WORLD CUSTOMS ORGANIZATION

Risk Assessment,

Profiling and Targeting

Customs function at the borders

- **Receive commercial data**
  - **Associated with the movement of goods**

- **Risk assessment**
  - **Revenue fraud**
  - **Drug and firearm trafficking**
  - **Fake medicines and consumer goods**
  - **Environmentally controlled goods etc.**

- **Inspection of the goods, passengers, conveyances identified as high risk**
  - **Non-intrusive technology, technical equipments**

- **Facilitate legitimate trade**

CUSTOMS' DAILY WORK

- **Supervisors decide:**
  - **How to allocate resources**

- **Customs officers decide:**
  - **Which Passenger/cargo/vehicle to search, and**
  - **How detailed the search should be**

REVIZED KYOTO CONVENTION
General Annex-Guidelines, Chapter 6 – Customs Control

Standard 6.1
All goods, including means of transport, which enter or leave the Customs territory, shall be subject to Customs control
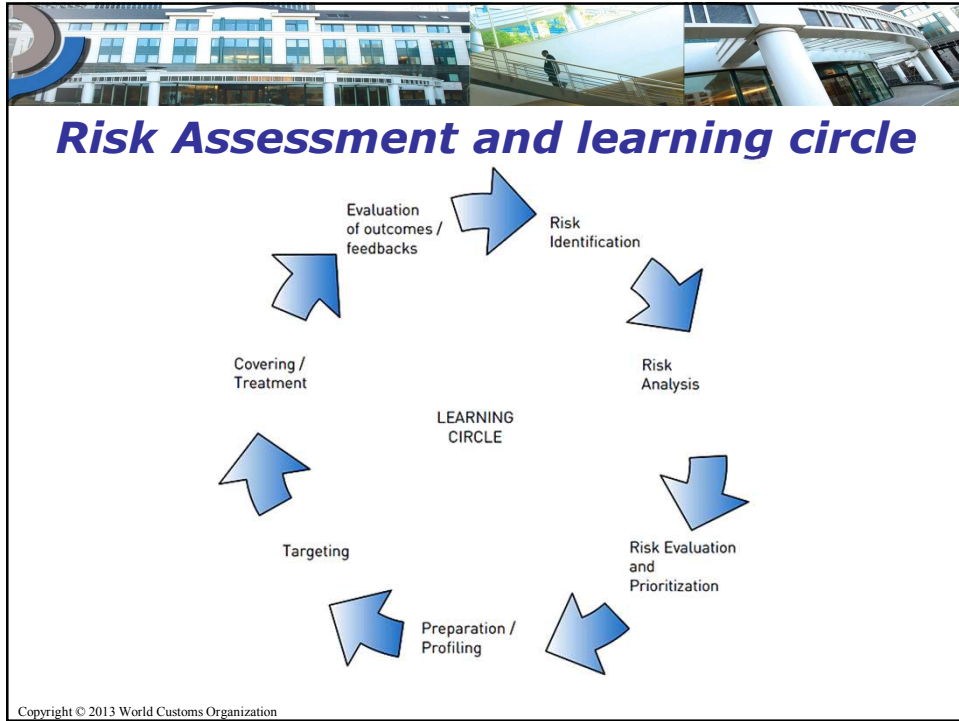
Standard 6.3
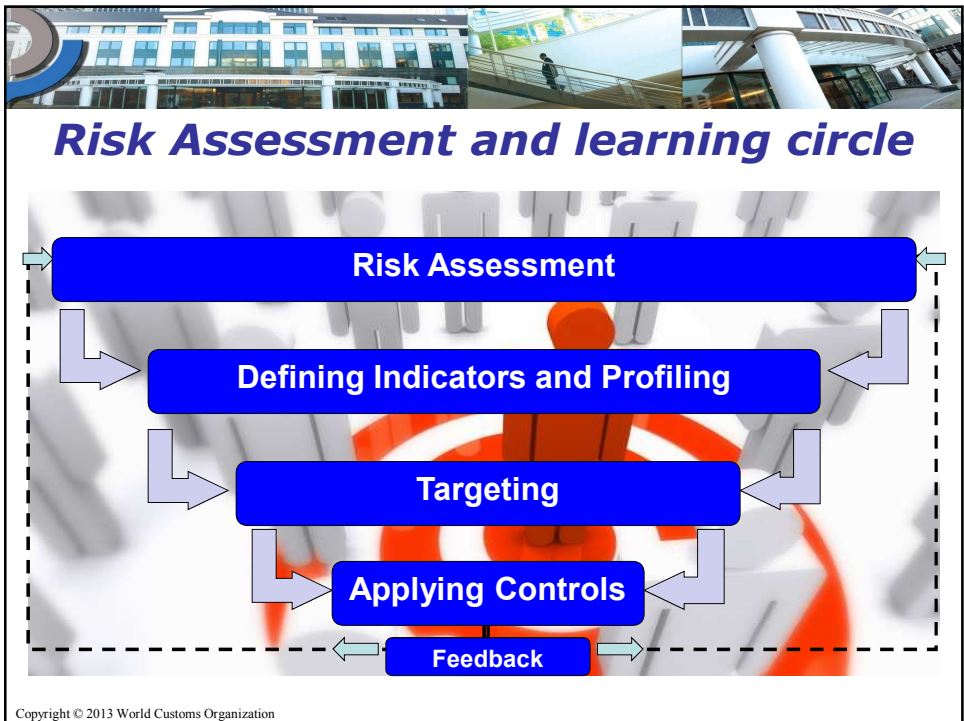**In the application of Customs control, the Customs shall use risk management**
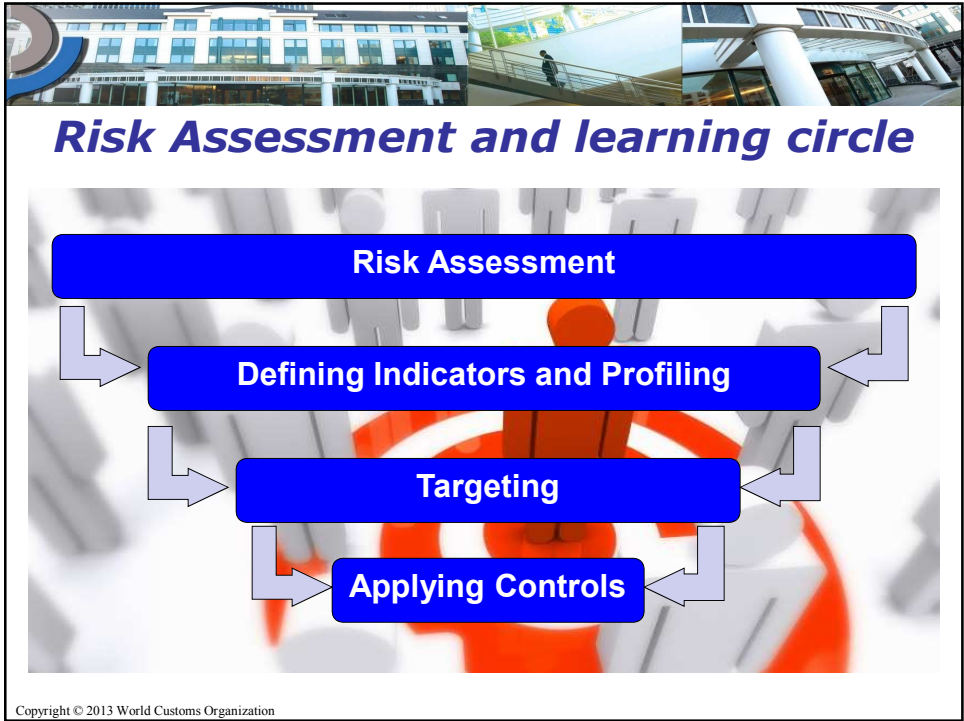
Standard 6.4
The Customs shall use risk analysis to determine which persons and which goods, including means of transport, should be examined and the extent of the examination

Risk Assessment and learning circle

Evaluation of outcomes / feedbacks

Risk Identification

Risk Analysis

Covering / Treatment

LEARNING CIRCLE

Risk Evaluation and Prioritization

Targeting

Preparation / Profiling

Risk Assessment and learning circle

Risk Assessment

1. **Risk Identification**
2. **Risk Analysis**
3. **Risk Evaluation and Prioritization**

Risk Assessment and learning circle

Risk Assessment

Defining Indicators and Profiling

Risk Assessment and learning circle

Risk Assessment

Defining Indicators and Profiling

Targeting

Risk Assessment and learning circle

Risk Assessment

Defining Indicators and Profiling

Targeting

Applying Controls

Copyright © 2013 World Customs Organization

Risk Assessment and learning circle

Risk Assessment

Defining Indicators and Profiling

Targeting

Applying Controls

Feedback

Copyright © 2013 World Customs Organization

1. RISK IDENTIFICATION

Risk is defined as: *effect of uncertainty on objectives*

(including the potential for non-compliance with Customs laws)

Identifying risks:

What, Who, When, Where, Why and How

Risk identification should be performed by officials/experts familiar with the process

Top-level; Mid-level; Field-level

1. RISK IDENTIFICATION (continued)

The steps in risk identification follow:

1. Describe the current control system
2. Draw a flowchart which shows each step in the control process
3. What are the current controls in the system?
4. What are the current strengths/weaknesses in the system?
5. Who, What, Where, When and How is the risk likely to be occur and by whom?
6. Why do the opportunities to circumvent the controls arise?
7. Categorize risks - Controllable or Uncontrollable

1. RISK IDENTIFICATION (continued)

- Existing border controls
- Security
- Traffic Patterns
- Staffing
- Other parties/stakeholders

- Passengers
- Goods
- Local trends
- Neighboring (departure) country

2. ANALYSE THE RISK

- **How likely is an event to happen?**

- **What are the potential consequences and their magnitude?**

- **Inter-related with Evaluation & Prioritization of Risks**

2. ANALYSE THE RISK (continued)

3x3 Risk Matrix

		Low ⟶ Likelihood ⟶ High	
High ↑ Consequence ↓	Medium	High	High
	Medium/Low	Medium	High
Low	Low	Low	Medium

3. Risk Evaluation and Prioritization

- **Understanding the risks**
  - **Decisions about future actions**
  - **Whether a risk needs treatment**

- **Assess the risks: high, medium or low.**

- **Prioritize unacceptable risks**

Example: Analysis, Evaluation & Prioritization

Field-level – Possible land border considerations

Risk identification   **Assessing the risks**

Staffing
(enough to handle the traffic?) → No → increases the likelihood of drug smuggling

- **Geography**
(Is your country close to → Yes → increases the likelihood of drug smuggling
a source? / On the transit route?)

- **Neighboring country**
(Export control, experiences officers → Yes → decreases the likelihood of drug smuggling
Scanning equipment)

RISK INDICATORS

- **Specific criteria which, when taken together, serve as a practical tool to select and target movements that pose a risk of potential non-compliance with Customs laws**

- **Depending on the risk area, several risk indicators can be developed for risk assessment.**

DEVELOPING RISK INDICATORS

1. Separate sources for goods, people and conveyances (documentation, stakeholders, technologies)

2. Define different categories of the goods (drugs, precursors, CITES, IPR, etc.)

3. Define different categories; e.g. people (passenger, crew, …) or conveyances (vessels, trucks, trains, …)

4. Identify key data elements / risk indicators

RISK PROFILING

- Risk profile: Description of any set of risks, including a predetermined combination of risk indicators, based on information which has been gathered, analyzed and categorized

- The means by which Customs puts risk assessment into practice

- It replaces 100% and random examination of documents and goods with a planned and targeted working method that use the profiles as a basis

- Method of selecting for examination only those passengers and cargo likely to be involved in breaching Customs laws

PROFILE DEVELOPMENT

Step 1: Collect Available Data

Step 2: Structure the Data (Chart, Matrix, etc.)

Step 3: Analyze the Data

Step 4: Establish and Disseminate the Profile

Step 5: Obtain Feedback

Step 6: Modify the Profile Based on Results and Continuing Research

PROFILING LEADS TO TARGETING

TARGETING/ SELECTIVITY

"for effective Customs control"

Targeting/Selectivity

« Using profiling and other information and enforcement activity to select the highest risk passengers, conveyances and goods for examination»

Using profiles and information

Enforcement activity ⟷ Intelligence
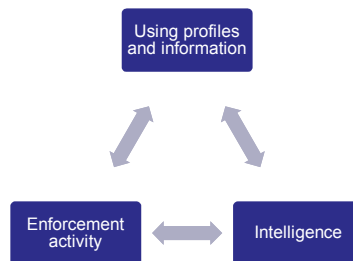
Profile based targeting/selectivity

- **Can be either manual or by using electronic systems**
- **To move away from intuitive and random practices in applying controls**
- **Automation a huge enabler**
- **What does automation allow?**
  - **Rapid processing of vast amounts of information**
  - **Multi-layered approach, accumulation of information**
  - **Selectivity layers**

Example – Selectivity layers
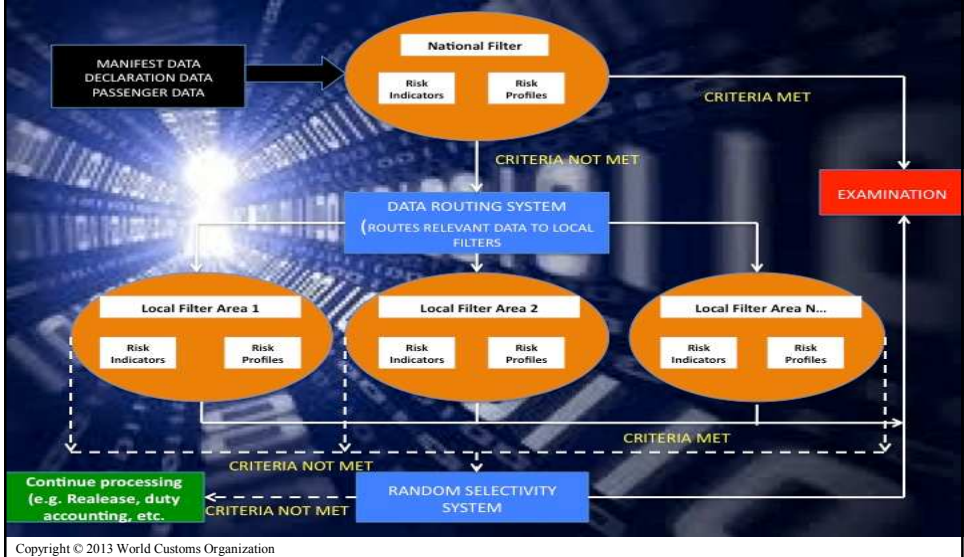
CUSTOMS CONTROL

measures applied by customs to ensure compliance with customs law

BASIC RULE

All goods, including means of transport, which enter or leave customs territory, shall be subject to customs control.
(Revized Kyoto Convention, Standard 6.1)

The Customs shall use risk analysis to determine which persons and which goods, including means of transport, should be examined and the extent of the examination
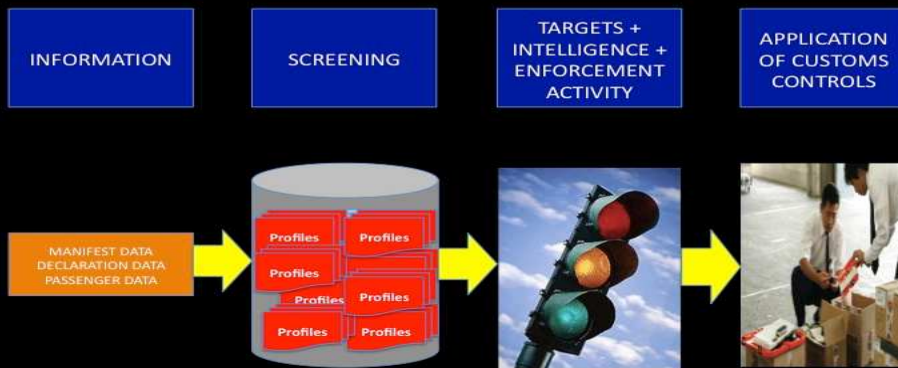*(Revized Kyoto Convention, Standard 6.1)*

CUSTOMS CONTROL RESULTS IN:

Release of goods; Further inquiry; Investigation

CUSTOMS CONTROLS

INFORMATION	SCREENING	TARGETS + INTELLIGENCE + ENFORCEMENT ACTIVITY	APPLICATION OF CUSTOMS CONTROLS

MANIFEST DATA
DECLARATION DATA
PASSENGER DATA

Profiles

Examination

- Concentration on "high-risks", "80/20"
- Responsibility and authority to deal with the treatment
- Unless there is direct intelligence, the control owner should have the right to use risk assessment to decide on the level of needed examination
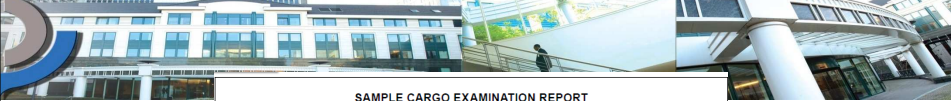- Non-intrusive technology, technical equipments
- Integrity?

Reporting of control results

- Feedback enables the development of indicators profiles
- Leads to better efficiency in the future
- Allows also the reporting of new or changing risks
- Not always done properly
- Sometimes small things can have a huge impact
- Examination results database

SAMPLE CARGO EXAMINATION REPORT

Declaration Number:	Customs Office:
Importer Name: Importer Number: Broker:	Inspecting Officer (print):

Reason for examination: Why was this shipment targeted?
__ designated by automated system for physical examination based on specific criteria
__ designated by automated system for random examination
   (attach copy of automated system examination instruction printout)
__ other (state reason for examination and obtain Supervisor's signature below:

Override of selectivity instructions approved by: _____
(Supervisor's or shift leader's signature)

DISCREPANCIES	
Was a discrepancy found? Y / N	If "yes", fill in shaded area of this report.
Describe the discrepancy *in detail*:	
Was a Penalty Recommended? Y / N	Was Merchandise Seized? Y / N If Yes, give case or seizure number:

CARRIER DATA	
Carrier Name: Carrier Address:	Driver Name: Driver DOB: Driver Nationality: Driver Passport # (or other ID):

Note any additional information with intelligence value (can be "none found"):

Officer's Signature:	ID #:	Date:
Supervisor's Signature:	ID #:	Date:

BENEFITS OF RISK ASSESSMENT

- **Helps customs management allocate limited resources**
- **Helps Customs officers focus on high risk cargo / people / conveyances**
- **Facilitate legitimate trade**
- **Customs officers will be more motivated if they believe there is a greater chance of detecting a smuggling attempt**

Questions & comments