



***Jamaica***  
***Customs Agency***  
***(JCA)***

***'Country Above Self'***

***Annual Report***

***2015-2016***

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### **Vision Statement**

A modern customs administration, delivering excellent service, fostering compliance, contributing to our national development and protection of society.

### **Mission Statement**

To facilitate trade, protect our borders, optimize revenue collection, through collaborative border management and delivery of high-quality customer services and to develop and maintain a team of motivated professional and competent staff.

### **Core Values**

**Integrity** - This important value:

- Demonstrates honesty, openness, punctuality, truthfulness, trustworthiness, accountability and fairness.
- Boosts the customers' confidence in Jamaica Customs and results in a higher degree of voluntary compliance with Customs Laws.

**Professionalism** - Professionalism in our services to our clients:















- Demonstrates knowledge, efficiency, accuracy, and consistency.
- Displays respect, courtesy, confidence, dignity in personal well-being and pride in our work.
- Displays loyalty, commitment, and confidentiality.
- Demonstrates sensitivity and responsiveness to the needs of our customers and co-workers, yet firm.

**Principles** - Jamaica Customs' activities are guided by the principles, which seek to ensure that:

- Ultimately, service to the nation is paramount as reflected in the Jamaica Customs' motto: Country Above Self.
- A safe and healthy environment will be provided for clients and staff.
- Work in the new Agency will be more productive, more rewarding, and more satisfying.
- Work and the strategies behind it will reflect the public interest and customer service.
- Clients will be provided with the information they need to carry out their responsibility and duty as citizens.
- Clients' and citizens' need, and satisfaction levels will be given importance and monitored closely.

**Commissioner and Senior Management Team**



	<b>Mrs. Carlene Henry, Deputy Chief Executive Officer, Operations</b>		<b>Mr. Alwyn Nicely, Deputy Chief Executive Officer, Border Protection</b>
	<b>Mrs. Patricia Wiggan-Chambers, Senior Director, Executive Service</b>		<b>Mrs. Selina Clarke-Graham, Senior Director, Kingston Operations</b>
	<b>Ms. Shandilayne Davis, Senior Director, International and Industry Liaison</b>		<b>Ms. Michelle Chambers, Chief Internal Auditor</b>
	<b>Mrs. Kate Bertram, Senior Director, Finance and Administration</b>		<b>Ms. Jessica Belle, Senior Director, Human Resource Management &amp; Development</b>
	<b>Mr. Andre Williams, Chief Information Officer</b>		<b>Ms. Claudette Coombs, Senior Director, Western Region</b>
	<b>Mr. Marlon Lowe, Senior Director, Central Operations</b>		<b>Ms. Hazel Edwards, Senior Director, Legal Affairs</b>
	<b>Mr. Clyde Thompson, Consultant</b>		<b>Mr. Albert Anderson, Director, Contraband Enforcement Team</b>

## List of Acronyms

**ACCPAC:** Accounts Package  
**ASYCUDA:** Automated System for Customs Data  
**AW:** ASYCUDA World  
**BMC:** Black Mosquito Coil  
**Bn:** Billion  
**CARICOM:** Caribbean Community (and Common Market)  
**CARTAC:** The Caribbean Regional Technical Assistance Centre  
**CEO:** Chief Executive Officer  
**CET<sup>1</sup>:** Contraband Enforcement Team  
**CET<sup>2</sup>:** Common External Tariff  
**CFS:** Container Freight Station  
**CRM:** Customer Relationship Management  
**DSIA:** Donald Sangster International Airport  
**ECM:** Enterprise Content Management  
**e-GOV:** e-GOV Jamaica Limited  
**eManifest:** Electronic Manifest  
**ERP:** Economic Reform Programme  
**eSAD:** Electronic Single Administrative Document  
**FAA Act:** Financial Administration and Audit Act  
**FS:** Financial Secretary  
**FSPID:** Food Storage and Prevention of Infestation Division  
**FY:** Fiscal Year | Financial Year  
**GCT:** General Consumption Tax  
**GoJ:** Government of Jamaica  
**HCM:** Human Capital Management  
**HEART:** Human Employment and Resource Training  
**HR:** Human Resource  
**HRMIS:** Human Resource Management Information System  
**ICT:** Information and Communication Technology  
**IDB:** Inter-American Development Bank  
**IMF:** International Monetary Fund  
**JCA:** Jamaica Customs Agency  
**JCD:** Jamaica Customs Department  
**KCT:** Kingston Container Terminal  
**KGN:** Kingston  
**KRAs:** Key Result Areas  
**MBJ:** Montego Bay Jamaica  
**MDAs:** Ministries, Departments, and Agencies  
**Mn:** Million  
**MOFP:** Ministry of Finance and Planning  
**MOH:** Ministry of Health  
**MPO:** Modernization Programme Office

**NCB:** National Commercial Bank  
**NCC:** National Contracts Commission  
**NEPA:** National Environment and Planning Agency  
**NMIA:** Norman Manley International Airport  
**OGAs:** Other Government Agencies  
**PERs:** Performance Evaluation Reports  
**PIOJ:** Planning Institute of Jamaica  
**PO:** Purchase Order  
**POCA:** Proceeds of Crime Act  
**RDP:** Revenue Deposit Paid  
**RTGS:** Real Time Gross Settlement  
**UNCTAD:** United Nations Conference on Trade and Development  
**YTD:** Year to Date



### **Message From The Honourable Minister of Finance and Planning**

The end of another financial year 2015/2016 has brought praise for the Jamaica Customs Agency's success in employing technology solutions to bolster its operations. Last year the Agency introduced the web-based Automated System for Customs Data (ASYCUDA) World, which allowed for real-time updates on new tax regulations to minimize errors and delays in the computation of port taxes and also guarantees transparency, uniformity or standardization and consistency of Customs procedures.

The Agency, in its mandate to Facilitate Trade, while improving efficiency in the release of cargo to clients inclusive of examination and release time, exceeded its target of import shipments at the ports which is an important key for international competitiveness. The Jamaica Customs Agency has been consistent with its performance and continued improvement in operational efficiencies while delivering quality service to their stakeholders.

I applaud you, JCA's management and team for your continued patriotism as you continue to render the most valuable service to the nation.

All the best for the New Financial Year

*Peter D. Phillips, PhD., MP*





**Message From The Chief Executive Officer  
(CEO)/Commissioner Of Customs**

As Commissioner of Customs, I am delighted to present the Annual Performance Report of the Jamaica Customs Agency (JCA) which highlights its accomplishments and achievements for the FY15/16. The JCA, being a premier border agency, is poised to support the strategic priorities - economic growth, job creation, improved security and safety, human capital development, social inclusion, fiscal prudence and the pursuit of a credible economic programme, of the Government of Jamaica (GOJ) for FY15/16.

The JCA collected net revenue totalling \$161.102B for FY15/16 and has maintained its rank as the second-largest revenue-generating entity for the GOJ. This revenue outturn represented 99.8% of the targeted collection. Further, the revenue outturn continued its year-on-year growth trajectory, increasing by \$17.969B or 13% from \$143.133B. The JCA also achieved 100% compliance with its customer charter standards. A customer satisfaction of 80% was achieved for FY15/16. In respect of border protection activities, a 0.3% increase in the seizure of contraband was recorded year on year.

Several initiatives were implemented to support the JCA's mandates of trade facilitation, revenue collection and border protection. Tremendous progress was made with the implementation of the ASYCUDA World Project. This project was 81% complete as at March 31, 2016. The management of risks continued to be an important priority for the JCA. As such, the JCA solicited and received support from the World Customs Organization (WCO) for the conduct of a Risk Management Diagnostic. The results were insightful.

Phase Three of the legislative changes, which focused on amendments to the Customs Act for the FY15/16, commenced with the appointment of an Inter-Agency project team to steer this phase of the amendment programme.

The hardware and infrastructural improvements were complemented with continuous training of staff to improve core competencies and professionalism. The quality of the Agency's human resource was vital to the performance achieved. I therefore use this opportunity to salute the staff who are guided by its core values and continue to epitomise true country above self. The support of the parent ministry and other key stakeholders was also commendable, and I also extend gratitude for the support received.

I anticipate the continued support as we strengthen our resolve to make Jamaica the place of choice to live, work, raise families and do business.

*Major (Ret'd) Richard Reese, M.B.A., J.P*

## Profile of the Jamaica Customs Agency



### ABOUT THE JCA

The Jamaica Customs Agency (JCA) formally the Jamaica Customs Department (JCD) operation historically dated back to 1869 when it was part of the Collector General's Department where its focus was the collection of revenue. In 1985 with the provisions under the Revenue Administration Act the Customs and Excise Department came into existence. However, by October 1991 the functions were subdivided into the General Consumption Tax Department and the Jamaica Customs Department. On April 2, 2013, the Jamaica Customs Department was transitioned into the Executive Agency thereby becoming the Jamaica Customs Agency.

### ROLES AND RESPONSIBILITIES

The JCA falls under the auspice of the Ministry of Finance and Planning (MOFP) and is headed by a CEO/Commissioner who reports to the Financial Secretary (FS). The Agency operates with three mandates: the equitable collection of revenue, facilitation of trade and protection of Jamaica's borders. It maintains its position as a principal contributor to the Government of Jamaica (GOJ) coffers and is responsible for collecting approximately thirty-six percent (36%) of the national tax revenues, annually.

The Agency plays a key role in the international trade supply chain through the effective and efficient processing and releasing of importing and exporting cargo within the established charter standard. Additionally, assessing passengers' baggage and ensuring compliance with restricted and prohibited regulations are part of its activities.

Jamaica Customs, as protectors of the nation's borders, Jamaica Customs detects and interdicts illegal, restricted and prohibited items that directly impact the security of the country. As such, directly embedded in the mandate of the Agency is the achievement of goals two and three of Jamaica's National Development Plan, Vision 2030. Jamaica Customs' ensures that all import and export activities comply with Jamaica's laws and regulations. Jamaica Customs carries out its functions by:

Interdicting and seizing contraband, including narcotics and illegal drugs;

Detecting and apprehending persons engaged in fraudulent practices designed to circumvent Customs-related laws;

Protecting Jamaica's industries, labour, and intellectual property rights by enforcing Jamaica's laws intended to prevent illegal trade practices, including provisions related to quotas; the Anti-Dumping Act; and by providing Customs Records for copyrights, patents, trademarks;

Protecting the general welfare and security of Jamaica by enforcing import and export restrictions and prohibitions, including money laundering.

## LAWS AND REGULATIONS GOVERNING THE JCA

All customs activities are governed primarily by the Customs Act and Regulations. In addition to its laws, Customs enforces over 125 other provisions of law for at least 20 agencies. A number of these statutes relate to environmental protection, national security, and consumer safety.

## JCA's STRATEGIC OBJECTIVES

The Agency's strategic objectives were formulated to provide direction for its core mandates and ensure optimal execution of the JCA's operation:



### **Summary of Performance**

The Jamaica Customs Agency (JCA) over the fiscal year FY15/16 pursued its core mandates in relation to revenue collection, trade facilitation, and border protection. Five revenue-related performance indicators were formulated. Rather than a 2% decrease in the cost of collection of duties and taxes as a proportion of revenue collected, an increase of 2.94% was registered. The timely removal of overtime goods to the Queen's Warehouses recorded an 80.5% performance against the target. Further, the Agency collected \$161.102Bn achieving 98.8% of the forecasted revenue target of \$161.479Bn.

*The total revenue earned by the JCA is based on a predetermined amount to cover the Agency's operational expenses. In FY15/16 the Agency collected a total amount of \$12.752Bn for Customs Administration Fee (CAF) of this amount \$5.715Bn was retained as revenue for the financial year, and the balance was transferred to the Consolidated Fund.*

The area of border protection had three performance indicators, which did not perform in the direction as intended. Notably, while the Agency targeted an 8% decline in illegal imports, and prohibited and restricted goods seized, there was a 0.3% increase in seizures of contraband at the end of the fiscal year. On the other hand, while the desire was to finalize 100% of prosecutions (court cases), 75% of the cases were finalized. All these cases were matters in relation to the Proceeds of Crime Act (POCA).

In its quest to contribute to improvements in the international trade supply chain the JCA established nine performance indicators for trade facilitation. For the fiscal year, the Agency processed 318,759 or 95% of import entries within 24 hours. Additionally, the assessment of the customer satisfaction level of the services offered yielded an average 80% satisfaction level. Passenger processing time through the green channel recorded success of 16 seconds on average over the target of 30 seconds, however, the red channel produced unfavourable results of 3 minutes and 48 seconds on average against the target time of 3 minutes. In driving the automation and computerization of its core processes the Agency implemented 81% of the functionalities of the ASYCUDA World system.

### FY15/16 KEY OUTPUT PERFORMANCE

For the year in the review, there were **thirty-two (32) key outputs** that the Agency prioritized. Despite the challenges, the Agency focused on its transformation while delivering on its mandates in relation to revenue collection, border protection, and trade facilitation albeit to satisfy stakeholders. The performance against fiscal targets is tabulated below:

Table 1:

#### Revenue Outputs:

No.	Output	Fiscal Target	Performance Comments
R1	Increased percentage of revenue collections forecasted	\$161.479Bn	Revenue collected amounted to \$161.102Bn which was \$0.377Bn or 0.2% below the target.
R2	Increased arrears collected against plan	100% or \$162.000Mn	Arrears collected during the fiscal year amounted to 124% or \$201.048Mn which was \$39.048Mn or 24% above the annual target
R3	Increased additional revenue assessed against initial revenue declared	60% or \$415.903Mn	As at the end of the fiscal year, there was \$714.742Mn or 172% of the annual target of additional revenue collected.
R4	Decreased cost of collection of duties and taxes as a proportion of revenue collected	2%	Increased by 0.48% year on year. FY14/15 Cost of collection to Revenue was 2.46%: \$3.879Bn to \$157.646Bn, while FY15/16 Cost of collection to Revenue was 2.94%: \$4.751Bn to \$161.102Bn.
R5	Timely removal of 'overtime' goods to the Queen's Warehouses.	100%	During the fiscal year, 1,175 or 80.5% of Lodgement notes were sent to Queens Warehouses in a timely manner of 1,459 lodgement notes.

Table 2:

#### Border Protection and Compliance Outputs:

No.	Output	Fiscal Target	Performance Comments
BPC1	Decreased percentage of illegal imports, prohibited and restricted goods seized	8% reduction	There were 1,301 seizures of contraband and illicit goods compared to 1,297 seizures in the previous year, hence a 0.3% increase.
BPC2	Increased percentage of breaches detected	35%	There were 755 breaches cited during the year when compared to 749 last year. Breaches increased by 1%.
BPC3	Increase in the number of finalized prosecutions (against the number of prosecutions taken to court).	100%	Seventy-five percent (75%) was achieved. 12 cases from 16 Proceeds of Crime Act (POCA) cases were finalized.

No.	Output	Fiscal Target	Performance Comments
BPC4	Achieved number of audit cases planned	100%	Seventy-two percent (72%) was achieved. One Hundred and Seven (107) cases were completed against 148 cases planned.

Table 3:

**Trade Facilitation Outputs:**

No.	Output	Fiscal Target	Performance Comments
TF1	Improved compliance with customer charter standards	100%	Ninety-five percent (95%) average achieved. Compliance within the standards can be seen in the total amount of 318,759 or 95% of import declarations processed within 24 hours, 111,752 and 207,007 respectively for commercial and non-commercial declarations
TF2	Increased Customer satisfaction levels (customer surveys)	85%	The actual performance was 80%. A port survey reportedly was administered. <i>No data or report to validate performance/results</i>
TF3	Timely resolution of complaints	100%	One Hundred percent (100%) was achieved from 23 complaints received. Four (4) or 21% increase in complaints against 19 from the previous year.
TF4	Timely process of passengers with goods/no goods to declare	Green Channel: 30 seconds Red Channel: 3 minutes	Average processing time at both Int'l Airports was: Green Channel = 16 seconds and, Red Channel = 3 minutes and 48 seconds.
TF5	Timely processing of cargo	100%	Ninety-five percent (95%) average achieved. For commercial shipments 111,752 of the 117,634 shipments were examined and released within 45 minutes and in relation to personal/non-commercial shipments, 207,007 of the 217,902 shipments were examined and released within 15 minutes.
TF6	Improved legal and regulatory framework	100% amendment by 2016	Sixty percent (60%) was achieved. <i>See in the report further under Strategic Objective 6 for details/activities.</i>
TF7	Implemented ICT projects for core automation: -ECM -SysAid -HCM -ACCPAC	100%	Seventy-five percent (75%) overall average achieved: Project implementation status: CRM SysAid – 90% ACCPAC – 88% HCM – 50% ECM – 70% <i>See in the report further under Strategic Objective 4 for details/activities.</i>
TF8	Improve the Customs processes for imports and exports	100%	One Hundred percent (100%) was achieved for imports. All electronic manifest data are processed through ASYCUDA World. 131,409 import eManifest and 10 export eManifest were submitted in AW. <i>Export electronic manifest was not made mandatory in AW.</i>
TF9	Implementation of ASYCUDA World by 2016	100%	Eighty-one percent (81%) was achieved. There were minor deviations which prevented the full implementation of the project by March 2016.

No.	Output	Fiscal Target	Performance Comments
			Notwithstanding, the core of the ASYCUDA World system has been fully implemented enabling conducting paperless import and export Customs related formalities/processing and subsequent release of cargo to the importer/exporter or designated declarant. The varying regimes are now being fully utilized at all ports of entry and departure in Jamaica. Over 100,000 transactions have been completed through the AW system as of March 2016.

Table 4:

**Resource Management Outputs:**

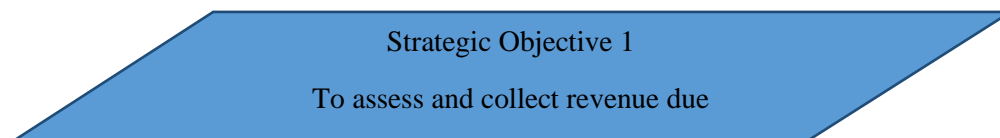
No.	Output	Fiscal Target	Performance Comments
RM1	Suitable staff recruited and trained for Executive Agency	100%	At the end of the fiscal year, 838 positions or 59% were filled for the Executive Agency structure of now 1,415 posts.
RM2	Maintain attrition rates (year on year)	1%	There were 67 separations of 1,026 staff complement which represented a 6.5% attrition rate for the fiscal year.
RM3	Reduced absenteeism and sickness levels (year on year)	15%	The Agency recorded a 3.841% reduction in absenteeism days and sickness levels. Lack of HRMIS to capture the necessary data. Abstracts are done manually.
RM4	Increased level of staff satisfaction (through the survey, done year on year)	100%	0%. Survey to be conducted after 100% staff competent filled.
RM5	Increased training delivered against the plan	100%	One Hundred and Fifteen percent (115%) was achieved. One Hundred and Thirty-Eight (138) training courses were delivered against 120 training courses planned.
RM6	Increased percentage of staff achieving satisfactory performance rating or above against target (moderated by HR to reduce the potential for over grading).	100%	Eight Hundred and Thirty-Four (834) or 99% PERs as at March 2016 attained or exceeded the score of seventy-five percent (75%) from the 842 PERs submitted/received.
RM7	Reduced number of disciplinary issues that result in staff being dismissed/prosecuted	0.05%	There were 0.75% of disciplinary issues that result in staff being dismissed/prosecuted (Continue to re-sensitise staff on Code of Conduct and Grievance procedures).

No.	Output	Fiscal Target	Performance Comments
	(comparison year on year).		
RM8	Improved planning capabilities	100%	One Hundred percent (100%) was achieved. Corporate/Operational Plans submitted to MOFP.
RM9	Accurate and timely reports/statements in accordance with the FAA Act & Executive Agencies Act (against milestones set out in the Modernisation Plan.)	100% submission to the MOF&P and other stakeholders 12 monthly statements by the 10 <sup>th</sup> working day of the subsequent month.	Ten (10) of 12 or 83% of Final Statements due were submitted on time in accordance with the FAA Act. February 2016 and March 2016 were not yet submitted.
RM10	Integrity of systems and procedures maintained.	100%	One Hundred percent (100%) was achieved. Job Descriptions reviewed with Executive/Senior Management teams regarding all posts to ensure congruence with Corporate/Operational Plans to validate relevance for the next three (3) years period. <i>No data is available to verify performance.</i>
RM11	Reduced number of audit queries	30%	<i>No external audit was conducted/finalized for the period</i>
RM12	Increased percentage of audit programmes completed.	100%	Ninety-four percent (94%) was achieved. Fifteen (15) internal audits against 16 that were planned completed for FY15/16
RM13	Improved accommodation for staff and clients.	100%	Eighty-five percent (85%) of planned projects were satisfied.
RM14	Receiving full Executive Agency status in April 2015	100% of staff recruited by 2016	Fifty-nine percent (59%) was achieved.
		100% of reports of awareness activities submitted	One Hundred percent (100%) was achieved. Three (3) reports were submitted.



## OPERATIONAL PERFORMANCE

### Revenue Collection



The Government of Jamaica's (GOJ) broad strategic priorities for FY15/16 were economic growth and job creation, improved security and safety, human capital development, social inclusion, fiscal prudence and the pursuit of a credible economic programme. These strategic priorities were underpinned by, inter alia, robust tax reform aimed at realizing revenue adequacy, improving the administration of taxes, broadening the tax base, increasing compliance and achieving equity in the distribution of tax burden.

In support of the GOJ's economic programme, several new revenue measures were introduced. Those specific to the Jamaica Customs Agency were the increase in the Special Consumption Tax on petrol by \$7.00 per litre and cigarettes from \$10.50 to \$12.00. Additionally, the Environmental levy was rationalised to be applicable to all imports while the Common External Tariff on horses was reduced to 5% from 40%. The net effect of these new measures was an expected increase in revenue of \$7.399Bn.

As a result, a total of \$161.479Bn was budgeted to be collected from international trade by the Jamaica Customs Agency (JCA) for FY15/16. Of this amount, \$148.596Bn was in respect of tax revenues while \$12.883Bn represented non-tax revenue. The aggregated revenue target of \$161.479Bn was \$18.702Bn or 13% higher than the assigned collection for the previous fiscal year of \$142.777Bn.

#### **How did the JCA perform against target and the prior year?**

##### **Total Revenue Performance**

At the end of March 2016, the JCA's revenue outturn totalled \$161.102Bn. This was \$0.377Bn or 0.2% short of the budgeted collection of \$161.479Bn. However, relative to the previous fiscal year, the revenue outturn registered a growth of \$17.969Bn or 13% from \$143.133Bn in FY14/15. The April and September Quarters recorded positive performances relative to the target while year-on-year growth peaked at 21% for the first quarter, a plateau at 12%, a one percentage point above the historical average, then began decelerating in the third and four quarters to 10% and 9% respectively.

The total revenue outturn was driven by petroleum products - motor spirits, automotive diesel oil, jet fuel, motor vehicles, cigarettes, alcoholic beverages, construction materials – steel and tiles, communication devices and apparatus as well as appliances.

The growth achieved in the revenue collection was predicated primarily on a fluctuating performance of the proxy trade indicators – container throughput, net weight, and CIF value of imports.

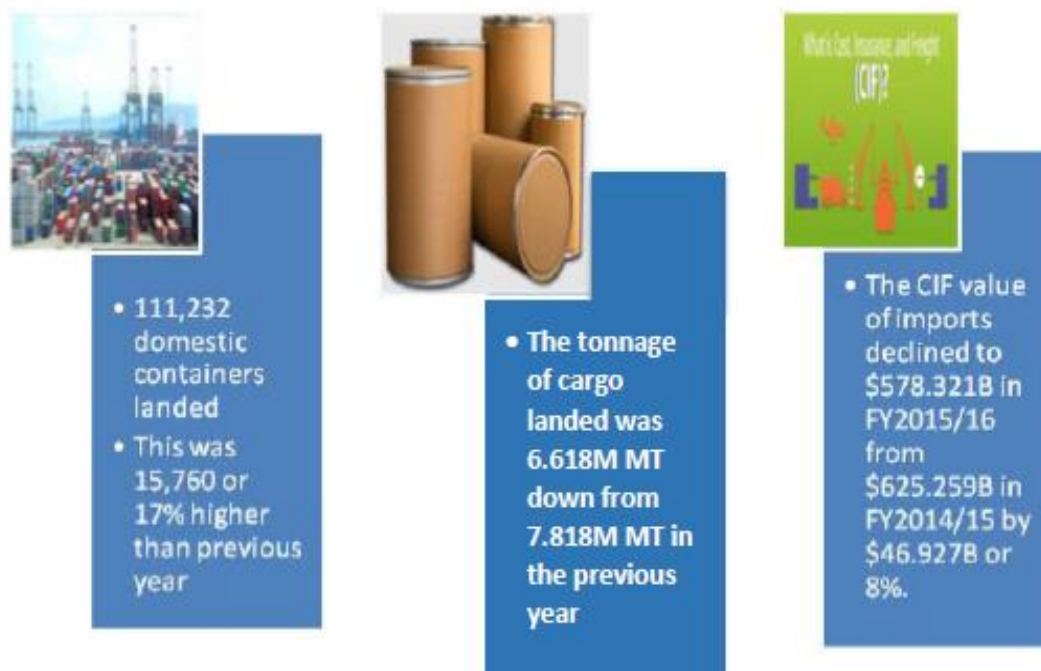
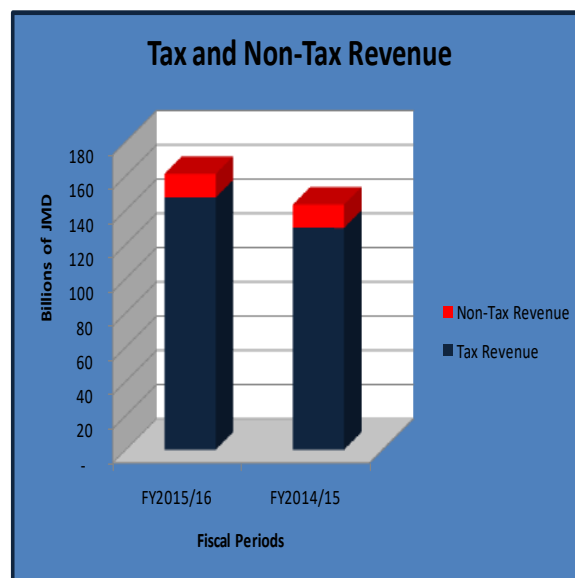


Figure 1:

**Tax Revenue Performance**

Tax revenues collected by the JCA totalled \$147.298Bn for FY15/16. The tax revenue performance was below budget by \$1.297Bn or 0.9%. However, year on year, the tax revenues registered growth of \$17.723Bn or 14%. Except for Special Consumption Tax, the major tax revenue items registered a below budgeted performance due to a lower than projected tax base. However, all tax revenue items recorded a positive performance year on year. Undoubtedly, the new revenue measures contributed largely to this outcome.

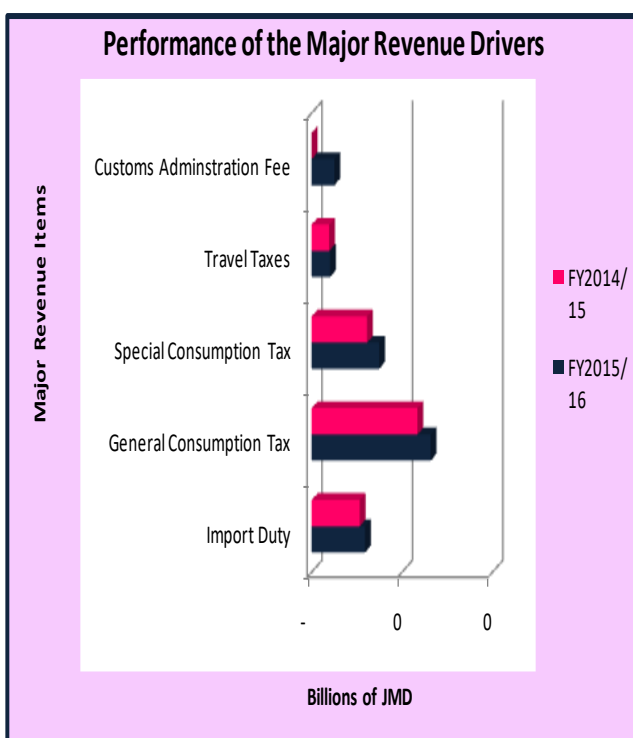


Duty recorded the most significant below-budgeted performance in the amount of \$1.268Bn or 4%. The Import Duty revenue totalled \$29.510Bn while the targeted collection was \$30.778Bn for the FY15/16. Growth in Import Duty revenue totalling \$2.966Bn or 11% was recorded FY15/16 over FY14/15. The primary driver of this growth in Import Duty revenue was motor vehicles. The trade volume of motor vehicles increased to 19,316 from 13,899 in FY14/15 by 5417 or 39%. It should be noted that potential Import Duty revenue was negated by the continued expansion in the Productive Input Relief Regime.

In addition to motor vehicles, the most significant contributors to the General Consumption Tax (GCT) revenue were cigarettes and steel. In the case of steel, its demand was fueled by an uptick in residential construction, GOJ’s major infrastructure development programme and hotel construction projects.

Aggregately, a total of \$65.805Bn was generated from the GCT revenue item in FY15/16, having increased from \$58.449Bn by \$7.355Bn or 13%. The GCT outturn, however, fell short of the target by approximately \$0.297Bn.

Figure 2:



The revenue generated from Special Consumption Tax (SCT) of \$37.256Bn was 2% or \$0.763Bn above the collection target of \$36.493Bn. Further, despite lower trade volume of the major petroleum products, the SCT revenue recorded growth of \$6.625Bn or 22% from 30.631Bn in FY14/15. This growth is SCT revenue may be attributed to the impact of the new revenue measures effected to petrol and cigarettes.

The SCT revenue performance was driven in large measure by motor spirits, automotive diesel oil, jet fuel, cigarettes and motor vehicles.

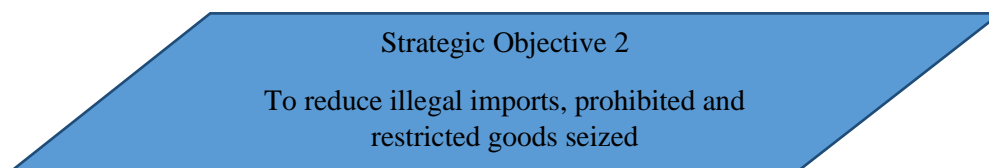
### Non-Tax Revenue Performance

The non-tax revenue recorded a positive performance relative to the target and the prior year. The non-tax revenue outturn for FY15/16 totalled \$13.957Bn against a targeted collection of \$12.883Bn and prior year collection of \$13.637Bn. Thus, the targeted collection was surpassed by \$1.073Bn or 8% while year-on-year growth of \$0.319Bn or 2% was recorded.

The non-tax revenue was, as customary, driven by the Customs Administration Fee (CAF) accounting for 91% of the non-tax revenue outturn. The targeted CAF collection for FY15/16 was \$12.435Bn. A total of \$12.674Bn was collected in respect of this item. As a result, the variance between target and collection was \$0.239Bn or 2%. Further, the year-on-year growth recorded by this item was \$0.376Bn or 3%, from \$12.298Bn in FY14/15. The major petroleum products, motor vehicles and steel were the drivers of the CAF revenue item.

The Jamaica Customs Agency remains committed to the equitable collection of revenue to enable the Government of Jamaica's fiscal programme to remain buoyant. The Agency continues to invest in the professional growth and development of its employees as well as public education to assist traders in knowing, understanding, and complying with the Customs Laws, Regulations, and affiliated legislation.

## Border Protection



The Agency continued to battle with the continuous frequent contravention of the Customs Laws, particularly sections 209, 210 and 211, false declarations, evading of customs laws and concealment of goods respectively. Across the operational areas, there were 755 breaches cited during the year in comparison to 869 in the previous year. Hence, a moderate decrease of 114 breaches cited or 13%. However, the additional revenue yielded from breaches was \$0.097Bn, an increase of \$0.030Bn or 45% up from \$0.067Bn in the previous fiscal year.

As a means of verifying compliance, the Agency executed 21,205 secondary examinations over the fiscal year when compared to 15,118 in FY14/15. The additional revenue detected and collected from secondary examinations for FY15/16 was \$0.016Bn, reflecting an increase of \$0.001Bn or approximately 7% over \$0.015Bn in the previous fiscal year.

### Enforcement Activities

Rummage operations<sup>1</sup> conducted increased by 448 or 320% year on year from 140 operations to 588 operations. In addition, the special or planned operations executed also registered a significant increase of 172 or 200%, from 86 to 258 operations. The number of search warrants executed increased from 38 to 51, noting a positive variance of 13 or 34%.

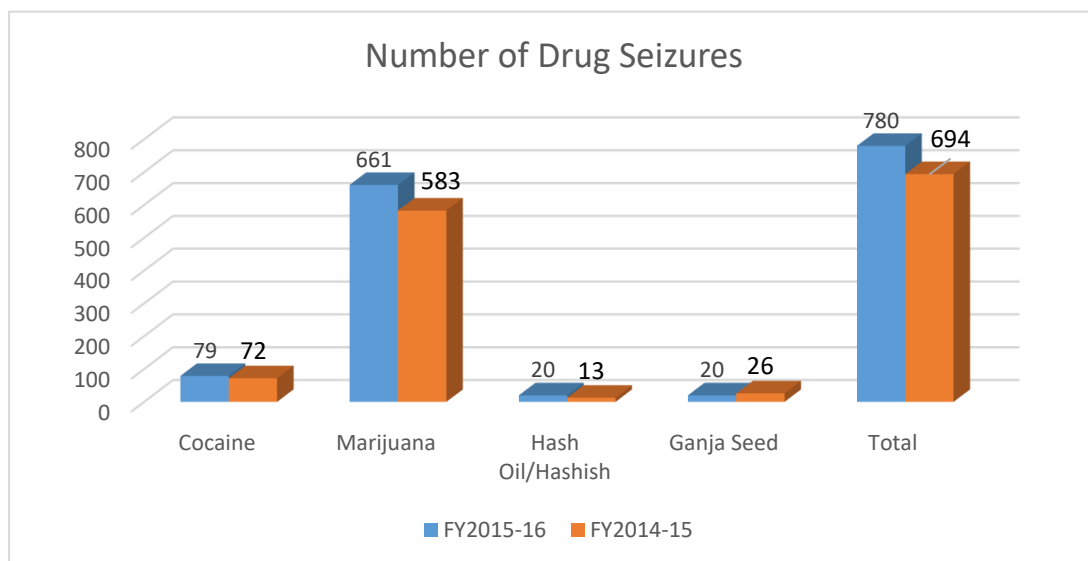
The year saw 67 persons arrested for suspected or engaging in illegal activities, a decrease of 5 persons or 7% over the previous year of 72 persons arrested. In relation to the Proceeds of Crime Act (POCA) cases, 16 cases were initiated for the fiscal year in comparison to 26 cases for the previous fiscal year. However, 12 cases were finalized in FY15/16 compared to 16 cases in FY14/15, hence a declining variance of 4 cases or 25% was noted for the year ended. The finalized cases resulted in the forfeiture of the following sums to the crown for FY15/16, USD\$469,120; €2,995; £18,100; CAN\$23,700 and JMD\$72,650 compared to USD\$293,788 and €4,355 for the FY14/15. The amounts were lodged to the consolidated fund.

Overall, the year ended with the number of seizures increasing by 0.2%, from 1,297 seizures in FY14/15 to 1,300 seizures in FY15/16. Noticeably, drug seizures had an upward performance from 694 seizures in the previous year to 780 seizures in the fiscal year ended, an increase of 86 seizures or 12%. There was 661 marijuana seizures recorded for FY15/16 which accounted for 84.7% of the total drug seizures compared to 583 marijuana seizures reported for FY14/15 which accounted for 84% of

<sup>1</sup> Rummage operations is the planned or unplanned detail searching of an aircraft or vessel.

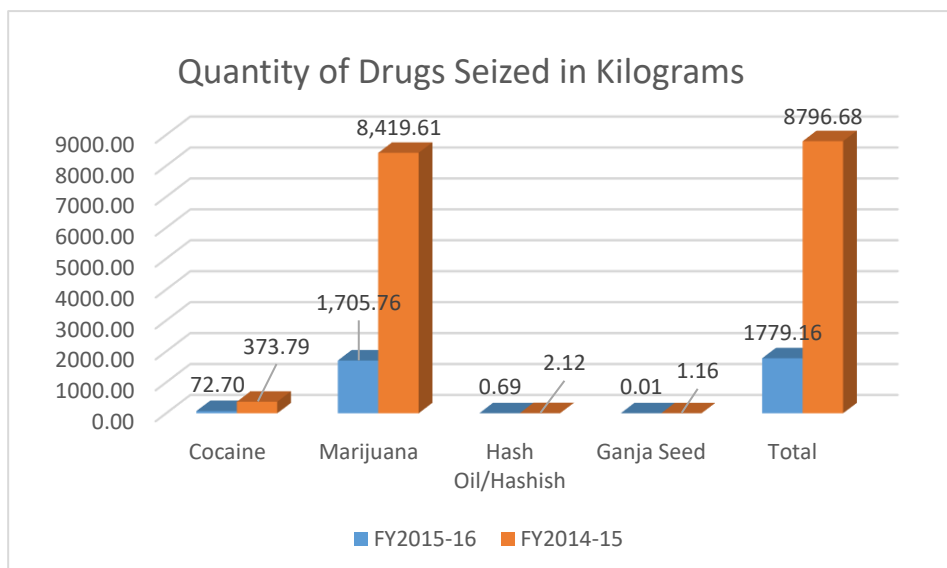
the total drug seizures in the said fiscal year.

Figure BP1:



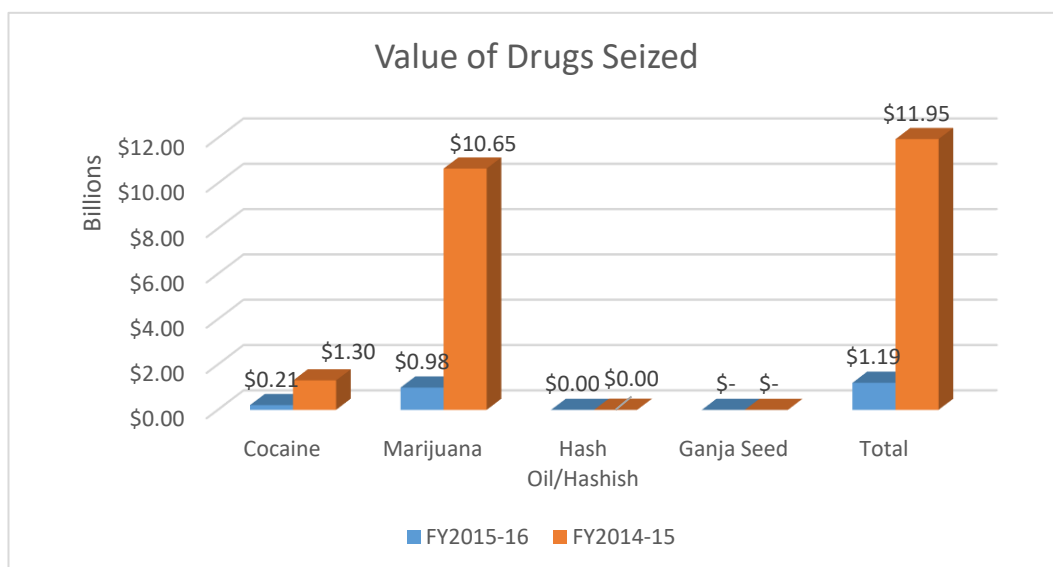
Further, the total weight or quantity of drugs seized decreased significantly by 7,017.52Kgs or approximately 80%, from 8,796.68Kgs to 1,779.16Kgs. Marijuana seized weight dipped considerably by 6,713.85Kgs or approximately 80%, from 8,419.61Kgs to 1,705.76Kgs. On the other hand, cocaine seized weight significantly decreased by 301.09Kgs or 81%, from 373.79Kgs to 72.70Kgs.

Figure BP2:



The total value of goods overall seized decreased by \$10.758Bn or 90%, from \$11.953Bn in FY14/15 to \$1.194Bn in FY15/16. Drug seizures accounted for \$1.193Bn or 99.9% of the total value for FY15/16. Cocaine and marijuana seizures accounted for 18% and 82% respectively.

Figure BP3:

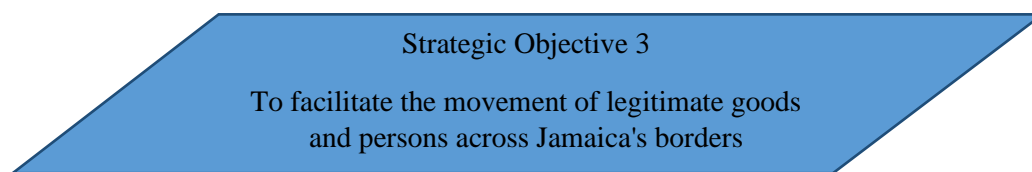


Further drugs' seizure value decrease from \$11.951Bn in the previous fiscal year to \$1.193Bn in the reported fiscal year, a decline of \$10.757Bn or 90%.

Other contraband seized included 306 ammunitions, 15 magazines and 5 firearms for the fiscal year compared to 370 ammunition, 3 magazines and 9 firearms in the previous fiscal year.

Additionally, the number of cigarette sticks seized declined by 17,813 sticks or 23%, a downward movement from 76,515 sticks in FY14/15 to 58,702 sticks in the reporting fiscal year. Similarly, the attributed value of cigarettes seized also decreased by \$0.985Mn or 37%, from \$2.678Mn in FY14/15 to \$1.692Mn in FY15/16. Other general contraband seized recorded 194 seizures in FY15/16 over 221 seizures in the previous fiscal year, a decrease of 27 seizures or 12%.

## Trade Facilitation

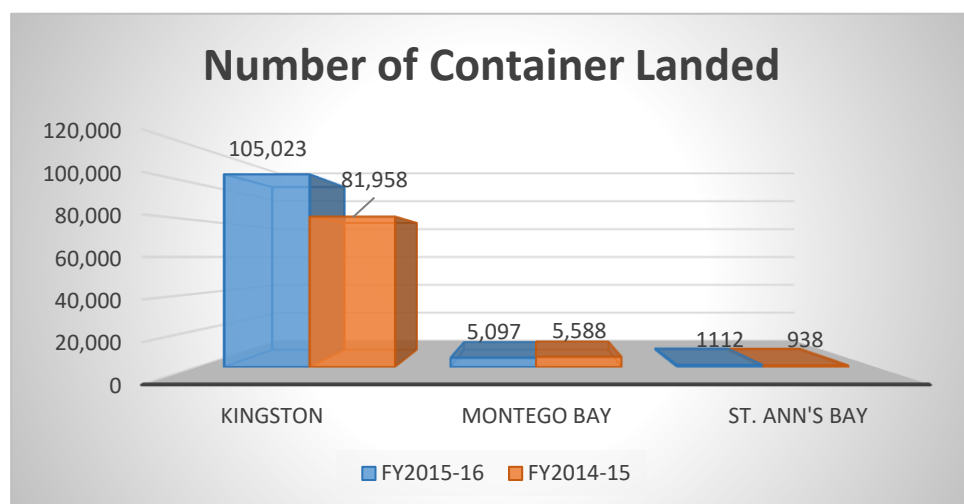


### Containers Imported and Exported

The JCA endeavours to ensure that efficiency is embedded in its import and export processes to ensure timely service to clients and stakeholders. Year on year there was a decrease of 5,002 or 3% containers scanned (domestic landed and loaded), from 196,900 containers in FY14/15 to 191,898 containers in FY15/16.

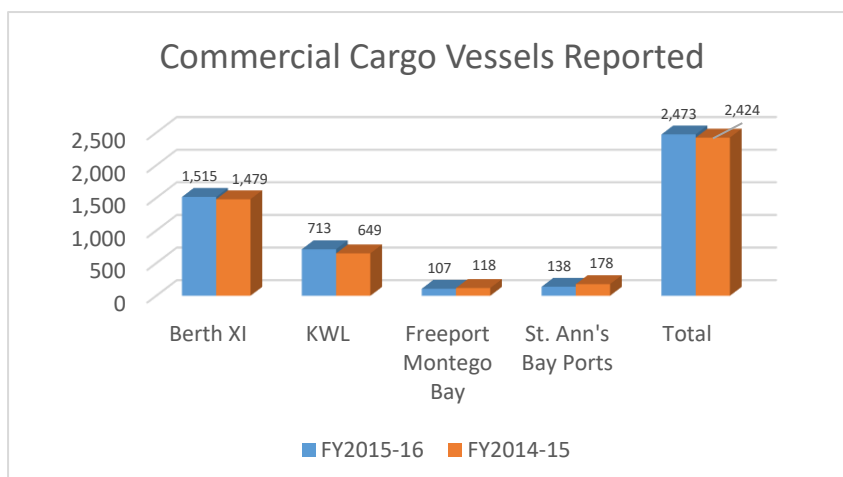
Figure TF1:

The total number of domestic containers landed increased by 22,748 containers or 26%, from 88,484 containers in the previous fiscal year to 111,232 containers reported for the fiscal year. The relatively marginal increase could be attributed to the uptick in commercial cargo vessels



reported, from 2,424 vessels in FY14/15 to 2,473 vessels in FY15/16, a positive variance of 49 vessels or 2%. In addition, domestic exported containers also increased by 8,080 containers or 23%, upward performance from 34,555 containers (FY14/15) to 42,635 containers (FY15/16).

Figure TF2:



See Appendix C; Figure C1 for Reported Vessels at Sufferance Wharves



### Tonnage of Shipments

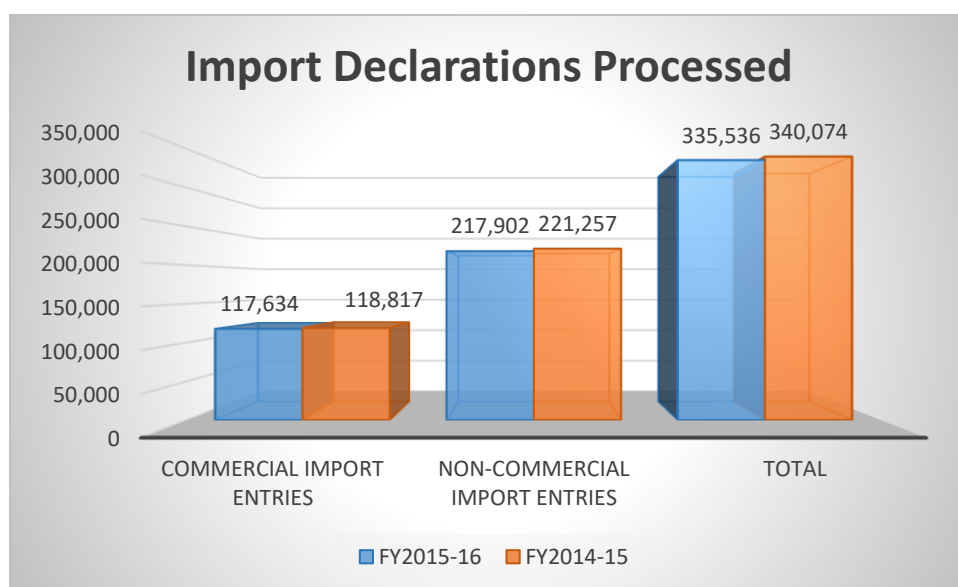
The volume for goods in Metric Tonne (MT) imported relatively decreased by 1,200,283MT or 15%, from 7,818,908MT to 6,618,624MT year-over-year. Further, on the export side, the volume of goods exported also declined from 12,666,604MT (FY14/15) to 8,108,295MT (FY15/16), a decline of 4,558,309MT or 36% particularly due to the downturn in bauxite exports. *See Appendix C; Table C7 for Reported Tonnage Exported and Imported. Note some figures for FY14/15 were revised.*

### Entries Processed

Despite the corresponding marginal decline in both commercial and non-commercial import entries processed likely due to the downturn in international trade, the Agency maintained its focus on improving trade facilitation through efficiency and processed **318,759** or **95%** of the combined import entries within **24 hours** of submission for commercial entries and post-inspection of shipment for non-commercial entries.

Figure TF3:

Overall import entries processed decreased by 4,538 entries or 1%. Commercial import entries



processed had a downward performance of 1,183 entries or 1%, while non-commercial import entries relatively decreased by 3,355 entries or 2%.

See Appendix C, Table C1 and C2 for details

The number of export entries processed also decreased from 41,470 entries in FY14/15 to 40,723 entries in FY15/16, netting a downward variance of 747 entries or 2%. Additionally, the value of exports for the fiscal year under review slumped in comparison to the previous fiscal year declining by \$27.504Bn or 23%, from \$119.361Bn (FY14/15) to \$91.857Bn (FY15/16).

Table TF1: Export Entries Processed Comparison

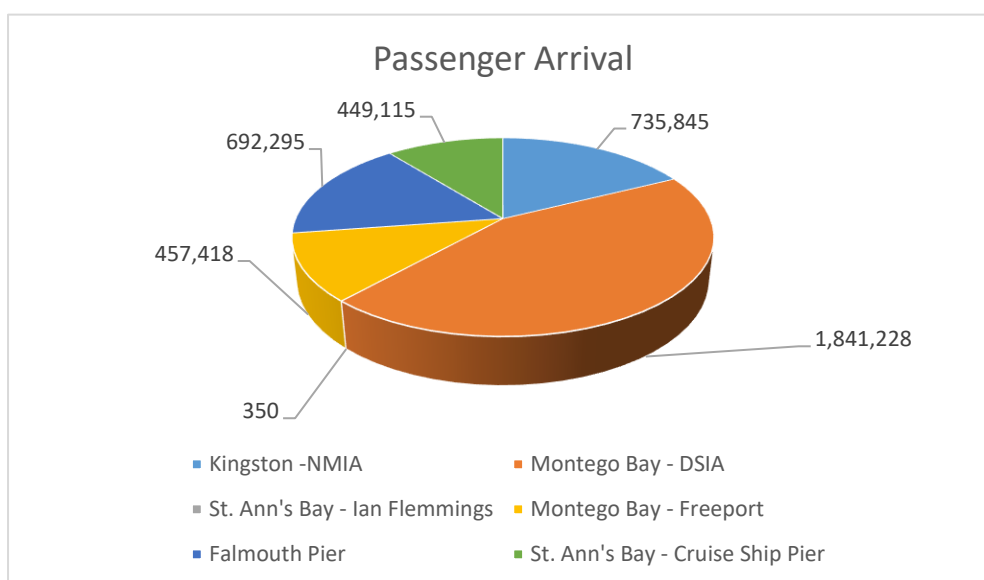
Locations	Export Entries Processed FY15/16	Export Entries Processed FY14/15	Variance	% Variance
Air Cargo DSIA	6,239	5,971	268	4%
Air Cargo NMIA	23,389	22,967	422	2%
Marine Operations KGN	10,683	10,596	87	1%
Marine Operations MBJ	111	1,581	-1,470	-93%
St. Ann's Bay	122	159	-37	-23%
Suffrance Wharves	179	196	-17	-9%
<b>Total</b>	<b>40,723</b>	<b>41,470</b>	<b>-747</b>	<b>-2%</b>

See Appendix C; Table C3 for Corresponding Value of Exports. NB: Suffrance Wharves added that was omitted from FY14/15 Annual Report.

### Passengers Processed

Contributing to the Tourism sector with the marginal increase in aircraft arrival of 163 aircraft or 1% and also the increase in cruise ship arrival by 76 cruise ships or 18% (see Appendix C: Figures C2 and C3), the JCA processed a total of 4,176,251 passengers landed in FY15/16 compared to 3,864,525 passengers landed in FY14/15, an increase of 311,726 passengers or 8%.

Figure TF4:



Passengers arriving by air accounted for 62% of the total passengers processed for the reported fiscal year. Growth of 130,214 passengers or 5% was recorded year over year. Passengers arriving by air increased from 2,447,209 passengers in FY14/15 to 2,577,423 passengers in FY15/16. Cruise ship passengers contributed 38% of the total passenger arrival. Relative growth of 181,512 passengers or 13% was recorded, increasing from 1,417,316 passengers (FY14/15) to 1,598,828 passengers (FY15/16) arriving by cruise ships were observed.

With the increase in passengers arriving by air, the Agency increased both the number of passengers processed through the green/nothing-to-declare channel and the number of passengers processed through the red/physical inspection channel. Passengers processed through the green channel increase by 50,406 passengers or 2%, from 2,024,621 passengers (FY14/15) to 2,075,027 passengers (FY15/16). On the other hand, the increase for the red channel saw upward movements of marginally 4,963 passengers or 1%, from 490,603 passengers (FY14/15) to 495,566 passengers (FY15/16).

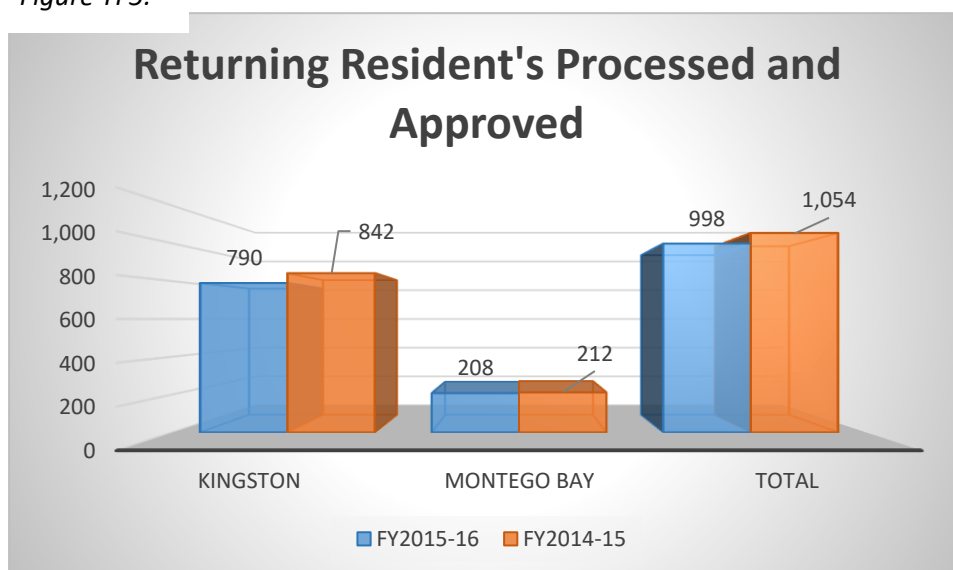
### Returning Residents

The Agency continued to extend a welcoming hand to Jamaica residents returning home categorized or qualified as returning residents in accordance with the second schedule of the Customs Act.

Throughout the fiscal year returning residents' educational packages were

distributed to stakeholders at the Returning Resident's Units and Passenger Terminals at the airports. The fiscal year ended with the Agency processing and approving 998 returning residents mainly from the United States of America, the United Kingdom, and

Figure TF5:



Canada. This was a decrease of 56 processed returning residents or 5% over FY14/15 performance of 1,054 returning residents processed and approved (*see Appendix C: Table C5 for other documents processed and approved by the Returning Resident's Unit*).

**Strategic Objective 4**

To encourage voluntary compliance, through the simplification and standardization of systems and procedures and implementation of effective deterrents

### Authorised Economic Operator (AEO) Programme

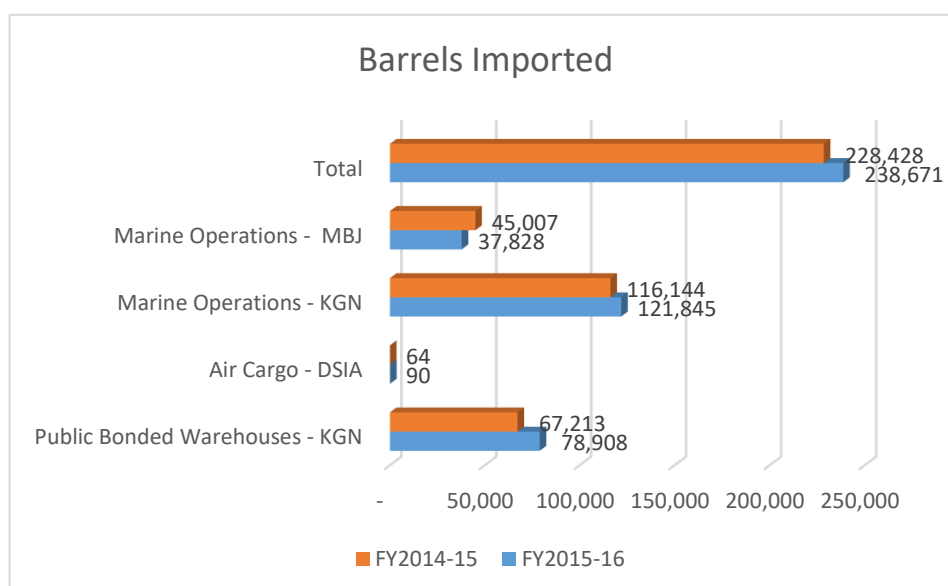
Table TF2: Import Entries Processed and Duties Collection for AEO

Location	Entries Processed FY15/16	Entries Processed FY14/15	Duties Collected in \$Bn FY15/16	Duties Collected in \$Bn FY14/15
Kingston	29,224	29,232	43.508	35.971
Montego Bay	1,611	1,236	3.300	2.426
St. Ann’s Bay	109	123	1.523	1.109
<b>Total</b>	<b>30,944</b>	<b>30,591</b>	<b>48.331</b>	<b>39.506</b>

Contrary to the downward performance in international trade the number of AEO entries processed had an upward performance. Comparatively, the percentage of AEO entries processed in terms of the total commercial import entries remained constant at 30% in FY15/16 as was in FY14/15. The programme had a positive yield in terms of revenue collected suggesting improvements in compliance from such category of traders. The revenue intake had an upward movement from \$39.506Bn in FY14/15 to \$48.331Bn in FY15/16, realizing the growth of \$8.825Bn or 22.3% in revenue collection. For FY15/16, twenty-five (25) companies were approved, and eight (8) companies were removed from the AEO programme. Overall, for the year ending March 2016, eighty-six (86) new validations and one hundred and ten (110) follow-up visits were completed.

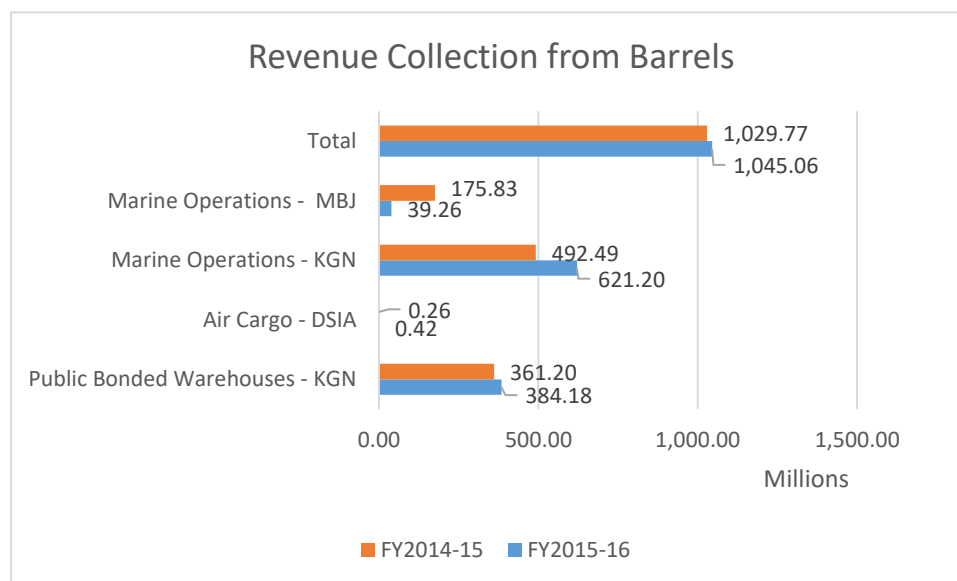
### Barrel Import Stimulus Package

Figure TF6:



The continued incentivized barrel standardized duty programme has improved transparency for the non-commercial importer. This has resulted in the Agency collecting slightly more revenues from barrels imported for the fiscal year. The 10,243 barrels or 4% increase in barrels imported (228,428 barrels in FY14/15 to 238,671 barrels in FY15/16) occasioned a \$0.015Bn or 1.5% growth in revenue collected from barrels, from \$1.029Bn in the previous fiscal year to \$1.045Bn in the fiscal year ended.

Figure TF7:



### Stakeholder Engagements

The Agency participated in several outreach activities such as Expositions, Trade Shows and Career Seminars specifically career day at Clarendon College; a career fair at the Caribbean Maritime Institute and a career expo at Denbigh High School. To improve awareness among internal and external stakeholders the JCA continued to build its business partnerships through collaborated Quality Assurance Meetings (QAMs). For the fiscal ten (10) QAMs were facilitated.

### Media Programmes

The Agency utilized both print & electronic media to highlight new developments and to improve the image of the Agency. The “*Customs House*” Radio series, through the medium of the Jamaica Information Service (JIS), was placed on hold for the fiscal year. Time signals were also used to highlight and share information; these scripts were aired on Power 106 within the specified contracted period.

*Table TF3: Information Coverage by Various Media*

Media	Total Hits
Print	151
Electronic	801
Advertisements	60
Time Signals	559
Press Releases	20
Tweets	267
Presentation	24
<b>Total</b>	<b>1,882</b>

### *Customer Service*

The Agency advanced in measuring the satisfaction level of its clients and stakeholders towards improving and/or maintaining quality customer service and standards. The annual Customer Satisfaction Survey was conducted, and the Agency attained a satisfaction level score of 85% overall for the reviewing period. *The table below highlights the number of customers served through the various Customer Service Channels:*

*Table TF4: Number of Customers by Customer Service Channels*

Details	Total Customers
<b>Information Desk (NMIA; DSIA &amp; Head Office)</b>	26,654
<b>Live Help - Chat Line</b>	146
<b>Telephone Calls</b>	2,910
<b>Emails</b>	387
<b>Total</b>	<b>30,097</b>

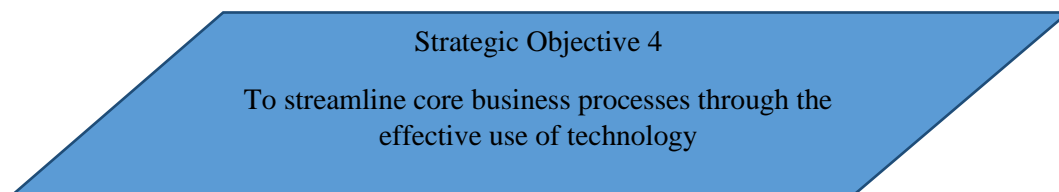
### **Customs Week 2016**

Customs Week 2016 was celebrated under the theme: **‘Digital Customs – Progressive Engagement’** and involved several activities including Church Services; Symposia in Kingston and Montego Bay; Stakeholder Appreciation Days; An Inaugural School Tour; Publishing of Newspaper Supplements and a Vibes Day.

The Agency, as is customary, started its Customs Week Celebrations with Church services in three regions – Kingston at the Bethel Baptist Church; St. Ann at the Ocho Rios Baptist Church; and St. James at the Calvary Baptist Church. Further, the week involved the hosting of two Symposia in Kingston and Montego Bay. The symposia specifically targeted Charity organizations/groups from across Jamaica, and the presentations, discussions, and questions that ensued, focused primarily on matters relating to the clearance of charitable items and the requirements for registering a charitable entity. The Department of Cooperatives and Friendly Societies (DCFS) also participated in the initiative.

The Stakeholders' or Customer Appreciation Days involved the feting of the Agency's customers at the head office and other Customs locations. The day also featured a mini-expo or fair, which involved the showcasing of services by public and private sector entities. An inaugural initiative for the Agency during Customs Week 2016 was a school tour, which exposed students of four institutions (Rock Fort HEART/Training Academy, Portmore Community College, Excelsior Community College and Tivoli Gardens High School) to the operations of Customs. The areas visited were Parcels Post, the Head Office, Air Cargo, Port Royal, and Kingston Wharves.

Newspaper supplements were published in the Gleaner and Observer which provided Customs-related information that was relevant to a wide cross-section of our stakeholder groups. The week concluded with a "Vibes Day" and as the name suggested, offered employees from the various operating areas, an opportunity to interact with each other and involved the showcasing of talent, music, and dance.



The Agency embarked on commencing or implementing several technological systems to improve its business processes for both internal and external stakeholders. Below are the status or updates at the end of the fiscal year:

**Customer Relationship Management (CRM) System**

The implementation of the Customer Relationship Management system, SysAid was reported 90% complete with the review and testing of the application concluded. Also, received was the sign-off for implementation of the system. However, challenges were experienced deploying the application to a Linux Server environment. Such an environment is not supported by the vendor. Notwithstanding, preparation for re-deployment of the environment to a Windows Server commenced at the end of the year.

**Human Capital Management System (HCMS)**

The Agency intends to further automate or digitalize the functional processes in relation to serving the human capital of the entity. As such requirements gathering was underway for Human Resource Management and Development (HRMD) Division to review varying processes and gaps. In addition, a readiness assessment to include examining current ICT infrastructure and the need for additional workstations and servers to host an instance of the HCMS commenced towards the close of the fiscal year.

**Enterprise Content Management (ECM) System**

The module for the Collections and Delinquency Unit was fully implemented and operationalized by the Unit. However, in relation to the Customs Broker/Clerk Approval requirements finalization, the signing-off was not possible after a prototype review revealed that additional user functions were needed. As it relates to the Authorized Economic Operator (AEO) business functions, the workflow requirements were completed and shared with the AEO business unit for review and approval.

The overall implementation of the ECM system requires the acquisition of high-speed scanners, centralized locations for scanning to be identified and a project team to undertake the activities of digitizing current records backwards to older files.



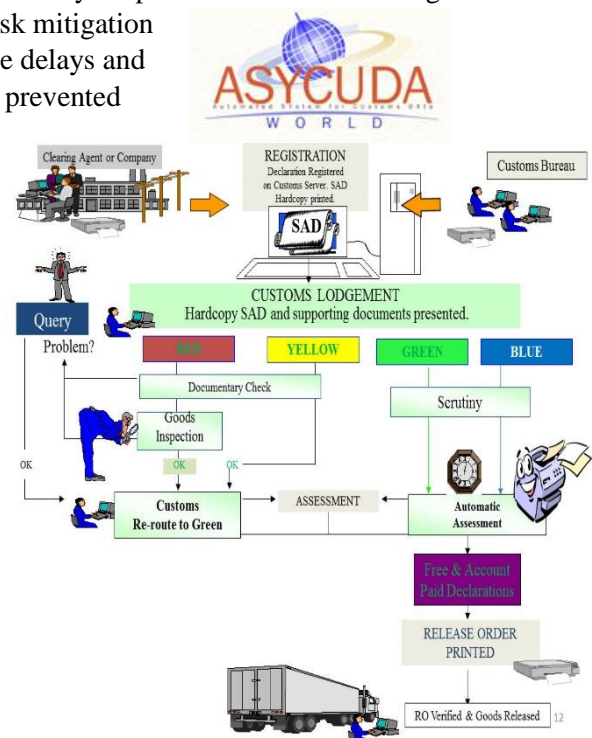
## Automated System for Customs Data (ASYCUDA) World

The ASYCUDA World Implementation Project has been ongoing for approximately twenty-four (24) months since project-related activities commenced in April 2014. The overall performance of the implementation is satisfactory considering the challenges and delays experienced at different stages of its lifespan, some of which impacted several milestones. Risk mitigation strategies effected early in the project abated the effect of the delays and challenges. Consequently, there were minor deviations that prevented the full implementation of the project by the scheduled date of March 2016.

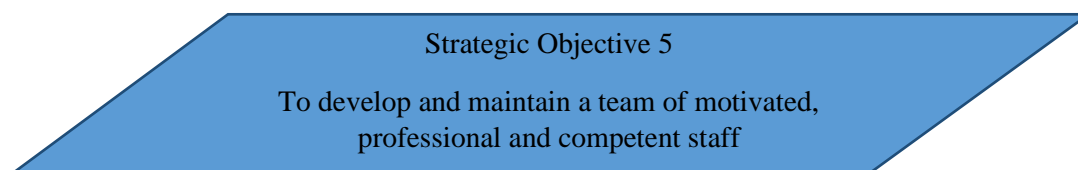
Overall, the system was 81% implemented at the end of the fiscal year. The core of the ASYCUDA World system has been fully implemented for import and export Customs related formalities for facilitating paperless processing and subsequent release of cargo to the importer or designated declarant. These varying regimes are now being fully utilized at all ports of entry and departure in Jamaica with more than 100,000 transactions being completed as of March 2016.

The system is fully operational for the exportation of goods be it of local produce, re-exportation or temporary exportation. As for incoming cargo, the gradual implementation approach began in April 2015 with import shipments destined for sufferance wharves such as petrol, oil derivatives and other bulk commodities. It continued with the introduction of the simplified declaration processing for small consignments of commercial and non-commercial nature; consignments below a value of USD\$5,000 and subsequently followed by the processing of goods destined for the Private Bonded Warehouses and Authorized Economic Operators (AEO), as well as shipments going into the Free Zones. Lastly, Customs Brokers that already have access rights to the system were enabled to submit declarations for any type of commercial imports.

A project extension until December 2016 was sought to facilitate achieving all objectives and outputs laid out in the agreement between the Government of Jamaica and UNCTAD for other value-added functionalities being made available within the Automated System to the JCA and other MDAs. The Single Administrative Document (e-SAD) was introduced as the only document to be used for a goods declaration for all imports, export, transit, and any other customs procedure. The e-SAD can be submitted as soon as cargo is reported or in special circumstances when immediate delivery is applicable and can even be submitted before receiving the cargo manifest.



## Resource Management



### Training and Development

In December 2013, the Agency completed 1,298 job descriptions related to the Executive Agency staffing profile. The Agency prides itself on having competently trained staff delivering services to the public, and as such recognises that capacity building is quintessential to the professional growth and development of the JCA. See below capacity development or training summary comparatives:

*Table 5: Summary of Training Operational Performance*

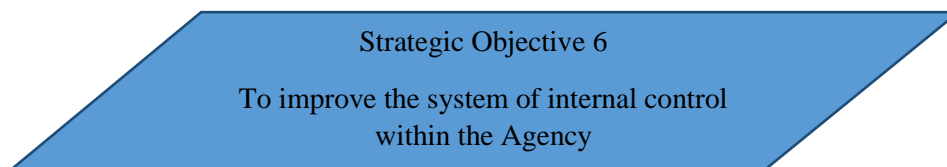
<b>Training Courses</b>			
	<b>FY15/16</b>	<b>FY14/15</b>	<b>% Variance</b>
<b>5 Days Training</b>	218	357	-39%
<b>4 Days Training</b>	24	26	-8%
<b>3 Days Training</b>	79	274	-71%
<b>2 Days Training</b>	505	60	742%
<b>1 Day Training</b>	777	240	224%
<b>No. of Local Courses</b>	104	97	7%
<b>No. of Overseas Courses</b>	33	32	3%
<b>Total No. of Staff Trained Internally</b>	1,182	321	268%
<b>Total No. of Staff Trained Externally</b>	209	170	23%

Demonstrating its commitment to the safety of staff and understanding their importance to the efficient and effective operation of the Agency, with regards to Occupational Health and Safety seventy-eight (78) safety interventions were conducted that raised awareness and provided training over forty-eight (48) that was planned for the year. The following were some of the interventions:

**Chemical Hazards:** - Remediation for hazmat stock to be completed at Queens 230 Warehouse. The process for the destruction of BMC was placed on hold as per NEPA instructions. Instructions were given for the Clean-up exercise for the Hazmat spill at KCT. The monitoring programme for radiation exposure continued with six (6) additional badges obtained for CET<sup>1</sup> staff at NMIA. Investigation of chemical odour at St Ann's Bay Customs Office was followed by Public Health, MOH conducting testing on March 23, 2016.

**Biological Hazards:** - An audit was conducted to implement the rodent disinfestations programme. The Agency awaits the FSPID to submit quotes to the facilities.

**Physical Hazards:** - The Agency sought to address the filing of documents in the server room at the FEDEX location as it was deemed a potential negative risk to the Agency.



**Strategic Objective 6**

To improve the system of internal control within the Agency

**Accounting Package (ACCPAC) Implementation**

Having implemented ACCPAC the Agency is seeking to enhance its usage or functionalities by integrating the system with the ASYCUDA World system. This is to facilitate the sharing of the revenue collection data or information between the systems to achieve efficacy in its operations. Hence, third-party software to sit between the system is in the process of being acquired and the contracting of a consultant to undertake additional works for the integration of ACCPAC with ASYCUDA World services has been pursued.

**Internal Audit**

The Internal Audit mechanism of the Agency ended the fiscal year with a ninety-four percent (94%) performance score having completed fifteen (15) of the sixteen (16) planned audits of the Annual Audit Plan. The activities of the audits surrounded four (4) Auction Sales and nine (9) Dumping Exercises observed. Additionally, one (1) Widows and Orphan Contribution and one (1) Leave Verification were completed. The focus will be placed on developing capacity concerning ICT audits in the incoming fiscal year.

**Legislative Affairs**

The modernization of the legislation that governs the operations of the Agency is paramount to the reform and transformation of the JCA. As such a discussion paper was presented and reviewed in respect of legislative amendments regarding Transit and Transshipment operations of the International Trade Supply Chain. Regarding authorisation to access the ASYCUDA World system by industry professionals, the development of the rules received urgent attention. Such rules were developed.

The Sub-Committee appointed to review the Customs Administration Fees (CAF) advised that in the incoming fiscal year their recommendations regarding revisions of the CAFs will be presented pending the Cost Accountant finalization. The Cost- Accountant had completed a review and submitted a further interim report dated March 16, 2016, for review. An initial report had been submitted in January 2016, reviewed by the JCA and the MOFP, however, gaps were identified and aspects of the report requiring additional information were noted.

Phase Three – Further amendments to the Customs Act commenced. This phase will focus on several areas to complete the modernization of the Act and the implementation of trade facilitation mechanisms. Several priority areas have been identified for amendment through consultation with stakeholders and internal reviews. An Inter-Agency Project team has been appointed by the Commissioner to steer this phase of the amendment programme. The members of the Committee include representatives of the JCA, the Tax Policy Unit of the Ministry of Finance and Planning (MOFP) and Tax Administration Jamaica. The Project Team has held several internal meetings to determine the policy regarding the proposed amendments. Consultation with external stakeholders will commence in April 2016. Concerning legislative drafting, approval was granted by the MOFP for the engagement of a World Bank-funded legal draftsman for this phase. The JCA is currently liaising with the PIOJ intending to finalize the date for commencement of the technical assistance in Jamaica.

Concerning the Special Economic Zones, The Special Economic Zone Act was passed by Parliament on December 1, 2015, and work continues with the MICAF to implement the Act and develop the Regulations. In addition, the JCA continues to cooperate with the Ministry with responsibility for trade in resolving issues related to the Free Zones and in developing appropriate Standard Operating Procedures as required.

Strategic Objective 7

To have attained full Executive Agency status  
by April 2015

### Executive Agency Transition



*Members of the Modernization Programme Office (MPO) engaged in a weekly meeting*

The Modernization Programme Office (MPO) team continued to lead the modernization activities of the Agency to facilitate the full transition to an Executive Agency.

The focus of the transition programme for the fiscal year was the recruitment of staff to fill the vacancies under the Executive Agency structure. Ending the year Eight Hundred and Thirty-Eight (838) persons transitioned. The following were the challenges encountered affecting the filling of vacancies:

- Some employees did not satisfy the selection criteria due to below-required qualifications, disciplinary matters and outstanding PERs for staff.
- On the point of outstanding PERs, the factor influencing this issue is the untimely completion of the staff's work plan inclusive of the Key Result Areas (KRAs) by supervisors affecting the appointment and/or transitioning.
- The security vetting process is executed slowly impacting the recruitment and/or appointment of staff.

## Financial Highlights

The Financial Year 15/16 represented the third year of operations under the Executive Agency Model – The Jamaica Customs Agency.

Table 6: Financial Highlights

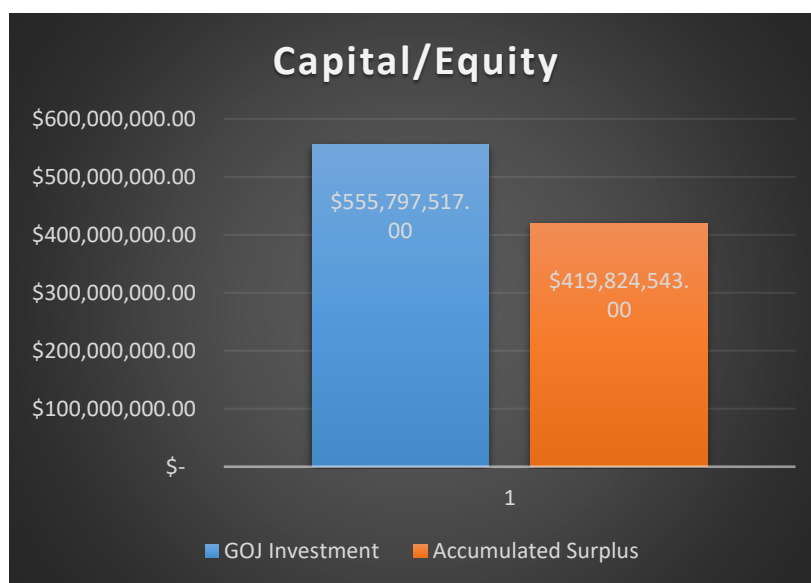
FINANCIAL HIGHLIGHTS	As At March 31, 2015	As At March 31, 2016
	\$ ' 000	\$ ' 000
EQUITY & LIABILITIES	570,006.17	1,141,940.13
WORKING CAPITAL	240,024.61	711,249.13
REVENUES / INCOME	2,207,765.74	5,724,397.74
CUSTOMS ADMIN. FEES	1,643,953.00	5,715,405.00
SERIVCE CHARGES	563,629.79	-
Other Income	182.95	8,992.74
RETURN ON EQUITY	425%	542%
EXPENDITURE BUDGET (APPROVED)	4,464,953.00	5,715,405.00
EXPENDITURE BUDGET (REVISED)	4,164,953.00	5,715,405.00

The Agency’s financial position at the end of the year was strong. The Agency Capital / Equity stood at

approximately

**\$1.055Bn** which included GOJ Initial Investment of approximately **\$456Mn**, an inflow of **\$100Mn** in the current FY for the Employees Revolving Loan Scheme financing, Donated Assets of approximately **\$80Mn** and Accumulated Surplus of approximately **\$420Mn**.

Figure 14:



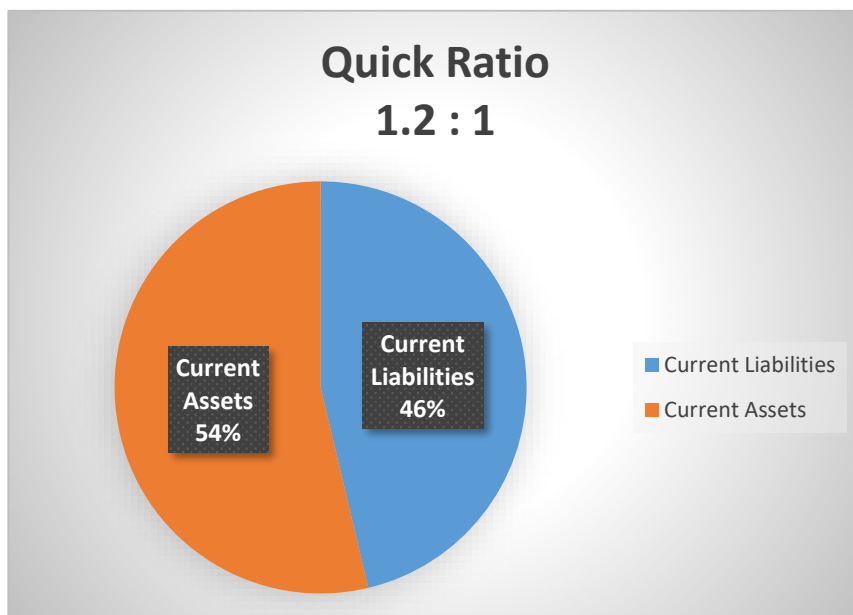
The Agency’s Non-Current asset base for the FY increased from **\$329.98Mn** as at April 1, 2015, to **\$430.69Mn** as at March 31, 2016 (an increase of **30.5%**). The Agency saw additions of fixed assets totalling **\$172.1Mn** during the financial year. Depreciation during the financial year stood at **\$67.7m** or **11.8%** of the total fixed assets.

A significant decrease in the Agency’s intangible assets (computer software) was noted in the FY15/16, moving from approx. **\$17.87Mn** as at March 31, 2015, to **\$14.15Mn** as at March 31, 2016 (a decrease of approx. **20.8%**). This however was owing to the rate of depreciation applied for Computer Software.

At the end of the financial year, Accounts Receivables stood at **\$360.8Mn**, down from the prior FY (**\$367.09Mn** in 2014/15). These receivables which include receipts from Airlines and Shipping companies for Private Overtime compensation have seen an increase in the receivables over the prior

year by approximately 23%. However, this increase is not to be regarded as alarming, as the activities of the entity and service to the consumers increased comparatively. The Agency has been very active in pursuing strategies to reduce these outstanding amounts.

Figure 15:

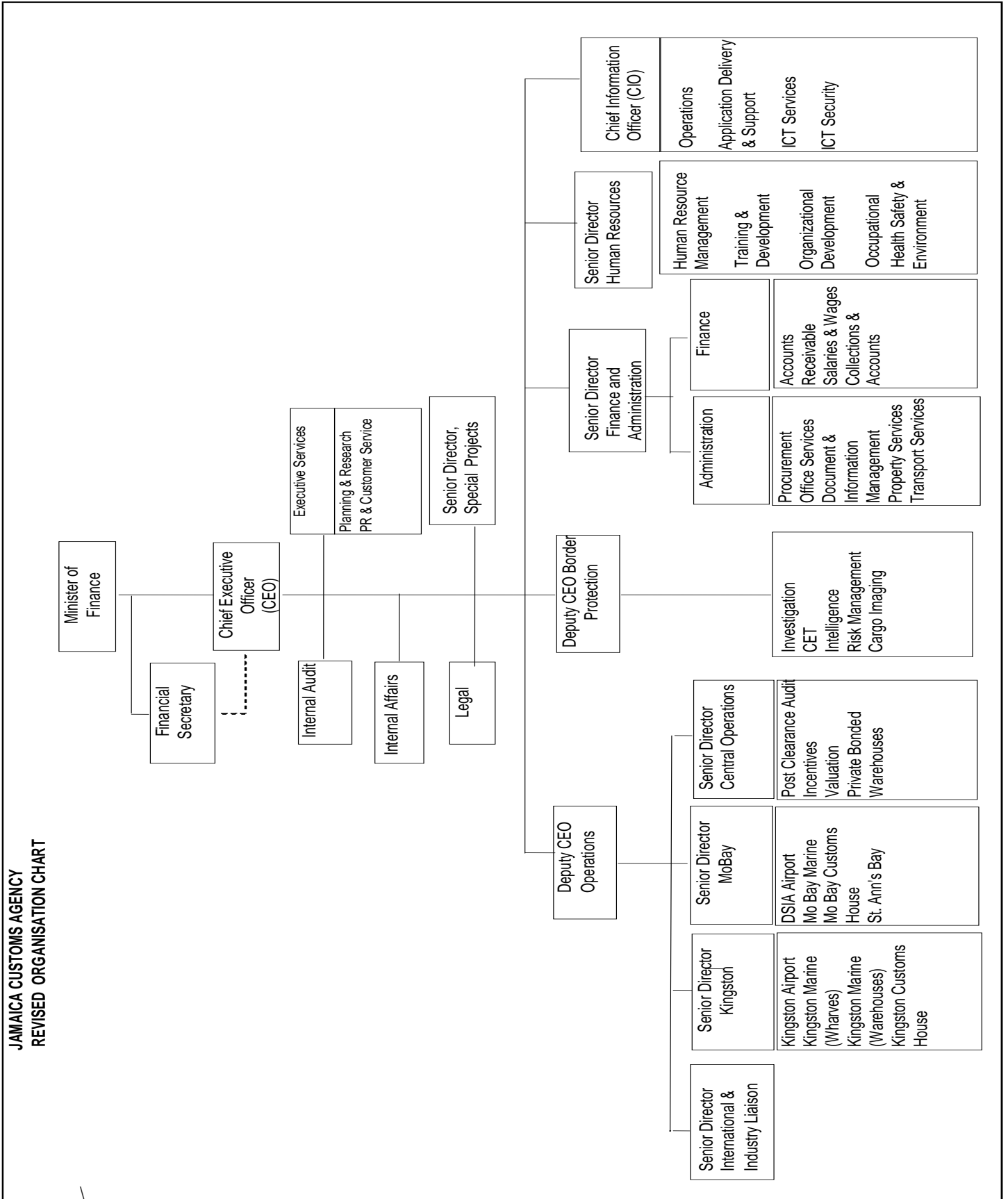


The Current Assets of the Agency as at the end of the financial year stood at approximately **\$5.134Bn** versus a Current Liability of **\$4.423Bn**. The Agency's Quick Ratio, therefore, stands at **1.2: 1** at the end of the period (up from 1.1 :1 in the prior FY). This means the Agency would be able to cover its current obligations with its current asset base if so called on to do.

This is an indication of the positive financial health of the Agency and a very low level of underutilization in working capital. This should however not be looked at in isolation. As the Agency continues to expand its operations into the next financial periods and beyond, it is estimated that the Current Assets of the Agency will significantly increase, along with the Agency's revenues relative to expenditures.

The JCA received **no** financial assistance from the GoJ's Consolidated Fund within the financial year, this representing the first full year of the Agency covering all its expenses from its Appropriations in Aide from its Customs Administrative Fee collections. The Agency ended the financial period with a Net Surplus of approximately **\$984Mn**, of which **50%** or **\$492Mn** was transferrable to the GoJ as required by the Executive Agencies Act under which the entity operates. This surplus was realized in an increase of over **3500%**, moving from **\$27.5Mn** in the prior fiscal year to where it stands at the end of the FY15/16.

**Appendix A: Revised Organisation Structure**





## Appendix B: Revenue Collection Performance

*Table B1: Tax & Non-Tax Net Revenue Comparison FY2015/16 vs FY2014/15*

ITEMS	MOF & P TARGET APR 15 TO MAR 16 \$	COLLECTIONS APR 15 TO MAR 16 \$	TARGET VS COLLECTIONS VARIANCE		COLLECTIONS APR 14 TO MAR15 \$	APR 15-MAR 16 VS APR 14 -MAR 15 VARIANCE	APR 15 - MAR16 VS APR 14 - MAR 15 VARIANCE PER.
<b>Tax Revenue</b>							
IMPORT DUTY	30,778,981,659	29,510,968,231	(1,268,013,428)	-4%	26,544,187,208	2,966,781,023	11%
WAREHOUSE FEES	11,618,341	8,457,500	(3,160,841)	-27%	8,603,445	(145,945)	-2%
GENERAL CONSUMPTION TAX	66,102,300,000	65,805,050,425	(297,249,575)	-0.4%	58,449,782,105	7,355,268,320	13%
SPECIAL CONSUMPTION TAX	36,493,400,000	37,256,828,011	763,428,011	2%	30,631,554,054	6,625,273,957	22%
ENVIRONMENTAL LEVY	2,522,000,000	2,595,580,963	73,580,963	3%	2,364,041,952	231,539,011	10%
STAMP DUTY*	2,191,300,000	1,970,930,527	(220,369,473)	-10%	1,884,772,135	86,158,392	5%
TRAVEL TAX	5,975,523,401	4,671,005,575	(1,304,517,826)	-22%	4,914,438,473	(243,432,898)	-5.0%
PASSENGER LEVY	4,520,976,599	5,479,878,382	958,901,783	21%	4,777,642,842	702,235,540	14.7%
<b>Total Tax Revenue</b>	<b>148,596,100,000</b>	<b>147,298,699,614</b>	<b>(1,297,400,386)</b>	<b>-0.87%</b>	<b>129,575,022,214</b>	<b>17,723,677,400</b>	<b>14%</b>
<b>Non- Tax Revenue</b>							
EXCISE TAX	-	40,138	40,138	-	523,307	(483,169)	100%
CUSTOMS BROKER EXAM FEE	-	-	-	-	-	-	-
CUSTOMS BROKER LICENSES	3,389,162	5,161,685	1,772,523	52%	4,675,000	5,161,685	110%
TOURIST SHOP LICENSES	11,602,076	14,065,056	2,462,980	21%	14,198,242	9,390,056	201%
TOURIST SHOP OPERATING	17,686,949	22,614,693	4,927,744	28%	20,391,129	8,416,450	59%
DEPT. & MISC. REVENUE	2,043,262	1,073,006	(970,257)	-47%	910,500	(19,318,124)	-95%
FINES & FORFEITURES	105,060,000	83,695,978	(21,364,022)	-20%	86,943,488	82,785,478	95%
PROCEEDS OF SALE	216,000,000	167,508,200	(48,491,800)	-22.4%	200,850,628	80,564,712	93%
PROCESSING FEES	-	-	-	-	-	-	-
STANDARDS COMPLIANCE FEE	25,300,000	803,396,781	778,096,781	3075%	869,709,363	(66,312,582)	-8%
IRREVOCABLE STANDING ORDER	170,000	179,500	9,500	6%	153,500	26,000	17%
CARRIER NET SERVICE CHARGE	-	11,962,262	11,962,262	100%	63,002,383	(51,040,121)	-81.0%
MISCELLANEOUS REV (EXP)	66,886,939	1,040,198	(65,846,741)	-98%	1,491,378	(451,180)	-30%
DAIRY CESS	-	76,817,619	76,817,619	100%	56,036,409	20,781,211	37%
CUSTOMS USER FEE	-	66,527,289	66,527,289	100%	6,253,625	60,273,665	964%
CUSTOMS ADMINISTRATION FEE	12,435,210,412	12,549,872,579	114,662,167	1%	12,233,014,644	316,857,935	3%
<b>Non-Tax Revenue</b>	<b>12,883,348,800</b>	<b>13,803,954,983</b>	<b>920,606,183</b>	<b>7%</b>	<b>13,558,153,595</b>	<b>245,801,388</b>	<b>2%</b>
<b>NET REVENUE</b>	<b>161,479,448,800</b>	<b>161,102,654,597</b>	<b>(376,794,203)</b>	<b>-0.2%</b>	<b>143,133,175,809</b>	<b>17,969,478,788</b>	<b>13%</b>
<b>Revenue Deposit Received</b>		13,942,777,035			14,512,657,106		
<b>BDP</b>		(13,772,071,484)			(14,365,378,681)	593,307,196	-4%
<b>NET COLLECTIONS</b>	<b>161,479,448,800</b>	<b>161,273,360,148</b>	<b>(206,088,652)</b>	<b>-0.13%</b>	<b>143,280,454,234</b>	<b>17,992,905,914</b>	<b>13%</b>

Table B2: Gross Collections by Stations Comparison FY2015/16 vs FY2014/15

LOCATION	APR 15 - MAR 16 Projections	APR 15 -MAR 16 Collections	APR 15 - MAR 16 Collections vs Projections Variance		APR 14 - MAR 15 Collections	APR 15 - MAR 16 vs APR 14 - MAR 15 Variance	
ADOLPH LEVY	576,704,701	627,095,895	50,391,194	9%	576,265,989	50,829,907	9%
AIR CARGO - NMIA	742,831,036	819,443,342	76,612,306	10%	716,951,774	102,491,568	14%
BERTH XI	259,407,446	291,500,975	32,093,529	12%	259,106,360	32,394,615	13%
CUSTOMS HOUSE - KGN	121,404,953,585	125,785,911,145	4,380,957,560	4%	117,760,758,089	8,025,153,056	7%
EXPENDITURE CASHIER	36,395,941	13,181,959	(23,213,981)	-64%	64,647,261	(51,465,301)	-80%
JAMAICA DISPATCH	728,132,292	838,558,463	110,426,171	15%	704,447,977	134,110,486	19%
KINGSTON WHARVES	1,003,673,059	1,080,223,720	76,550,660	8%	942,834,533	137,389,186	15%
MANDEVILLE	3,902,900	3,028,427	(874,473)	-22%	4,571,732	(1,543,305)	-33.8%
AIR CARGO DSIA	253,455,286	268,295,367	14,840,080	6%	218,899,732	49,395,634	22.6%
CUSTOMS HOUSE MONTEGO BAY	18,354,307,555	22,104,489,810	3,750,182,255	20.4%	16,682,157,555	5,422,332,254	32.5%
PASSENGER CONTROL DSIA	77,292,246	92,223,331	14,931,084	19%	65,006,407	27,216,923	42%
PORT HANDLERS (Freeport) Montego Bay	406,110,582	457,707,000	51,596,418	13%	369,834,594	87,872,406	24%
QUEENS WAREHOUSE Montego Bay	24,093,387	21,855,272	(2,238,116)	-9%	19,063,261	2,792,011	15%
SEABOARD (Freezone) Montego Bay	353,293,682	390,081,833	36,788,150	10%	314,898,184	75,183,648	24%
MOTOR VEHICLE UNIT	16,821,035,817	20,683,343,823	3,862,308,006	23%	16,636,698,490	4,046,645,332	24%
PASSENGER TERMINAL - NMIA	219,824,295	234,890,613	15,066,318	7%	189,064,023	45,826,590	24%
PORT ESQUIVEL	2,744,934	3,444,090	699,156	25%	3,220,035	224,055	7.0%
KINGSTON LOGISTICS CENTRE	269,049,879	287,295,307	18,245,427	7%	266,700,762	20,594,545	8%
POST & TELECOM	126,265,077	101,949,376	(24,315,701)	-19%	137,529,264	(35,579,887)	-26%
QUEEN'S WAREHOUSE - NMIA	85,765,040	96,912,870	11,147,830	13%	77,293,820	19,619,049	25%
QUEEN'S WAREHOUSE 230	169,117,229	150,824,333	(18,292,896)	-11%	181,993,093	(31,168,760)	-17%
ST. ANN'S BAY	2,318,440,828	1,560,054,603	(758,386,225)	-33%	2,013,999,662	(453,945,059)	-22.5%
UNIVERSAL FREIGHT	610,025,846	774,134,388	164,108,542	27%	537,742,177	236,392,212	44%
<b>GROSS COLLECTIONS</b>	<b>164,846,822,643</b>	<b>176,686,445,939</b>	<b>11,839,623,296</b>	<b>7%</b>	<b>158,743,684,774</b>	<b>17,942,761,165</b>	<b>11%</b>
Less Revenue Deposits Paid (RDP)		(13,772,071,484)			(14,365,378,681)	593,307,196	-4%
Refunds		(1,641,014,307)			(1,097,851,860)	(543,162,448)	49%
<b>NET COLLECTIONS</b>	<b>164,846,822,643</b>	<b>161,273,360,148</b>	<b>(3,573,462,496)</b>	<b>2.17%</b>	<b>143,280,454,234</b>	<b>17,992,905,914</b>	<b>13%</b>

### Appendix C: Associated Operation Performance

#### Figures

Figure C1: Graph Showing Vessels Reported at Sufferance Wharves

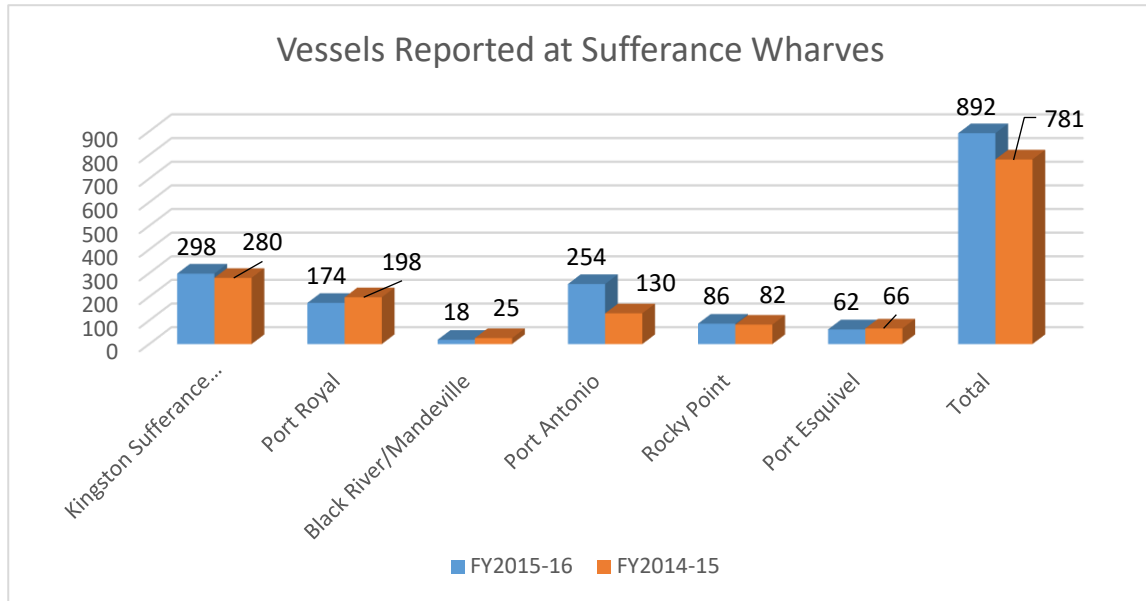


Figure C2: Commercial Passenger Aircraft Arrival by Location

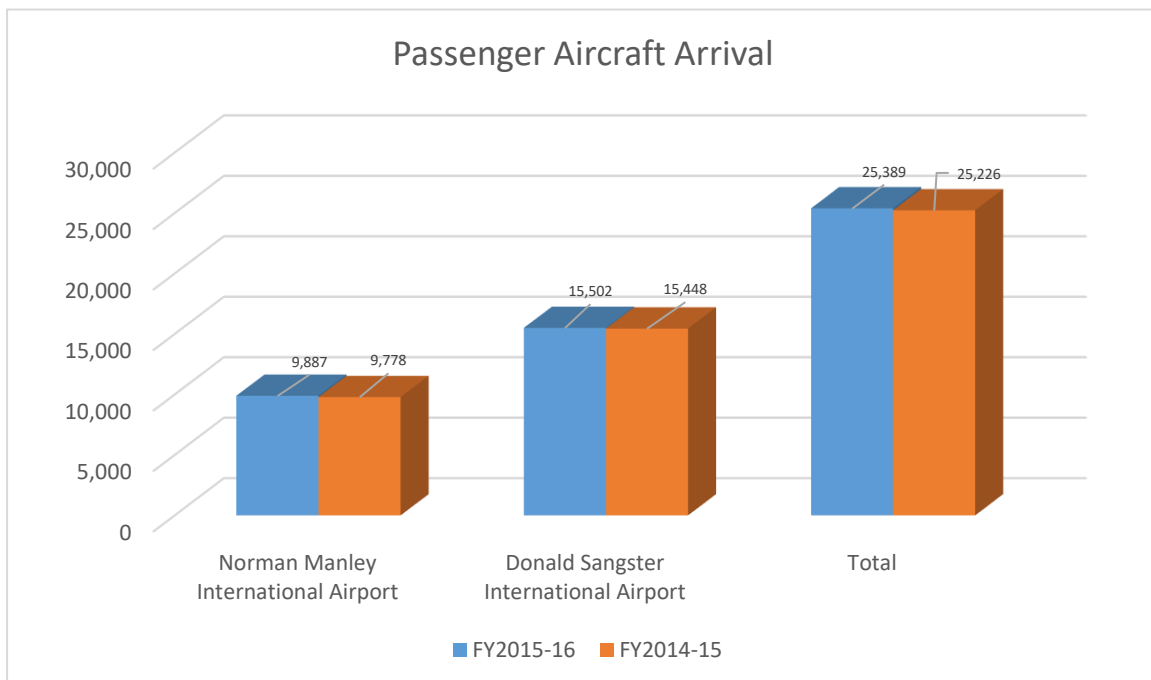
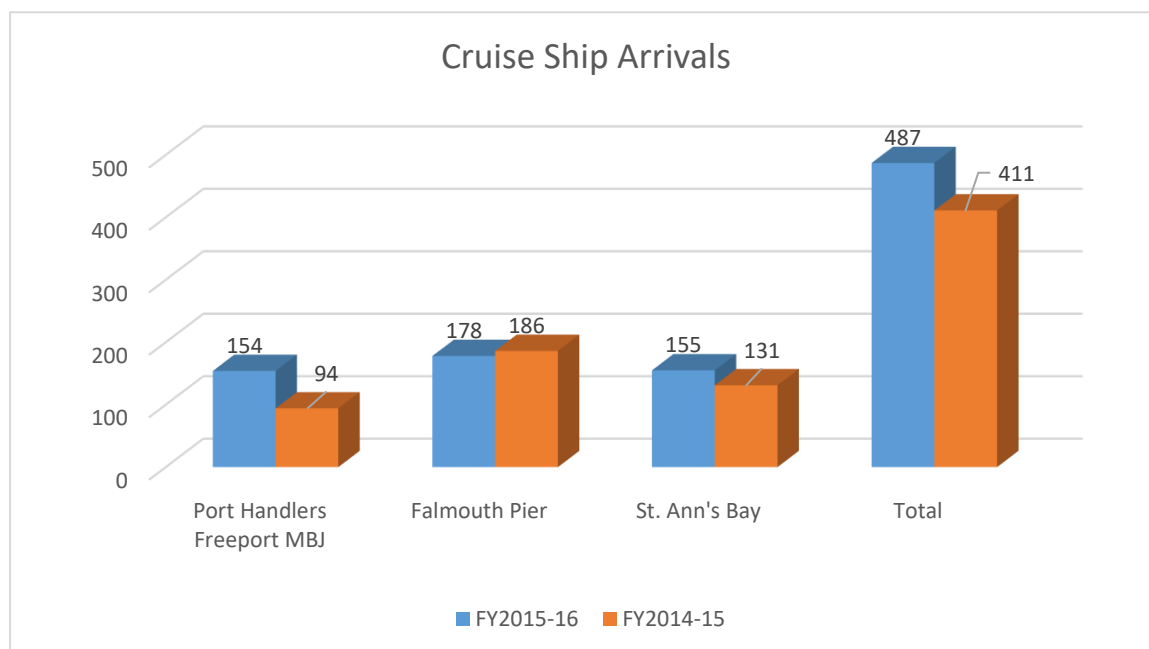


Figure C3: Cruise Ship Arrivals by Location



Tables

Table C1: Commercial Import Entries Processed by the Jamaica Customs Agency

Commercial Import Entries Processed				
Locations	FY15/16	FY14/15	Variance	% Variance
Kingston	102,542	102,395	146	0.1%
Montego Bay	13,941	14,645	-704	-5%
St. Ann's Bay	1,152	1,777	-625	-35%
<b>Total</b>	<b>118,817</b>	<b>119,281</b>	<b>-1,183</b>	<b>-1%</b>

Table C2: Non-commercial Import Entries Processed by the Jamaica Customs Agency

Non-Commercial Import Entries Processed				
Ports/Warehouses	FY15/16	FY14/15	Variance	% Variance
Adolph Levy	27,263	26,172	1,091	4%
Universal Freight	24,935	20,643	4,292	21%
Car Parks	-	3	-3	-100%
Berth 11	754	10,674	-9,920	-93%
Kingston Wharves	46,593	46,271	322	1%
Passenger Terminal NMIA	2,171	2,373	-202	-19%
Air Cargo NMIA	58,561	53,000	5,561	10%
Queens Warehouse NMIA	-	2,474	-2,474	-100%
Freeport Montego Bay	19,477	29,405	-9,928	-34%
Seaboard Warehouse Montego Bay	16,551	20,047	-3,496	-17%
Passenger Control DSIA	933	854	79	9%
Air Cargo DSIA	8,779	9,341	-562	-6%
CFS Kingston	306	301	5	2%
Kingston Logistics Centre	11,579	10,471	1,108	11%
<b>Total</b>	<b>217,902</b>	<b>232,029</b>	<b>-14,127</b>	<b>-6%</b>

Table C3: Total Value of Goods Exported by Location Comparison

Locations	Value of Exports in \$Bn FY15/16	Value of Exports in \$Bn FY14/15	Variance	% Variance
Air Cargo DSIA	2.484	1.590	0.894	56%
Air Cargo NMIA	3.902	4.418	(0.516)	-12%
Marine Operations KGN	50.408	50.108	0.300	1%
Marine Operations MBJ	0.046	0.054	0.008	-15%
St. Ann's Bay	14.893	22.561	(7.668)	-34%
Sufferance Wharves	20.124	40.630	(20.506)	-50%
<b>Total</b>	<b>91.857</b>	<b>119.361</b>	<b>(27.504)</b>	<b>-23%</b>

NB: Sufferance Wharves added that was omitted from FY14/15 Annual Report.

*Table C4: Passengers Processed by the Jamaica Customs Agency*

<b>Passengers Processed</b>						
	<b>FY15/16</b>		<b>FY14/15</b>		<b>% Variance</b>	
<b>Ports</b>	<b>Air</b>	<b>Cruise</b>	<b>Air</b>	<b>Cruise</b>	<b>Air</b>	<b>Cruise</b>
Kingston	735,845	NA	621,820	NA	18%	NA
Montego Bay	1,841,228	457,418	1,825,032	237,449	1%	93%
Falmouth Pier	NA	692,295	NA	745,382	NA	-7%
St. Ann's Bay	350	449,115	357	434,485	-2%	3%
<b>Total</b>	<b>2,577,423</b>	<b>1,598,828</b>	<b>2,447,209</b>	<b>1,417,316</b>	<b>5%</b>	<b>13%</b>

*Table C5: Documents Processed & Approved by the Returning Residents Unit*

<b>Number of Documents Processed and Approved</b>				
<b>Documents</b>	<b>FY15/16</b>	<b>FY14/15</b>	<b>Variance</b>	<b>% Variance</b>
Firearm Permits	170	216	-46	-21%
Diplomatic Letters	812	844	-32	-4%
Hotel Incentives	222	139	83	60%

Table C6: Public Relations &amp; Customer Service Activities Undertaken

Activities	Number Completed for FY15/16
Conducted Customer Awareness Sessions/ Site Visits at the various Customs Locations	<ul style="list-style-type: none"> <li>• <b>84</b> sessions and site visits were conducted.</li> </ul>
Managed Customer Service Desk at Modernization Building (Customs House), Norman Manley International Airport, and Sangster International Airport	<ul style="list-style-type: none"> <li>• <b>18,758</b> Persons were assisted by Information Officers at the Customer Service Office.</li> <li>• <b>13,674</b> Persons were assisted at the Norman Manley International Airport (NMIA) Customer Service Desk.</li> <li>• <b>89</b> persons were assisted by the “Live Help” chat line</li> <li>• <b>22</b> persons assisted via Quick Response</li> <li>• <b>4,976</b> Persons were assisted (SIA) at the desk.</li> <li>• <b>80</b> Persons were assisted at Customs House (KGN).</li> <li>• <b>28</b> Persons were assisted at Customs House (MBJ)</li> </ul>
Customs Media Forum	<ul style="list-style-type: none"> <li>• <b>2</b> Media Forum Held</li> </ul>
“ <i>Customs House</i> ” Radio Series	<ul style="list-style-type: none"> <li>• <b>48</b> Radio Series Completed</li> </ul>
Organize participation in presentations to select target groups (schools, stakeholder groups)	<ul style="list-style-type: none"> <li>• <b>14</b> Presentations were made</li> </ul>

Table C7: Reported Tonnage Exported and Imported

<b>Locations</b>	<b>FY15/16</b>	<b>FY14/15</b>	<b>Variance</b>	<b>% Variance</b>
<b>Exportation</b>				
Freeport Montego Bay	15,625	3,151	12,474	396%
Air Cargo DSIA	5,256.17	5,449.54	-193	-4%
Air Cargo NMIA	8446.88	9218.25	-771	-8%
Marine Operations Kingston	765,419	4,079,178	-3,313,759	-81%
Sufferance Wharves	2,320,586.4	2,373,906.30	-53,320	-2%
St. Ann's Bay	4,992,962	6,195,701	-1,202,739	-19%
<b>Total</b>	<b>8,108,295</b>	<b>12,666,604</b>	<b>-4,558,309</b>	<b>-36%</b>
<b>Importation</b>				
Freeport Montego Bay	245,724	963,883.8	-718,160	-75%
Air Cargo DSIA	926.37	883.58	43	5%
Air Cargo NMIA	7109.36	8488.7137	-1,379	-16%
Marine Operations Kingston	2252328.46	2,904,223	-651,894	-22%
Sufferance Wharves	3907180.091	3714298.05	192,882	5%
St. Ann's Bay	205,356	227,131	-21,775	-10%
<b>Total</b>	<b>6,618,624</b>	<b>7,818,908</b>	<b>-1,200,283</b>	<b>-15%</b>



**Appendix D: Audited Financial Statements**



## AUDITOR GENERAL'S DEPARTMENT

**Jamaica Customs Agency**  
**Financial Statements**  
**March 31, 2016**

### **VISION STATEMENT**

*"A Better Country Through Effective  
Audit Scrutiny "*

**Jamaica Customs Agency**  
**Financial Statements**  
**March 31, 2016**

**Jamaica Customs Agency  
Financial Statements  
March 31, 2016**

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ANY REPLY OR SUBSEQUENT REFERENCE TO THIS COMMUNICATION SHOULD BE ADDRESSED TO THE AUDITOR GENERAL AND **NOT TO THE ANY OFFICER NAME** AND THE FOLLOWING REFERENCE QUOTED:

AUDITOR GENERAL'S DEPARTMENT  
40 KNUTSFORD BOULEVARD  
P.O. BOX 455  
KINGSTON 5  
JAMAICA

Tel. No.: 926-8309/926-5963/926-5846

Fax Number: 968-4690

[audgen@auditorgeneral.gov.jm](mailto:audgen@auditorgeneral.gov.jm)

## **INDEPENDENT AUDITOR'S REPORT**

**Mrs. Velma Ricketts Walker**  
**Chief Executive Officer/Commissioner of Customs**  
**Jamaica Customs Agency**  
**Myers' Wharf**  
**Newport East**  
**Kingston 15**  
**Jamaica, W.I.**

### **Opinion**

I have audited the accompanying Financial Statements of the Jamaica Customs Agency, set out on pages 1 to 17, which comprise the Statement of financial position as at March 31, 2016, Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion except for the effects of the matters described in the Basis for Qualified Opinion section, the Financial Statements give a true and fair view of the financial position of the Jamaica Customs Agency as at March 31, 2016, and of its financial performance, and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

### **Basis for Qualified Opinion**

I was unable to obtain sufficient appropriate audit evidence about the carrying amount of the following:

#### **Unsupported fair value measurement of property, plant and equipment**

The Agency did not provide reliable measurement data to support the fair value for property, plant and equipment amounting to \$233,576,800 in the Statement of Financial Position and Note 5 of the financial statements. Although, the Agency indicated that the fair value was internally determined, the Agency did not present for review the process undertaken to arrive at the carrying amount and the determinant of the remaining useful life of those assets. Consequently, it is likely that the property, plant and equipment and depreciation charges may be materially misstated and have impacted other components of the financial statements.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the Agency in accordance with the International Ethics Standards Board for Accountants Code of Ethics for professional Accounts (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. I believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statement. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. The following key matter was brought to the attention of management by way of our Audit Completion Report dated January 2020.

Key Audit Matters	How my Audit Addressed the key Audit Matter
<p><b>Subject Matter</b></p> <p><b><u>Accuracy of Inventories balance</u></b></p> <p>I observed general breakdown of controls over the management of the Agency’s inventory during the period. Consequently, at period ended March 31, 2016, JCA’s accounting records reflected adjustments totalling \$525 million. With a view to substantiate the adjustments, I requested a copy of the stock count variance report; however, JCA did not present the report.</p> <p>Nevertheless, JCA informed us that the adjustments were necessary as the responsible officer(s) did not consistently update the inventory records in a timely manner with items issued from stock. Additionally, there were unit measurement discrepancies as the unit of measures used for purchases were not always the same used for issue. Also, multiple codes were utilized for the same items. The weak control environment increases the risk that the Inventories balance may be materially misstated.</p>	<p>In response to the risk, I selected a sample of journal entries that were posted to the inventory account for the period. To substantiate these journal entries, I requested the stock count variance report to validate the adjustments; however, the Agency was not able to provide the evidence for audit scrutiny.</p> <p>The consideration of the inventory adjustments is deemed a key audit matter as Management failed to provide the variance report which would have detailed the basis for the cumulative adjustments totalling \$525 million at the year end. However, the amount disclosed in the Statement of Financial Position represents the value of the physical stock that existed at March 31, 2016.</p>

**Management's Responsibility for the Financial Statements**

Management of the Agency is responsible for the preparation and fair presentation of these financial statements, in accordance with International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether, due to fraud or error; selecting and applying appropriate accounting policies that are reasonable in the circumstances. The Agency is also required to present audited financial statements to its Portfolio Ministry.

The attached Statements of Financial Position, Financial Performance, Changes in Equity, Cash Flows and notes to the Financial Statements were submitted to me by the Agency in accordance with the Executive Agencies Act and Instructions , Financial Administration and Audit Act and the Financial Management Regulations 2011.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there are plans to liquidate the Agency or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibility for the audit of the Financial Statements**

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit.

I also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.

- Evaluate the appropriateness of accounting policies used and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. The conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

I have communicated with the Agency regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that was identified during the audit.

**Report on Additional Requirements from the Executive Agencies' Act**

I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information in a manner so required.

  
.....  
Auditor General of Jamaica

2016/02/16  
.....  
Date





**JAMAICA CUSTOMS AGENCY  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2016**

	Note	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	416,539,337	312,112,955
Intangible Assets (Computer Software)	6	14,151,663	17,868,609
		<u>430,691,000</u>	<u>329,981,564</u>
<b>Current Assets</b>			
Cash and cash equivalents	7	2,218,033,145	309,412,083
Accounts receivable	8	360,793,741	367,086,969
Inventories	9	72,455,254	94,313,909
Prepayments and Advances	10	12,716,305	30,636,258
Held for GoJ	11	2,470,008,587	2,277,176,113
<b>Total Current Assets</b>		<u>5,134,007,032</u>	<u>3,078,625,332</u>
<b>LIABILITIES</b>			
Payable - Consolidated Fund	11	2,470,008,587	2,277,176,113
Accounts Payable	12	1,284,180,934	119,039,781
Employee Benefits	13 (a)	668,568,385	442,384,832
<b>Total Current Liabilities</b>		<u>4,422,757,906</u>	<u>2,838,600,726</u>
<b>Net Current Assets</b>		<u>711,249,126</u>	<u>240,024,606</u>
<b>Total Net Assets</b>		<u>1,141,940,126</u>	<u>570,006,170</u>
<b>Non-Current Liabilities</b>			
Employee Benefits	13 (b)	86,518,497	50,492,431
<b>EQUITY</b>			
Capital contribution by:			
Capital GOJ	14	455,797,517	455,797,517
Donated Asset Reserve		79,799,569	35,653,141
Revolving Loan Fund	15	100,000,000	-
Accumulated surplus		419,824,543	28,063,081
<b>Total Equities</b>		<u>1,055,421,629</u>	<u>519,513,739</u>
<b>Total Equities and Liabilities</b>		<u>1,141,940,126</u>	<u>570,006,170</u>

Approved for issue on behalf of the Jamaica Customs Agency on July 26, 2019 and signed on its behalf by:

  
Mrs. Velma Ricketts Walker  
CEO/COMMISSIONER CUSTOMS

  
Mrs. Kate Bertram  
SEN. DIRECTOR FINANCE AND ADMINISTRATION

The accompanying notes on pages 5 to 18 form an integral part of the Financial Statements



**JAMAICA CUSTOMS AGENCY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR PERIOD ENDED MARCH 31, 2016**

	Note	2016 \$	2015 \$
<b>Income</b>			
Customs Administrative Fees (CAF)		5,715,405,000	1,643,953,000
Appropriations-in-Aid Recoverable		-	563,629,790
Other Income		8,992,742	182,952
<b>Total income</b>		<b>5,724,397,742</b>	<b>2,207,765,742</b>
<b>Expenses</b>			
Staff costs	16	3,307,513,972	2,765,371,307
Goods and services	17	617,941,019	454,594,330
Premises related expenses	18	122,490,954	131,632,649
Depreciation and amortization	5,6	76,492,978	52,939,167
Bad debt (recovered)/expense		(766,764)	15,699,571
Interest and charges	19	627,633,497	459,430,882
<b>Total operating expenses</b>		<b>4,751,305,658</b>	<b>3,879,667,906</b>
<b>Operating Surplus/(Deficit)</b>		973,092,084	(1,671,902,164)
Donated assets reserve amortization		10,430,840	3,875,163
<b>Net surplus/(deficit) before GOJ financing</b>		983,522,924	(1,668,027,001)
GOJ Financing from Consolidated Fund		-	1,695,572,457
<b>Net surplus after GOJ financing</b>		983,522,924	27,545,456
GOJ 50% of Net Profits		(491,761,462)	(13,772,728)
<b>Net surplus for the period</b>		<b>491,761,462</b>	<b>13,772,728</b>

The accompanying notes on pages 5 to 18 form an integral part of the Financial Statements



**STATEMENT OF CHANGES IN EQUITY  
AS AT MARCH 31, 2016**

	<b>Capital - GoJ Investment</b>	<b>Donated Assets</b>	<b>General Reserve</b>	<b>Revolving Loan Fund</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at March 31, 2015	455,797,517	35,653,141	28,063,081	-	519,513,739
Donated Assets	-	54,577,268	-	-	54,577,268
Amortization of donated assets		(10,430,840)			(10,430,840)
Transfer to Revolving Loan Fund	-	-	(100,000,000)	100,000,000	-
Net Surplus for year	-	-	491,761,462	-	491,761,462
<b>Balance as at March 31, 2016</b>	<b>455,797,517</b>	<b>79,799,569</b>	<b>419,824,543</b>	<b>100,000,000</b>	<b>1,055,421,629</b>

The accompanying notes on pages 5 to 18 form an integral part of the Financial Statements



**JAMAICA CUSTOMS AGENCY  
STATEMENT OF CASH FLOWS  
AS AT MARCH 31, 2016**

	2016	2015
	\$	\$
<b>Surplus/Deficit before GoJ Financing</b>	983,522,924	(1,668,027,001)
GoJ Financing from the Consolidated Fund	-	1,695,572,457
	983,522,924	27,545,456
<b>50% Payable to GoJ</b>	(491,761,462)	(13,772,728)
	491,761,462	13,772,728
<b>Non-Cash Movements</b>		
Amortization of donated assets	(10,430,840)	(3,875,163)
Depreciation and amortisation	76,492,978	52,939,167
Decrease/(Increase) in Receivables	24,213,181	(85,397,446)
(Decrease)/Increase in Inventory	21,858,655	(31,562,299)
Increase /(Decrease) in Current Liabilities	1,165,141,153	(7,821,804)
Increase in Employee Benefits	262,209,619	319,037,458
<b>Net Cash Flow from operating activities</b>	<b>2,041,677,048</b>	<b>243,319,913</b>
<b>Cash Flow from Investing Activities</b>		
Capital Expenditure	(177,202,414)	(118,040,041)
<b>Net Cash Flow from Investing Activities</b>	<b>(177,202,414)</b>	<b>(118,040,041)</b>
<b>Cash Flows from Financing Activities</b>		
GOJ Investment	-	(9,799,897)
Donated Assets	54,577,268	43,403,465
<b>Net Cash Flow from financing activities</b>	<b>54,577,268</b>	<b>29,728,405</b>
Net Increase in cash and cash equivalent	1,908,621,062	172,656,168
Cash and cash equivalents at beginning of period	309,412,083	136,755,915
<b>Cash and cash equivalents at end of period</b>	<b>2,218,033,145</b>	<b>309,412,083</b>

The accompanying notes on pages 5 to 18 form an integral part of the Financial Statements



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

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**1. Status and Principal Activity**

The Jamaica Customs Agency (JCA) became a “Model B” Executive Agency on April 1 2013. The Agency falls under the Tax Management Programme, of the Ministry of Finance and Planning, which has a mandate to provide advice on Tax Policy and create a tax regime that is equitable, supports economic growth and optimize tax revenue collection. The JCA has diverse responsibilities that span areas such as trade facilitation, border protection and revenue collection. The Agency operates island wide at all port of entry and oversees all importing and exporting of goods subject to customs inspection. The JCA is a principal contributor to the Government funding and is responsible for collecting approximately thirty-five percent (35%) of the national tax revenue annually.

**2. Statement of Compliance and Basis Preparation**

**i. Statement of Compliance**

The financial statements have been prepared in accordance with the requirements of the Financial Instructions to Executive Agencies (FIEA). These instructions require the application of Jamaica Generally Accepted Accounting Principles (GAAP), which is based on International Public Sector Accounting Standards (IPSAS). IPSAS's are developed by the International Federation OF Accountants' International Public Sector Accounting Standard Board (IPSASB). The IPSAS Board is an independent board of the International Federation of the Accountants. IPSAS's are based on International Financial Reporting Standards (IFRS).

IPSAS deals with public sector reporting issues that are not addressed by IFRSs. The preparation of the financial statements to conform with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the balance sheet date and the revenue and expenses during the reporting period. Actual results could differ from those estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known.

**ii. Basis of preparation**

The Financial Statements are prepared under the historical cost convention, and are presented in Jamaican Dollars (\$), which is the reporting currency of the Agency.

**3. Significant accounting policies**

**i. Cash and cash equivalents**

Cash and cash equivalent are carried in the statement of financial position at fair value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank, in hand, and deposits.



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

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**3. Significant accounting policies (Cont'd)**

**ii. Receivables**

Trade receivables are carried at original invoice amounts less provision made for impairment losses. A provision for impairment is established when there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of the receivables.

**iii. Accounts payable and accrued charges**

Accounts payables are carried at cost for the supply of goods and services and accruals are based on fair estimates of liabilities at the end of the financial year. The amounts are payable within one year.

**iv. Inventories**

This represents stationery, drugs & medication, uniform supplies, warlike stores electrical & construction, auto parts & spares, general stores, computer peripherals and stores. The historical cost of the inventories is accounted for by using the weighted average cost method.

**v. Property, Plant and Equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred

Depreciation assets, is calculated on the straight line basis over the period of their expected useful lives. The depreciation rates are as follows:

Furniture, Fixtures & Fittings	10%
Office Equipment	20%
Computer Software	33 1/3 %
Computers Hardware	25%
Motor Vehicles	20%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the profit and loss account when the expenditure is incurred.



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

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**3. Significant accounting policies (Cont'd)**

**v. Employee benefits**

Employee benefits that are earned as a result of past or current service are recognized as follows:

**a. General benefits**

A provision is made for the estimated liability for untaken annual leave entitlements, for employees, that are not taken as at the date of the financial position. The expected cost of vacation leave that accumulates is recognized when the employee has taken the leave.

**b. Post-retirement benefits**

The Agency participates in a Defined Contribution Pension Scheme for its employees which are administered by NCB Insurance Company Limited. The fund was established in the financial year ended 2003 and is funded by contributions from employees and employer. The employees contribute at a mandatory rate of 5%; while the Agency makes a matching contribution. The Agency contributes 7.5% for employees who have attained five (5) years but less than ten (10) years enrollment in the scheme and 10% for employees who are enrolled for ten (10) years and over. The Agency's net liability in respect of the defined contribution plan is recognized only if the contribution paid during the year is less than the contribution required.

**vi. Provisions**

Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**vii. Financial Instruments**

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The Agency's financial instruments at March 31, 2016 were receivables and payables.

**viii. Revenue recognition**

Revenue is fees earned and is measured at the fair value of the consideration received or receivable. Revenue for JCA is recognized in the income statement when the significant risk and rewards of ownership have been transferred to the importer, recovery of the consideration is probable and the associated costs and possible return of monies collected can be estimated reliably and there is no continuing management involvement with the services. Revenue is derived from Customs Administration Fees.

Deferred income is a liability as at the balance sheet date related to application fees for which revenue has not yet been recognized.

Subvention/GOJ financing is recognized when it is received and



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

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**3. Significant accounting policies (Cont'd)**

**viii. Revenue recognition (Cont'd)**

Interest income is recognized in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

**ix. Taxation**

No provision has been made for taxation as the Agency is exempted from income tax as per section 12 (b) of the Income Tax Act.

**x. Intangible assets**

Intangible assets are purchased computer software that is stated at cost less accumulated depreciation and any accumulated impairment losses. It is amortized over its estimated life of three years using the straight-line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

**xi. Impairment of assets**

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recovered immediately in the profit and loss account.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying value of each item of inventory or group of similar items with its selling price less cost to complete and sell. If an item of inventory or group of similar items is impaired, its carrying amount is reduced to selling price less costs to complete and sell and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset or group of similar items is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories) but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.





**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

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**4. Financial Risk Management**

The Agency's activities expose it to a variety of financial risk: market risks (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and operational risk. The Agency's overall risk management policies are established to identify and analyze risk exposure and to set appropriate risk limits and controls and to monitor risk and adherence limits.

The risk management framework is based on guidelines set by management and seeks to minimize potential adverse effects on the Agency's financial performance.

**a. Market risk**

The Agency takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

**i. Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange. Gains and losses arising from fluctuations in the exchange rates are dealt with in the profit and loss account.

**ii. Interest rate risk**

Interest rate risk is the risk that the interest earned on interest bearing bank account balances will fluctuate due to changes in market interest rate. The Agency's interest rate risk arises from deposits as follows:

**b. Liquidity risk**

Liquidity risk is the risk that an organization will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The Agency commitments associated with financial instruments are detailed below.

The risk is managed by maintaining sufficient cash and cash equivalent balances.



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

**4. Financial risk management (Cont'd)**  
**Liquidity Risk (Cont'd)**

Financial liabilities	2016			
	Carrying Amount	Contract Amount	3 months to 1 year	Over 1 Year
Trade and other payable	1,284,180,934	1,284,180,934	1,284,180,934	-
Employee benefits- Non-Current	668,568,385	668,568,385	-	668,568,385
Payables – Consolidated Fund	<u>2,470,008,587</u>	<u>2,470,008,587</u>	<u>2,470,008,587</u>	<u>-</u>
	<b>4,422,757,906</b>	<b>4,422,757,906</b>	<b>3,754,189,521</b>	<b>668,568,385</b>
Employee benefits	<u>86,518,497</u>	<u>86,518,497</u>	<u>-</u>	<u>86,518,497</u>
	<b>4,509,276,403</b>	<b>4,509,276,403</b>	<b>3,754,189,521</b>	<b>755,086,882</b>

Financial liabilities	2015			
	Carrying Amount	Contract Amount	3 months to 1 year	Over 1 Year
Trade and other payable	119,039,781	119,039,781	119,039,781	-
Employee benefits-Current	442,384,832	442,384,832	-	442,384,832
Payables – Consolidated Fund	<u>2,277,176,113</u>	<u>2,277,176,113</u>	<u>2,277,176,113</u>	<u>-</u>
	<b>2,838,600,726</b>	<b>2,838,600,726</b>	<b>2,396,215,894</b>	<b>442,384,832</b>
Employee benefits	<u>50,492,431</u>	<u>50,492,431</u>	<u>-</u>	<u>50,492,431</u>
	<b>2,889,093,157</b>	<b>2,889,093,157</b>	<b>2,396,215,894</b>	<b>492,877,263</b>

**c. Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Agency has limited concentrations on credit risk. Credit transactions are limited to high credit quality financial institutions and customers with good creditworthiness.



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

**5. Property, plant and equipment**

	Motor Vehicles \$	Equipment and Furniture \$	Computer Hardware \$	Total \$
<b><u>At Cost/Valuation</u></b>				
At Cost/Valuation -April 1, 2015	111,397,165	212,285,783	75,480,986	399,163,934
Additions	<u>21,385,443</u>	<u>133,522,615</u>	<u>17,178,960</u>	<u>172,087,018</u>
	<u>132,782,608</u>	<u>345,808,398</u>	<u>92,659,946</u>	<u>571,250,952</u>
<b><u>Depreciation</u></b>				
1-Apr-15	37,518,414	27,853,993	21,678,572	87,050,979
Charge	<u>24,213,750</u>	<u>30,827,643</u>	<u>12,619,243</u>	<u>67,660,636</u>
	<u>61,732,164</u>	<u>58,681,636</u>	<u>34,297,815</u>	<u>154,711,615</u>
<b>Net Book Value -March 31, 2016</b>	<u><u>71,050,444</u></u>	<u><u>287,126,762</u></u>	<u><u>58,362,131</u></u>	<u><u>416,539,337</u></u>
<b>Net Book Value -March 31, 2015</b>	<u><u>73,989,751</u></u>	<u><u>184,431,790</u></u>	<u><u>53,802,414</u></u>	<u><u>312,112,955</u></u>

**6. Intangible Assets**

Computer Software	2016
	\$
<b><u>At Cost/Valuation</u></b>	
1-Apr-15	22,938,242
Additions	<u>5,115,396</u>
	<u>28,053,638</u>
<b><u>Amortization</u></b>	
1-Apr-15	5,069,633
Charge	<u>8,832,342</u>
	<u>13,901,975</u>
<b>Net Book Value -March 31, 2016</b>	<u><u>14,151,663</u></u>
<b>Net Book Value -March 31, 2015</b>	<u><u>17,868,609</u></u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

**7. Cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash at Bank</b>		
Operating Bank Account	2,034,014,220	286,908,893
Payroll Bank Account	1,674,627	(1,175)
Deposit Bank Account	8,146,160	1,875,306
AIA Bank Account	74,198,340	20,629,051
Revolving Loan Account	99,999,798	-
Cash	-	8
	<u><b>2,218,033,145</b></u>	<u><b>309,412,083</b></u>

**8. Accounts receivable**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Receivables	298,323,644	313,991,410
Other Receivables	77,402,905	68,795,130
	<u>375,726,549</u>	<u>382,786,540</u>
Provision for Doubtful debt	(14,932,808)	(15,699,571)
	<u><b>360,793,741</b></u>	<u><b>367,086,969</b></u>

**9. Inventories**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Auto Parts and Spare	60,971	1,549,556
Computer and Peripherals	14,539,134	25,319,531
Drugs and Medication	1,182,588	1,198,855
Electrical and Construction	74,619	13,797
General Stores	5,718,427	12,670,147
Stationery	32,925,755	41,558,213
Uniform Supplies	17,918,168	11,752,262
Warlike Stores	35,592	251,548
	<u><b>72,455,254</b></u>	<u><b>94,313,909</b></u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

**10. Prepayments and Advances**

	<b>2016</b>	<b>2015</b>
	\$	\$
Deposit	248,285	248,285
Prepayments	8,461,913	30,148,663
Advances Employees	648,701	64,254
Clearing Accounts	360,343	-
Staff Overpayment Recovery	2,812,063	175,056
Staff Loan	185,000	-
	<u><b>12,716,305</b></u>	<u><b>30,636,258</b></u>


**11. Held for GOJ**

	<b>2016</b>	<b>2015</b>
	\$	\$
Deposits from Importers	2,361,459,919	2,162,634,632
Deposits from passengers (Airport)	-	13,900,188
Reversible Miscellaneous Revenue	2,580,759	667,729
Stale dated cheques	91,399,303	83,153,764
Warehouse Fees Recoverable (i)	14,568,606	16,819,800
	<u><b>2,470,008,587</b></u>	<u><b>2,277,176,113</b></u>
This is comprised of:		
Cash at Bank	799,432,307	359,042,090
Erroneous Lodgement to JCA's Bank a/c	-	(7,015)
Receivable	1,670,576,280	1,918,141,038
	<u><b>2,470,008,587</b></u>	<u><b>2,277,176,113</b></u>

- i. This represents amount receivable from bonded warehouses for salary reimbursement payable to the Accountant General's Department.

**12. Accounts payable**

	<b>2016</b>	<b>2015</b>
	\$	\$
Accounts payable	146,218,283	90,976,700
Payable - Accountant General	1,137,962,651	28,063,081
	<u><b>1,284,180,934</b></u>	<u><b>119,039,781</b></u>

  
**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

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**13. Employee benefits**

A provision is made for the estimated liability for untaken annual vacation leave and gratuity due as a result of services rendered by employees up to the statement of financial position date.

	2016	2015
	\$	\$
<b><u>a. Current liabilities</u></b>		
Staff Related:		
Accrued Crown Overtime	159,229,076	27,651,688
Accrued Private Overtime	34,256,350	136,734,799
Accrued Travel Expenses	103,445,049	160,857,644
Accrued vacation leave	272,989,956	17,277,334
Staff Related Provisions (Meal Allowance)	98,525,050	97,636,170
Statutory Payable	122,904	2,227,197
	<u>668,568,385</u>	<u>442,384,832</u>
<b><u>b. Non-Current liabilities</u></b>		
Provision for Gratuity	86,518,497	21,733,662
Provision for Salary Arrears	-	28,758,769
	<u>86,518,497</u>	<u>50,492,431</u>

**14. GOJ Investment**

This amount represent initial notional loan received from the Government of Jamaica in the form of capital assets retained by the Agency as at April 1, 2013. This was converted into equity as prescribed by the GOJ's Policy.

	2016	2015
	\$	\$
Inventory	67,326,204	67,326,204
Fixed Assets	232,324,508	232,324,508
Accounts payable	(125,534,871)	(125,534,871)
Accounts receivable	245,366,306	245,366,306
Cash and Bank	46,115,266	46,115,266
Inventory write-off	(9,799,896)	(9,799,896)
Total Net Assets	<u>455,797,517</u>	<u>455,797,517</u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

**15. Staff Revolving Loan Scheme**

The staff revolving loan was approved by the Ministry of Finance in March 2016, for the purposes of a motor vehicle and personal loans facility for the employees of the Jamaica Customs Agency.

	2016	2015
	\$	\$
Staff Revolving Loan Scheme	100,000,000	-
	<u>100,000,000</u>	<u>-</u>

**16. Staff Costs**

**(i) Staff Cost**

	2016	2015
	\$	\$
Gratuity	70,207,666	22,736,704
Salaries	2,467,148,163	1,981,216,501
Travelling Expenses	760,956,912	761,418,102
Tuition Refund	9,201,231	-
	<u>3,307,513,972</u>	<u>2,765,371,307</u>

**(ii) Salary range**

These details include relevant information relating to employees receiving gross emoluments of over Two Million Dollars per annum. These fall within the following ranges:

<u>Salary Range (\$)</u>	<u>Number of employees</u>
2,000,000.00 – 2,250,000.00	165
2,250,000.00 – 2,500,000.00	18
2,500,000.00 – 2,750,000.00	0
2,750,000.00 – 3,000,000.00	56
3,000,000.00 – 3,250,000.00	13
3,250,000.00 – 3,500,000.00	28
3,500,000.00 – 3,750,000.00	8
3,750,000.00 – 4,000,000.00	1
4,000,000.00 – 5,000,000.00	12
5,000,000.00 – 6,000,000.00	1
6,000,000.00 – 7,000,000.00	-
7,000,000.00 – 8,000,000.00	1
8,000,000.00 and above	1
<b>Total</b>	<u><b>303</b></u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

**Staff costs (cont'd)**

**(iii) Remuneration of key management personal**

<b>Position</b>	<b>Salary</b>	<b>Gratuity (Provisions)</b>	<b>Travelling allowance</b>	<b>Other Allowances</b>	<b>Total 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Chief Executive Officer (CEO)/Commissioner of Customs	8,993,754	2,248,439	-	2,000,000	13,242,193
Deputy CEO – Operations	5,948,250	1,487,063	975,720	-	8,411,033
Deputy CEO – Border Protection	6,458,100	1,614,525	975,720	-	9,048,345
Consultant	5,290,000	1,322,500	975,720	-	7,588,220
Senior Director -Executive Services	5,260,357	1,315,090	975,720	-	7,551,167
Senior Director - Human Resource Management and Development	5,260,357	1,315,090	975,720	-	7,551,167
Senior Director - Legal Affairs	5,260,357	1,315,090	975,720	-	7,551,167
Senior Director - Finance and Administration	5,665,000	1,416,250	975,720	-	8,056,970
Senior Director - Central Operations	5,260,357	1,315,090	975,720	-	7,551,167
Senior Director - Kingston Operations	5,125,476	1,281,369	975,720	-	7,382,565
Senior Director - Western and Montego Bay Operations	5,125,476	1,281,369	975,720	-	7,382,565
Director - Contraband Enforcement Team	5,125,476	1,281,369	975,720	-	7,382,565
Chief Information Officer	4,990,595	1,247,649	975,720	-	7,213,964
Chief Internal Auditor	5,125,476	1,281,369	975,720	-	7,382,565
Senior Director International and Industry Liaison	5,125,476	1,281,369	975,720	-	7,382,565
<b>Total</b>	<b>84,014,507</b>	<b>21,003,631</b>	<b>13,660,080</b>	<b>2,000,000</b>	<b>120,678,218</b>

**Key performance indicators (KPI)**

At the date of the financial position the KPI for the financial year was not reviewed by the Chief Internal Auditor for inclusion in the financial statements. However, the KPI will be included in the Agency's Annual Report.





**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

**17. Goods and Services**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Computer Supplies and Accessories	8,687,647	14,024,733
Food and Drink	18,397,997	16,177,429
General Consumption Tax	149,324,492	86,287,807
Guard and Courier Services	83,979,286	66,043,519
Insurance	1,636,424	4,378,350
Janitorial and Pest Control	14,995,918	16,829,297
Motor Vehicle Expense	47,010,365	46,635,460
Other Operating Expense	98,323,298	37,811,335
Repairs and Maintenance	88,974,112	58,862,638
Computer Hardware and Software Maintenance	29,475,088	32,147,071
Stationery, Office and Other Supplies	67,901,254	52,716,845
Tuition, Seminar and Training	9,235,138	22,679,846
	<u><b>617,941,019</b></u>	<u><b>454,594,330</b></u>

**18. Premises Related Expenses**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Building	11,822,226	12,886,681
Cellular Telephone	8,264,745	8,394,775
Electricity	71,035,802	81,223,960
Internet	2,241,169	1,993,289
Land Line	15,864,419	13,432,639
Rental of Other Machinery/Equipment/Tools etc.	1,703,546	1,261,888
Rental of Other Property, Machinery and Equipment	220,334	187,500
Rental of Parking Spaces	2,592,498	2,890,065
Water	8,746,215	9,361,852
	<u><b>122,490,954</b></u>	<u><b>131,632,649</b></u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2016**

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**19. Interest and Charges**

	<b>2016</b>	<b>2015</b>
	\$	\$
Bank Charges	21,517,640	22,343,586
Merchant Fees	<u>606,115,857</u>	<u>437,087,296</u>
	<u><b>627,633,497</b></u>	<u><b>459,430,882</b></u>

Interest and charges relates to fees and other charges incurred for merchant fees and commercial bank services.



**JAMAICA CUSTOMS AGENCY**  
**Statement of Receipts and Payments to the Consolidated Fund**  
**For period ended March 31, 2016**

	2016	2015
	\$	\$
Air Passenger Levy (APL)	5,480,392,393	4,765,651,487
Custom User Fees	-	9,162,154
Customs Administrative Fees	12,752,116,099	12,280,803,057
Customs Broker License	5,181,685	4,723,500
Diary Development Cess	78,792,596	57,090,854
Environmental Levy	2,638,893,858	2,386,546,088
Excise	40,138	520,494
General Consumption Tax - Import	66,609,472,461	58,956,318,727
Import Duty	29,840,278,676	26,842,697,822
Miscellaneous receipts	11,405,763	31,569,162
Penalty payments for breach of customs act and regulation	107,710,858	95,606,280
Receipts from sale of seized items	167,481,885	200,957,928
Special Consumption Tax (SCT) - Import	37,420,615,735	30,685,415,084
Stamp Duty	2,015,976,078	1,914,842,443
Standard compliance fees	809,354,766	875,523,634
Tourist shop operational	22,614,693	21,245,649
Tourist shop receipts	14,065,056	13,987,522
Travel Tax	4,676,828,223	4,925,967,609
Warehouse fees	8,457,136	8,624,688
Total Revenue collected	<u>162,659,678,099</u>	<u>144,077,254,182</u>
Less: Refund to customers	(1,332,859,726)	(1,063,319,678)
	<b><u>161,326,818,373</u></b>	<b><u>143,013,934,504</u></b>
<b>Less Amount remitted to Government Agencies:</b>		
Accountant General CAF	6,834,859,324	10,589,061,644
Accountant General Miscellaneous Revenue	200,245,068	239,208,391
Bureau of Standards - 90% SCF liability	764,814,389	695,835,153
Commissioner of Customs - CAF	5,715,405,000	1,643,953,000
Consolidated Fund liability	145,040,891,228	129,432,143,945
Dairy Development Board	85,744,318	49,183,517
Jamaica National Agency for accreditation - 10% SCF	84,979,377	77,315,017
Ministry Of Agriculture	-	409,561
National Health Fund - 5% special consumption Tobacco tax	1,255,264,542	694,010,845
National Health Fund - Special Consumption Tobacco Tax	1,085,640,670	862,905,950
Road Maintenance Fund	-	142,178,883
Total payments to Government Agencies and refunds	<u>161,067,843,916</u>	<u>144,426,205,906</u>
(Short payment)/Overpayment to Consolidated Fund	(258,974,457)	1,412,271,402
Bank Charges	44,375,671	22,859,055
Cashier Shortages	13,367,302	10,394,526
Dishonoured Cheques	3,287,965	751,862
Net Cash (in)/outflow at the end of the period	<b><u>(197,943,519)</u></b>	<b><u>1,446,276,846</u></b>
Receivables and Advances	1,848,730,575	449,816,760
Doubtful Debt	5,220,618	5,220,618
Bonded Warehouse Recoverable	14,568,606	16,819,800
Cash at bank	799,432,307	359,042,089
<b>Held for GoJ</b>	<b><u>2,470,008,587</u></b>	<b><u>2,277,176,113</u></b>



**JAMAICA CUSTOMS AGENCY**  
**Statement of Internal Control**  
**For period ended March 31, 2016**

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In accordance with the Financial Instructions to Executive Agencies, the Jamaica Customs Agency has adopted a system of internal control to embrace:

- **Financial and Operational Control Systems and Procedures.** This includes the physical safeguard of assets, segregation of duties, restricted access, authorization and approval, adherence to policies and procedures and information systems controls.

The Agency utilizes ACCPAC as its Financial Management System and commenced the preparation of its accounts using accrual based accounting on April 1, 2013. Continuous emphasis is placed on a guideline which dictates that each staff member must adhere to the policies and procedures in place as any deviation would result in disciplinary actions being taken. The systems require password access and there exist restricted access to pertinent data. Also, physical access by staff is restricted in areas such as the vaults, cashier areas and other areas of operations.

- **The existence of Management Controls.** This is done through the setting of objectives, effective monitoring of financial and non-financial performance indicators, the assessment of changing circumstances for those that impact on the Agency and the application of measures to correct circumstances that prevent targets from not being achieved.

The Agency's Corporate Planning exercise commences with a set of strategic guidance provided by the Chief Executive Officer. During the exercise the previous year's performance is assessed, the strategic plans and justification for budgetary requirements are presented by the relevant Senior Directors. These are evaluated and where applicable approved.

There exist timely management reports to include comprehensive reporting on all Key Performance Indicators and targets. Additionally, the monitoring of all contracts is done to ensure that value for money is achieved is an ongoing exercise.

The Agency's Human Resource function is audited by the Chief Personnel Officer who conducts review of the Agency's establishment, organization chart, job selection procedures, training and development and also provides human resource advice.

The Executive Agency Monitoring Unit ensures that proper standards and procedures are being followed by the Agency. It supports and ensure that the Agency's financial framework is in place with respect to accountability, transparency, control and improved performance.

The Financial Secretary convenes weekly review meetings to assess the Agency's performance and provide feedback on policy issues that arises.

The Agency's Advisory Board is chaired by an external person and includes other external persons who are appointed based on their professional expertise. Meetings are convened monthly to review the Agency's performance and the board offers advice to the Chief Executive Officer.

- **Internal Audit Review** - The Internal Audit function is an integral part of the management of the Agency that reviews and makes recommendations for implementation. The Chief Internal Auditor at all times remains independent. All internal weaknesses and discrepancies identified are reported and the necessary measures put in place to correct each. Quarterly reports are prepared and submitted to the Chief Executive Officer and the Audit Committee.



**JAMAICA CUSTOMS AGENCY**  
**Statement of Internal Control**  
**For period ended March 31, 2016**

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**The existence of Management Controls (Continued).**

- **Audit Committee Review** - The Audit Committee which includes independent members reviews the report submitted by the Internal Auditor and provides independent advice to the Management of the Agency on internal control issues.

**AUDITOR GENERAL'S DEPARTMENT OF JAMAICA**



40 Knutsford Blvd, Kingston 5  
<http://www.auditorgeneral.gov.jm>

## Appendix E: Advisory Board Members and Senior Executive Compensation

*Table E1: Stipend Paid to Members of the Jamaica Customs Agency Advisory Board 2015-2016*

JAMAICA CUSTOMS AGENCY					
ADVISORY BOARD COMPENSATION PAID					
APRIL 2015 - MARCH 2016					
Name and Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Mr. Warren McDonald- Chairperson	\$ 66,000.00	-	-	-	\$ 66,000.00
Mr. Kim Clark - Member	\$ 27,000.00	-	-	-	\$ 27,000.00
Mrs. Jacqueline Cole-Ricketts - Member	\$ 18,000.00	-	-	-	\$ 18,000.00
Mrs. Audrey Sewell - Member	\$ 22,500.00	-	-	-	\$ 22,500.00
Dr. Eric Deans-Member	\$ 13,500.00	-	-	-	\$ 13,500.00
Mr. Sandor Pike - Member	\$ 31,500.00	-	-	-	\$ 31,500.00
Ms. Shauna Trowers - Member	\$ 22,500.00	-	-	-	\$ 22,500.00
Major (Ret'd) Richard Reese - CEO/Commissioner of Customs	\$ -	-	-	-	\$ -
<b>TOTAL</b>	<b>\$ 201,000.00</b>	-	-	-	<b>\$ 201,000.00</b>

**Table E2: Compensation Received by Jamaica Customs Agency Senior Executive Staff 2015-2016**

**JAMAICA CUSTOMS AGENCY  
SENIOR EXECUTIVE COMPENSATION**

**APRIL 2015 - MARCH 2016**

Name and Position of Senior Executive	Year	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assignment of Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Major (Ret'd). Richard Reese - CEO/Commissioner of Customs	FY2015/16	\$ 8,993,754.00	\$ 2,248,439.00	-	-	\$ 2,000,000.00	-	\$ 13,242,193.00
Mrs. Carlene Henry - Deputy CEO, Operations	FY2015/16	\$ 5,948,250.00	\$ 1,487,063.00	\$ 975,720.00	-	-	-	\$ 8,411,033.00
Mr. Alwyn Nicely- Deputy CEO, Border Protection	FY2015/16	\$ 6,458,100.00	\$ 1,614,525.00	\$ 975,720.00	-	-	-	\$ 9,048,345.00
Mr. Clyde Thompson - Consultant	FY2015/16	\$ 5,290,000.00	\$ 1,322,500.00	\$ 975,720.00	-	-	-	\$ 7,588,220.00
Mrs. Patricka Wiggan-Chambers - Senior Director, Executive Services	FY2015/16	\$ 5,260,357.00	\$ 1,315,090.00	\$ 975,720.00	-	-	-	\$ 7,551,167.00
Ms. Jessica Belle - Senior Director, Human Resource Management and Development	FY2015/16	\$ 5,260,357.00	\$ 1,315,090.00	\$ 975,720.00	-	-	-	\$ 7,551,167.00
Ms. Hazel Edwards - Senior Director, Legal Affairs	FY2015/16	\$ 5,260,357.00	\$ 1,315,090.00	\$ 975,720.00	-	-	-	\$ 7,551,167.00
Mrs. Kate Bertram - Senior Director, Finance and Administration	FY2015/16	\$ 5,665,000.00	\$ 1,416,250.00	\$ 975,720.00	-	-	-	\$ 8,056,970.00
Mr. Marlon Lowe - Senior Director, Central Operations	FY2015/16	\$ 5,260,357.00	\$ 1,315,090.00	\$ 975,720.00	-	-	-	\$ 7,551,167.00
Mrs. Selina Clarke - Graham- Senior Director, Kingston Operations	FY2015/16	\$ 5,125,476.00	\$ 1,281,369.00	\$ 975,720.00	-	-	-	\$ 7,382,565.00
Ms. Claudette Coombs - Senior Director, Western Operations	FY2015/16	\$ 5,125,476.00	\$ 1,281,369.00	\$ 975,720.00	-	-	-	\$ 7,382,565.00
Mr. Albert Anderson - Director Contraband Enforcement Team	FY2015/16	\$ 5,125,476.00	\$ 1,281,369.00	\$ 975,720.00	-	-	-	\$ 7,382,565.00
Mr. Andre Williams - Chief Information Officer	FY2015/16	\$ 4,990,595.00	\$ 1,247,649.00	\$ 975,720.00	-	-	-	\$ 7,213,964.00
Ms. Michelle Chambers - Chief Internal Auditor	FY2015/16	\$ 5,125,476.00	\$ 1,281,369.00	\$ 975,720.00	-	-	-	\$ 7,382,565.00
Ms. Shandilayne Davis - Senior Director, International and Industry Liaison	FY2015/16	\$ 5,125,476.00	\$ 1,281,369.00	\$ 975,720.00	-	-	-	\$ 7,382,565.00
<b>TOTAL</b>		\$ 84,014,507.00	\$ 21,003,631.00	\$ 13,660,080.00	-	\$ 2,000,000.00	-	\$ 120,678,218.00





**Jamaica Customs Agency**

**Myers' Wharf**

**Newport East**

**Kingston 15**

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**Prepared by**

**Executive Services**

**Corporate Planning Unit**