and target those who have high levels of non-compliance -Add staff to roving teams				
Implementation date of treatment	March 1 , 2015				
Resources Required	-XX resources for RMU -XX additional staff for roving				
Performance Indicators	-% that compliance improves for importers being targeted - % increase in enforcement actions between ports				
Responsibility Center	Enforcement Unit – Mr XXXXXX				

Appendix 2: Commodity and Importer Risk Profiles

COMMODITY RISK PROFILE

PERIOD OF TIME: _____

NO	PARAMETERS	DETAILS	OTHER
1	COMMODITY DESCRIPTION		
2	TARIFF CLASSIFICATION		
3	IMPORT / EXPORT / TRANSIT		
4	COUNTRIES OF ORIGIN		
5	PORTS OF LOADING		
6	COUNTRIES OF SUPPLY		
7	VOLUME OF IMPORTS		
8	VALUE OF IMPORTS		
9	VOLUME OF EXPORTS		
10	VALUE OF EXPORTS		
11	VOLUME OF TRANSIT		
12	VALUE OF TRANSIT		
13	DESTINATION COUNTRIES		
14	VALUE OF IMPORTS / EXPORTS		
15	RATE OF DUTY		
16	TOTAL DUTY COLLECTED		
17	RAW MATERIAL / PARTIALLY MANUFACTURED / CONSUMER		
18	TYPE OF PACKAGING		
19	EXEMPTIONS / DUTY RELIEF PROGRAMS		
20	TOTAL DUTY EXEMPTED / RELIEVED		
21	MAJOR IMPORTERS / EXPORTERS		

NO	PARAMETERS	DETAILS	OTHER
22	SIGNIFICANT PORTS OF ENTRY / EXPORT		
23	MODES OF TRANSPORTATION		
24	VERIFICATION ACTIVITIES USED		
25	NUMBER / RATE OF DECLARATION AMENDMENTS		
26	NUMBER / RATE OF EXAMINATIONS		
27	NUMBER / NATURE OF OFFENCES		
28	NUMBER OF POST CLEARANCE AUDITS		
29	NATURE OF NON-COMPLIANCE		
30	MAIN NON-COMPLIANT IMPORTERS / EXPORTERS		
31	SIGNIFICANT COMPLIANCE ISSUES EXAMINATION DOCUMENTARY REVIEW POST CLEARANCE AUDIT		
32	CONCLUSION		
33	POTENTIAL MITIGATION STRATEGIES		
34	RECOMMENDATIONS		

Appendix 3: IMPORTER RISK PROFILE

PERIOD OF TIME: _____

NO	PARAMETERS	DETAILS	OTHER
1	NAME:		
2	BUSINESS TIN:		
3	ADDRESS/PHYSICAL LOCATION:		
4	PRINCIPALS/DIRECTORS:		
5	NATURE OF BUSINESS: (Imports/Exports/Manufacturing/Agents)		
6	TYPE OF IMPORTS (COMMODITIES):		
7	SECONDARY BUSINESS OR AFFILIATION:		
8	AGENT NAME AND TIN		
9	ORIGIN OF GOODS:		
10	PORTS OF LOADING		
11	COUNTRIES OF SUPPLY		
12	MODE OF TRANSPORT:		
13	NO. OF ENTRIES/SHIPMENTS:		
14	CUSTOMS VALUE/VALUE FOR DUTY:		
15	EXEMPTION PROGRAMS		
16	DUTY / TAX EXEMPTED		
17	NUMBER/RATE OF ENTRY ADJUSTMENTS FROM DOCUMENTARY REVIEW		
18	TYPE OF ADJUSTMENTS		
19	NUMBER OF EXAMINATIONS:		

NO	PARAMETERS	DETAILS	OTHER
20	NUMBER OF DISCREPANCIES:		
21	TYPE OF DISCREPANCIES:		
22	ADJUSTED TAXES:		
23	TAXES PAID:		
24	FAST RESULTS		
25	ANTI-SMUGGLING RESULTS		
26	AUDITS / RESULTS		
27	INVESTIGATIONS / RESULTS		
28	FINDINGS AND NATURE OF RISK:		
29	CURRENT RISK ASSESSMENT		
30	CONCLUSION:		
31	POTENTIAL MITIGATION STRATEGIES:		
32	RECOMMENDATION:		