

Managing risk in practise: South Africa shares her experience

According to the WCO Risk Management Guide, all organizations benefits from the application of a risk management strategy since this benefits organizational performance as a whole. Risk management in any organization consists of well-defined steps which, when taken in sequence, support better decision making by contributing to greater insight into risks and their impact.

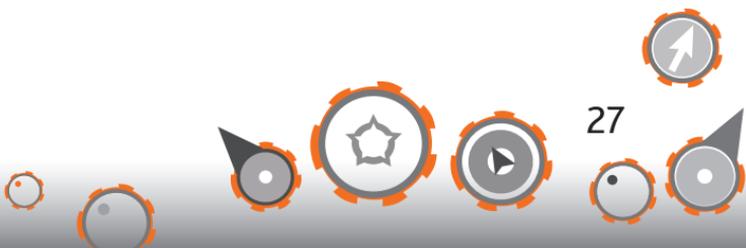
For Customs administrations, the adoption of risk management as an organizational philosophy is essential since it provides quantifiable improvements in the effectiveness and efficiency of the administration as a whole. Risk management can operate in any organization with manual or automated applications ranging from tactical to strategic approaches. It can be applied to nearly every decision-making situation also.

In the South African context, Customs risk management – the systematic application of management procedures and practices which provide Customs with the necessary information to address movements or consignments which present a risk – has been part of the operational approach for many years in the form of an enterprise wide Business Intelligence Unit, and more recently the Customs Risk Management Division (CRM) whose main purpose is the identification, classification, dissemination and mitigation of compliance risk.

Various CRM officers (Operational Specialists: Risk) are deployed to either the Central Risk Unit (CRU) based in ports and offices around the country, or the National Targeting Centre (NTC) which was established during 2009.

Officers in the CRU are responsible mainly for focusing on tactical port and regional specific compliance risk issues and cases, in line with national strategic parameters, and support port operations by performing, on a daily basis, risk identification, analysis and product dissemination/mitigation.

Officers must, on a daily basis, collect relevant data, analyse, compare and weigh this data, then make logical deductions and derive findings that will focus efforts on high risk or the highest risk consignments.



The main recipients of these risk-related products are the operational cargo teams, the enforcement teams (for example, the Customs Border Control Unit), and Post Clearance Audit teams.



In order to perform their tasks, officers must, on a daily basis, collect relevant data (and this is collected from databases within Customs or external to Customs), analyse, compare and weigh this data, then make logical deductions and derive findings that will focus efforts on high risk or the highest risk consignments. An officer therefore follows, on a daily basis, the steps of establishing the context, identifying the risk, analysing the risk, assessing and prioritising the risk and then addressing the risk.

A risk management officer is as such responsible for supporting operations through managing risk and "filling the gaps" where these may occur. Operational staff have specific skills and must be directed to focus areas where their skills can be optimally used, and this can only be done if they know which consignments have been identified as potentially being of high risk. Clearly, operational staff should not spend time on performing methodological risk management steps which are performed by the CRM.

However, it is essential to note that as risk is "owned" by Operations, the mere fact that risk management officers perform the daily methodological steps as indicated, does not detract from the fact that Customs officers at all levels and in all areas support the risk process by for example, reporting on suspicious activities, reporting thoroughly and within required time frames on incidents and interventions, supply feedback on risks that were to be tested, etc. The point of pivotal importance is that risk management officers do not own the process of risk; risk management merely fulfils the role of a technical or support experts.

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Staff in the National Targeting Centre are responsible for identifying, evaluating, classifying and tracking compliance risk and must prescribe operational responses in relation to harmful goods as well as activities of individuals and other entities and participants in the supply chain responsible for movements of goods across South Africa's borders and through its territory where a serious commercial and/or security threat at an international, regional and/or national level is posed. The Customs NTC is therefore responsible for identifying and interpreting the international, regional and national economic and security environment, to align its focus according to threats manifested in each and to advise on the implementation of measures in order to mitigate threats in advance in as far as imported; exported or transit goods are concerned.

The NTC aims to ensure that the following are made a reality during the 2010/11 financial year: the pre-loading of targeting of goods, people and conveyances ("Tier 1" targeting based on advance information); the development and maintenance of the national default weight sets/profiles based on different risk and threat assessments; to support port-level targeting and pre-selection hubs (Note: Pre selection hubs may be developed based on modalities and are dependent on advanced electronic information); the maintenance of a system of alerts; the development and maintenance of national seizure and offence databases; and to compute risk and threat levels.

Risk management staff must be inquisitive, understand the business of Customs, and apply systematically the knowledge they have in order to derive empirical results that will guide operational efforts. From the above examples, it is evident that the field of risk management is essential in a resource challenged environment, not only from a revenue perspective but also from a security perspective, and all Customs administrations should adopt risk management principles and establish a risk management capacity in order to ensure focused and cost effective operations.

More information
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