



# Jamaica Customs Agency

## Annual Performance Report

FY2017/2018

Country Above Self

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## Table of Contents

### Contents

<b>Vision .....</b>	<b>3</b>
<b>Mission.....</b>	<b>3</b>
<b>Core Values .....</b>	<b>3</b>
<b>Commissioner and Senior Management Team.....</b>	<b>4</b>
<b>List of Acronyms .....</b>	<b>5</b>
<b>Message from The Honourable Minister of Finance &amp; Public Service .....</b>	<b>6</b>
<b>Message from The Chief Executive Officer (CEO)/Commissioner of Customs.....</b>	<b>6</b>
<b>Profile of the Jamaica Customs Agency .....</b>	<b>8</b>
<b>About The JCA.....</b>	<b>8</b>
<b>Role and Responsibilities.....</b>	<b>9</b>
<b>Relevant Laws and Regulations.....</b>	<b>9</b>
<b>The JCA's Key Outcomes and Strategic Objectives .....</b>	<b>10</b>
<b>Executive Summary of Performance .....</b>	<b>11</b>
<b>Key Performance Indicators (KPIs) Summary .....</b>	<b>12</b>
<b>Performance Discussion and Analysis.....</b>	<b>17</b>
<b>Introduction .....</b>	<b>17</b>
<b>Governance and Quality Management.....</b>	<b>17</b>
<b>Revenue Collection .....</b>	<b>19</b>
<b>Tax Revenue Performance .....</b>	<b>19</b>
<b>Non-Tax Revenue Performance .....</b>	<b>20</b>
<b>Drivers of the Commercial Revenue Performance .....</b>	<b>21</b>
<b>Value and Nature of Commercial Imports .....</b>	<b>21</b>
<b>Tax Expenditures .....</b>	<b>22</b>
<b>Trade Facilitation .....</b>	<b>23</b>
<b>Entries Processed .....</b>	<b>23</b>
<b>Passengers Processed .....</b>	<b>24</b>
<b>Returning Residents.....</b>	<b>24</b>
<b>Authorised Economic Operator (AEO) Programme .....</b>	<b>25</b>
<b>Stakeholder Engagements.....</b>	<b>25</b>
<b>Customs Week 2018 .....</b>	<b>26</b>
<b>Border Protection .....</b>	<b>28</b>

<b>Intelligence .....</b>	<b>28</b>
<b>Investigation .....</b>	<b>29</b>
<b>Non-Intrusive Inspections (NII) – Areas under Customs Controlled .....</b>	<b>30</b>
<b>Enforcement .....</b>	<b>30</b>
<b>Seizures .....</b>	<b>31</b>
<b>Systems Automation .....</b>	<b>33</b>
<b>Resource Management .....</b>	<b>35</b>
<b>Staffing .....</b>	<b>35</b>
<b>Staff Performance .....</b>	<b>35</b>
<b>Training and Development .....</b>	<b>35</b>
<b>Occupational Health and Safety .....</b>	<b>36</b>
<b>Expenditure .....</b>	<b>36</b>
<b>Cost of Revenue Collection .....</b>	<b>38</b>
<b>Corporate Social Responsibility .....</b>	<b>39</b>
<b>Financial Highlights .....</b>	<b>40</b>
<b>Appendix A: Revised Organization Structure .....</b>	<b>43</b>
<b>Appendix B: Revenue Collection Performance .....</b>	<b>44</b>
<b>Appendix C: Associated Operation Performance .....</b>	<b>46</b>
<b>Appendix D: Audited Financial Statements .....</b>	<b>47</b>

### **Vision**

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

### **Mission**

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**

#### **Customer-focused**

We continuously seek ways to improve our processes and procedures through innovation, in order to enhance and provide the best customer service experience.

#### **Accountability**

We accept responsibility for the achievement of the Agency's goals and objectives by honouring our commitments to our customers, stakeholders and the international community.

#### **Professionalism**

We are proud to serve our clients and are dedicated to demonstrating the highest standards of competence in the execution of our duties.

#### **Integrity**

We consistently act with impartiality and honesty in serving our customers in fulfilling our core mandates, to achieve the best possible outcomes for the agency and country.

#### **Transparency**

We display openness and are responsive to our customers and stakeholders in the delivery of our services.

## Commissioner and Senior Management Team



Velma Ricketts Walker  
CEO/Commissioner



Mrs. Karlene Henry  
Deputy Chief Executive Officer,  
Operations



Mr. Alwyn Nicely,  
Deputy Chief Executive Officer,  
Border Protection



Mrs. Patricia Wiggan-  
Chambers  
Senior Director, Executive  
Service



Mrs. Selina Clarke-Graham  
Senior Director, Kingston  
Operations



Ms. Shandilayne Davis  
Senior Director, International  
and Industry Liaison



Ms. Michelle Chambers  
Chief Internal Auditor



Mrs. Kate Bertram  
Senior Director, Finance and  
Administration



Ms. Jessica Belle  
Senior Director, Human  
Resource Management &  
Development



Mr. Andre Williams  
Chief Information Officer



Ms. Claudette Coombs  
Senior Director, Western  
Region



Mr. Marlon Lowe  
Senior Director, Central  
Operations



Ms. Hazel Edwards  
Senior Director, Legal Affairs



Mr. Clyde Thompson  
Consultant



Mr. Kirk Benjamin  
Senior Director, Trade  
Facilitation & Special Projects



Mr. Albert Anderson  
Director, Contraband Enforcement Team

### List of Acronyms

**AEO:** Authorized Economic Operator

**ASYCUDA:** Automated System for  
Customs Data

**Bn:** Billion

**CAF:** Customs Administration Fee

**CEO:** Chief Executive Officer

**CET:** Common External Tariff

**CIB:** Cargo Imaging Branch

**CIF:** Cost Insurance and Freight

**CIO:** Chief Information Officer

**DSIA:** Donald Sangster International  
Airport

**EA:** Executive Agency

**EAP:** Employee Assistance Programme

**FAMP:** Fiscal Administration  
Modernization Programme

**FROs:** Field Recommended Operations

**FS:** Financial Secretary

**FY:** Fiscal Year; Financial Year

**GCT:** General Consumption Tax

**GOJ:** Government of Jamaica

**ICT:** Information Communication and  
Technology

**JCA:** Jamaica Customs Agency

**JCD:** Jamaica Customs Department

**JCF:** Jamaica Constabulary Force

**JDF:** Jamaica Defense Force

**JMD:** Jamaican Dollars

**KGN:** Kingston

**Kgs:** Kilograms

**Mn:** Million

**MOCA:** Major Organised Crime Agency

**MOFPS:** Ministry of Finance and the Public  
Service

**NII:** Non-Intrusive Inspection

**NMIA:** Norman Manley International  
Airport

**OHS:** Occupational Health and Safety

**OPC:** Office of the Parliamentary Counsel

**PAJ:** Port Authority of Jamaica

**PERs:** Performance Evaluation Reports

**PMAS:** Performance Management  
Appraisal System

**POCA:** Proceeds of Crime Act

**SAJ:** Shipping Association of Jamaica

**SCT:** Special Consumption Tax

**SOPs:** Standard Operating Procedures

**St:** Saint

**TAJ:** Tax Administration Jamaica

**WCO:** World Customs Organization

**Message from The Honourable Minister of Finance & Public Service**



As Minister, I am pleased to have an input in the Jamaica Customs Agency's (JCA) 2017/18 Annual Report. The JCA has demonstrated sterling performance in the last fiscal year, by achieving and surpassing its revenue target, which continues to keep the agency among the top two revenue collectors for Jamaica.

I applaud the CEO/Commissioner, management and staff of the JCA for their unwavering dedication in fulfilling the mandates of facilitating trade, protecting Jamaica's borders and collecting the requisite revenue on behalf of the government.

Among other things, I further commend the agency for embarking on its strident step in reforming Customs legislation, which will ultimately see a more modernised legal framework in support of a more modern trade, logistics and supply chain. This will go a far way in further positioning Jamaica as a major transshipment hub.

Undoubtedly, the Customs Management System – ASYCUDA – has effectively enabled the JCA to have a more robust trade and clearance process, and while it was marked with teething pains in the initial implementation stages, we are seeing its benefits and value. I expect that the system will only be further developed and improved as time progresses.

The Government of Jamaica (GOJ) will continue to pursue macroeconomic policies, supported by the relevant laws, with a view to propel Jamaica's economic growth and enhance its development. The fiscal policies of the government are intended to effect significant and positive change, not only at the macro-level but importantly at the 'grassroots' or microeconomic level of the society where the 'lay man' can relate to it through his own personal experience.

It was therefore quite fitting that in 2017, while the JCA focused on achieving its performance targets in keeping with macro-economic requirements that it also turned its attention to the micro-level and embarked on a journey to meet 'one-to-one' with people in their parishes and communities, through targeted stakeholder engagement initiatives.

The Ministry of Finance will always continue to support the JCA in its thrust to achieve its performance standards, by providing the requisite budgetary, as well as technical support, or as otherwise, may be required.

I encourage the men and women at the Jamaica Customs Agency to continue raising their own standards, and to always do us proud by placing, "Country Above Self."

Well done!

*Hon. Audley Shaw, MP*

**Message from The Chief Executive Officer (CEO)/Commissioner of Customs**



The Jamaica Customs Agency (JCA) continues to uphold its motto with pride, achieve its mandates with diligence, and undertake its core values with commitment. I am therefore delighted to present the Agency's FY2017/18 Annual Report to the Government and people of Jamaica, in keeping with our statutory and regulatory obligations.

As one of the nation's main core revenue generation and border protection agencies, the JCA takes a comprehensive approach to fulfilling the mandates of trade facilitation, border management and control, and revenue collection. Undoubtedly, operating in such a complex environment requires tremendous focus and a commitment to the highest standards of professionalism and integrity.

Indeed, the past fiscal year, covered by this report, has been very active and significant in securing the foundations for the next phase of growth for the Agency as we deliver on our strategic objectives.

During the fiscal year, the JCA team has delivered progress against several key areas:

- Attained an increase in revenue collection
- Grew the detection rate of illicit goods in several key areas
- Implemented the ASYCUDA World System, which has ushered in end-to-end processing by all stakeholders.
- Achieved significant progress towards a reformed Customs legislative framework.
- Prioritised outreach and stakeholder engagement in a concerted effort to build voluntary compliance and improve service delivery.
- Implemented the Authorised Economic Operator (AEO) Programme to facilitate ease of trade for approved operators.
- Realised increased special enforcement operations, as the Agency adopted a more intelligence-driven approach.

Critical to these successes and progress are JCA employees, whose conduct and competency form the basis of public trust and engender confidence in the communities we serve. And so, the Agency continues to bolster internal human capacity through workforce training and development to achieve this strategic intent.

Like all border agencies in the world, the JCA remains vulnerable to the potential for corruption and misconduct. Therefore, in order to identify and mitigate these threats, several anti-corruption Standard Operating Procedures (SOPs) were documented over the period.

On the travel front, JCA continues to transform the international arrival process to attract and welcome visitors to Jamaica, while maintaining the highest standard of security. These and other Customs-related processes have resulted in satisfactory levels of customer satisfaction.

In respect to our strategic partners, continued joint-intelligence operations with the Jamaica Constabulary Force (JCF), the Jamaica Defence Force, and the Major Organised Crime Agency (MOCA) among others, have resulted in numerous seizures and detection of illicit goods over the period.

Undoubtedly, these crime-fighting activities have done much to cripple criminal networks and disrupt transnational organised crime.

It is for these reasons that I can state, confidently, that I am honoured to work with and lead such an advanced and mission-focused team. I remain proud of the work JCA employees do every day to put customer service, workforce accountability, professionalism and organisational transparency at the forefront of their efforts.

Throughout the fiscal year, we have been innovative, agile, and collaborative. It is our responsibility, and promise, to continue to seek improvements and efficiencies in delivering quality customer service, facilitating legitimate trade, and mitigate threats or vulnerabilities that could undermine Jamaica's border security.

*Velma Ricketts Walker, J.P*

## Profile of the Jamaica Customs Agency

### About The JCA



The Jamaica Customs Agency (JCA) is a division of the Ministry of Finance and the Public Service (MOFPS) and is headed by a Chief Executive Officer/Commissioner who reports to the Financial Secretary (FS) of MOFPS. By Ministerial Order, the Jamaica Customs Department transformed into a 'Model B' Executive Agency on April 2, 2013, in accordance with the Executive Agencies Act 2002; and has since concentrated on the delivery of existing priorities, improvements in performance and the transformation of the Agency in the medium term.

The JCA contributes to the Tax Management Programme of the MOFPS, for which the strategic objective is to create an efficient, simple and equitable tax system. This programme's mandate is to develop an appropriate tax regulatory and policy framework, provide advice, and

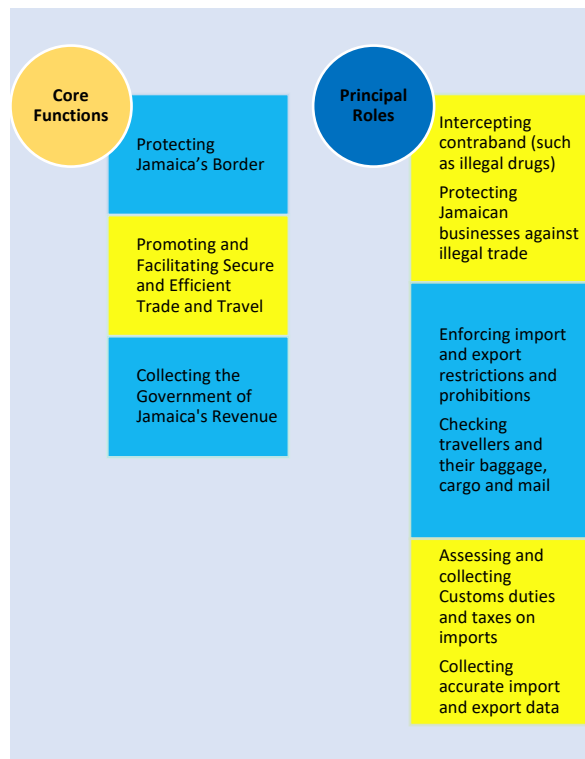
create a tax regime that is simple and equitable, supports economic growth, and optimizes tax revenue collections that are due to the Government of Jamaica (GOJ).

The Agency's organizational structure had 1,437 positions and as of March 31<sup>st</sup>, 2018, the current staff complement was 1,177. The Chief Executive Officer/Commissioner has direct responsibility for 10 divisions and operates approximately 49 business units inclusive of outposts across Kingston and Western-Region Jamaica.

The JCA maintains its position as a principal contributor to the Government coffers and is responsible for collecting approximately 35% of the national tax revenue annually. The principal role of the Agency is to timely process passenger goods and cargo to ensure national safety and security, to optimize revenue, to protect the economy, and to facilitate trade. The mandate of JCA is:

- To protect Jamaica's Border of illegal drugs and trade.
- To promote and facilitate secure and efficient trade and travel.
- To collect the Government of Jamaica's revenue.

## Role and Responsibilities



JCA guards against illicit imports collects and protects the revenue, and is responsible for the following:

- Interdicting and seizing contraband, including narcotics and illegal drugs.
- Processing passengers, baggage, cargo and mail
- Assessing and collecting customs duties, fees, and penalties due on imported merchandise.
- Detecting and apprehending persons engaged in fraudulent practices designed to circumvent Customs-related laws.
- Protecting the general welfare and security of Jamaica by enforcing import and export restrictions and prohibitions, including money laundering
- 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, and trademarks.

## Relevant Laws and Regulations

The revision of the Customs Act 1941 and Customs Regulations 1955 commenced in the fiscal year 2016/17. Currently, the JCA enforces over 125 provisions of law for at least twenty (20) agencies. The following are some of the Laws and Regulations that form the frame of reference for the roles and functions of the JCA:

- The Customs Act
- Customs Regulations, 1955
- Charities Act, 2013
- The Proceeds of Crime Act, 2002
- Omnibus Incentive Legislation
- The Customs Duties (Dumping and Subsidies) Act, 1999
- The Financial Administration and Audit Act, 2016
- Travel Tax Act

## The JCA's Key Outcomes and Strategic Objectives

The JCA's strategic objectives are aligned with the three (3) priority national outcomes stated in the diagram below. The outcomes are directly related to the country's overall priorities of Security and Justice and Economic Growth & Job Creation, as stated in the Vision 2030 Jamaica – National Development Plan. The JCA aims to deliver on its desired strategic outcomes and priorities for trade, travel, protection, and revenue as follows:

- Improved Revenue Collection
- Increased cost-efficiency and effectiveness
- Increased Border Protection
- Improved Customs Compliance and Trade Facilitation
- Improved People Capability and Information Management
- Improved health, safety, and well-being
- Improved internal efficiencies
- Improved service experiences for traders and travellers

**DIAGRAM 1: The JAMAICA CUSTOMS STRATEGIC ALIGNMENT TO VISION 2030**



### Executive Summary of Performance

The Jamaica Customs Agency over the fiscal year FY2017/18 pursued its core mandates in relation to revenue collection, trade facilitation, and border protection. Against the five (5) revenue-related performance indicators that were formulated, two (2) were not achieved at the end of the fiscal year. That is the 60% of current arrears to be collected against plan, rather a below target performance of 53% was achieved and the two (2) joint audits with Tax Administration Jamaica (TAJ) were not achieved. Further, the Agency collected \$208.252Bn, which was \$0.479Bn or 0.2% above the annual target of \$207.772Bn.

*The total revenue earned by the JCA is based on a predetermined amount to cover the Agency's operational expenses. In FY2017/18 the Agency collected a total amount of \$13.761Bn for Customs Administration Fee (CAF) of this amount \$8.980Bn was retained as revenue for the financial year, and the balance was transferred to the Consolidated Fund.*

The area of border protection had three (3) performance indicators, of which one (1) was not achieved. Notably, while the Agency targeted a 25% rate for non-intrusive inspection detection at existing customs-controlled scanning areas, the Agency did not finalize a Methodology and as such was not able to measure the performance indicator. On the other hand, 100% of prosecutions (court 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 target of 100% compliance with customer charter standards was surpassed as the Agency processed 147,820 commercial entries or 72.5% within the standard charter time of 24 hours.

Additionally, the assessment of the customer satisfaction level of the services offered yielded an average of 83.1% satisfaction level. The average passenger processing time through the green channel recorded success of 21 seconds against the target of 30 seconds on average, while the red channel produced favourable results of 2 minutes and 23 seconds on average against the target time of 3 minutes on average. In driving the automation and computerization of its core processes the Agency completed the design for a virtual training platform system and implemented the Offence & Seizure module, an enhancement to the ASYCUDA World system in March 2018.

### Key Performance Indicators (KPIs) Summary

For the year in the review, there were 24 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. The performance against fiscal targets is tabulated below:

Table 1

#### Revenue Outputs:

No.	Output	Fiscal Target	Performance Comments
R1	Revenue Collected	100% Percentage of revenue collected as forecasted	The revenue collected was \$208.252Bn which was \$0.479Bn or 0.2% above the target of \$207.772Bn.
		100% of the tariff database updated within 72 hours of instruction	Five (5) or 100% of the tariff database was updated within 72 hours of instruction.
R2	Arrears Collected	60% of current arrears collected against plan	Current arrears collected during the fiscal year amounted to \$68.356Mn which was \$60.269Mn or 47% below the annual target of \$128.625Mn.
R3	Audit Cases Completed	65 audit cases completed	For the fiscal year, 124 Post Clearance audit cases were completed.
R4	Joint Audit Cases Completed	2 joint audits with TAJ	No joint audits were completed between the JCA and Tax Administration Jamaica.
R5	Risk-Based Audits Identified	50% audit cases identified using risk management	Fifty-one percent (51%) or 34 audit cases were identified using risk management

Table 2

**Trade Facilitation Outputs:**

No.	Output	Fiscal Target	Performance Comments
TF1	Valuation Compliance	20% of values re-assessed by the Valuation Verification process	The reassessed value by the Valuation Verification process was \$3.375Bn or 3.8% of the total value for duty declared which was \$89.772Bn.
TF2	Education Programmes Developed and Delivered	12 education programmes held	The Agency conducted 8 education activities for the fiscal year.
TF3	Passengers Processed within Established Timeline	Average time taken to process passengers per flight action: 180 seconds/3 minutes for red channel, and 30 seconds for green channel	Overall, the average processing time when both International Airports combined was: Green Channel = 21 seconds and, Red Channel = 2 minutes and 23 seconds.
TF4	Cargo Released within Established Timeline	60% of commercial declarations documentary processed within 24 hours of submission	One hundred forty-seven thousand eight hundred twenty (147,820) commercial declarations or 72.5% were processed within the standard charter time of 24 hours.
		50% of commercial cargo released at ports within 1 hour	The Agency did not finalize a Methodology and as such was not able to measure the performance indicator.
		75% of non-commercial cargo released within 4 hours	The Agency did not finalize a Methodology and as such was not able to measure the performance indicator.
TF5	Complaints Resolved within Established Timeline	70% of complaints received and resolved within 72 hours of receipt	Seventy-one percent (71%) or 32 complaints were received and resolved within 72 hours from the 45 complaints recorded.
TF6	Satisfied Customers	2 customer satisfaction surveys conducted and reports produced within 30 days	Three (3) Customer Satisfaction Surveys measuring non-commercial and commercial customer satisfaction were conducted.
		85% customer satisfaction level attained	An average satisfaction level of 83.1% was achieved.
		4 customer-related forums held	Four (4) forums (Customs Meets the Community) were held.
TF7	Stakeholder Awareness	4 Customs Business Partnership Forum held	Two (2) forums were held.
		4 Training workshops conducted for Customs staff and external stakeholders	Four (4) workshops were held.
		100% Internal and external queries regarding trade policy	Four hundred and twenty-two (422) or 100% of queries were responded to within 72 hours.

No.	Output	Fiscal Target	Performance Comments
		responded to within established timeline	

Table 3

**Border Protection Outputs:**

No.	Output	Fiscal Target	Performance Comments
BP1	Enforcement Activities Conducted	100% success rate of customs offences/breaches detected	There was a 100% success rate of the 36 breaches detected.
		190 special enforcement operations conducted	There were 263 special operations conducted for the period.
		25% rate for non-intrusive inspection detection at existing customs-controlled scanning areas	The Agency did not finalize a Methodology and as such was not able to measure the performance indicator.

Table 4

**Resource Management Outputs:**

No.	Output	Fiscal Target	Performance Comments
RM1	Satisfactory Staff Performance	85% of staff achieving satisfactory performance rating 75% or above	Seventy-five percent (75%) of staff achieved a 75% and over performance rating
RM2	Satisfied Staff	80% of employee satisfaction levels attained	Fifty-nine percent (59%) of staff indicated a level of satisfaction.
RM3	Trained Staff	100% of training budget utilized	Fifty-one percent (51%) of the budget was utilized
		120 training interventions planned and executed	The Agency executed 156 planned training interventions.
		70% of staff to receive training	Ninety-two percent (92%) or 1,085 staff received training for the fiscal year
RM4	Occupational Health and Safety Management System	3 OHS Policies and procedures implemented	Four (4) of the OHS Policies and procedures were implemented
		12 OHS training executed	Twenty-seven (27) OHS training sessions were executed for the year.

Table 5

**Corporate Services**

No.	Output	Fiscal Target	Performance Comments
CS1	Strategic Plan, Corporate Plan and Operational Plan Published and Monitored	4 Quarterly performance reviews held	Three (3) performance reviews were held
CS2	Audit Recommendations Implemented	70% of internal audit recommendations implemented	The Agency did not finalize a Methodology and as such was not able to measure the performance indicator.
CS3	Efficient Operating Cost Ratio	2% total customs agency costs compared to the value of goods traded	The Agency had a 3.23% total customs agency costs compared to the value of goods traded
CS4	Actual Expenditure within Approved Budget	100% expenditure within the approved budget	Seventy-seven percent (77%) or \$6.722Bn expenditure within the approved budget
CS5	Financial and Non-Tax Statements Produced	3 Financial Statements produced within 3 months after the previous fiscal year	Nine (9) Financial Statements produced within the specified timeline

No.	Output	Fiscal Target	Performance Comments
CS6	Anti-corruption Policy Implemented	12 fraud/corruption cases detected	Ten (10) fraud cases being detected were achieved.
CS7	Planned Audits Completed	100% internally planned audits completed	Seventy-nine percent (79%) or 11 internal audits performed completed

## **Performance Discussion and Analysis**

### **Introduction**

In accordance with the Government's performance monitoring methodology, JCA has aligned this report with its Operational Plan for FY2017/18. Progress towards its strategic objectives is measured by assessing the formulated performance indicators' status for the fiscal year ending 2018 and the factors influencing such performances.

### **Strategic Objective**

**To enhance the impact of the internal audit on the JCA operations**

### **Governance and Quality Management**

The objective of the internal audit is to provide objective and independent assurance of the effectiveness of JCA'S governance and control processes. Fourteen (14) internal audits were planned for the fiscal year as per the revised Audit Plan. The fiscal year concluded with 11 or 79% of the audits completed. The completed audits centred around various operations or processes such as Freezone, OHS, Transshipment, Exportation, and the Portland location operations.

Notably, progress was made towards the development of the New Customs Act and subsidiary laws to the Customs Act throughout FY2017/18, as the Agency reviewed the scope of drafting work and stakeholder consultations required. Specifically, the scope of drafting was discussed with the Office of the Parliamentary Counsel (OPC) and revised arrangements were subsequently made. A Drafting Consultant has been hired to assist with the preparation of drafting instructions.

### **Strategic Objective**

**To improve and maintain the system of internal controls for the Agency**

The Agency implemented 35 internal audit recommendations against a total of 60 recommendations made. Hence, 58.33% of the recommendations were implemented or achieved.

### **Strategic Objective**

**To establish and maintain quality assurance mechanisms**

The JCA continued to adopt a zero-tolerance approach to fighting against fraudulent and corrupt practices. The fiscal year ended with 10 alleged new cases of such nature detected against a minimum target of 12 detections for FY2017/18. Hence, the performance standing was 83.33% of the forecasted target. Additionally, the Agency embarked on documenting the Standard Operating Procedures (SOPs) for all its functions and supporting business units as a means of establishing standardization across the Agency and improving the quality of service. A total of 51 SOPs were documented, which represented 70% of the SOPs to be documented.

### **Strategic Objective**

#### **To enhance planning and research activities within the Agency**

The performance measurement and reporting philosophy at the JCA remain aligned with the MOFPS results-based approach. The results-based approach details what is to be achieved, the associated activities or initiatives to be executed or implemented and the performance indicator(s) to track and monitor progress towards the intended result(s). On October 30, 2017, at the Knutsford Court Hotel, the senior, middle management, and planning team gathered for the Agency's Annual Strategic Retreat. Highlights from the Retreat included a presentation and robust discussion on the Agency's FY2017/18 performance assessment facilitated by the Corporate Planning Section. The Risk Management Branch presented the Enterprise Risk Analysis focusing on the gamut of the Agency. The Strategic Plans and Priority Programmes for FY2018/19 – FY2020/21 were presented by the Planning Team and underpinned by the budget assumptions and rationale highlighted by the Planning and Budgeting Branch. The monitoring and evaluation thrust of the Agency noted three (3) Quarterly Performance Review Sessions executed for the fiscal year.

Throughout the fiscal year, the Agency continued to actively participate as a pilot entity in the formulation and implementation of the Medium-Term Results Based Budgeting (MTRBB) Framework.

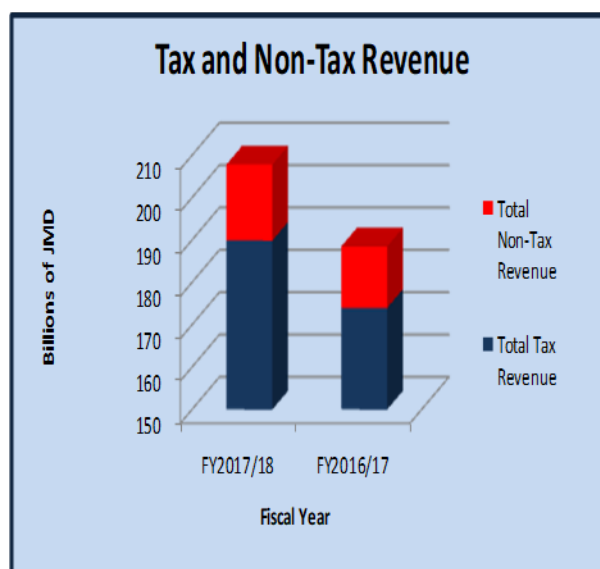
## Strategic Objective

### To assess and collect revenue due

#### Revenue Collection

The JCA was assigned the responsibility of collecting \$207.772Bn for FY2017/18. As at March 31, 2018, total net revenue collected amounted to \$208.252Bn and represented 100.2% of the annual collection target. In comparison to the previous fiscal year, the JCA recorded a positive performance of \$17.413Bn or 9.1% from \$190.838Bn in FY2016/17. Petroleum products, motor vehicles, cigarettes, steel, tiles car tyres were the primary contributors to the revenues outturn. The efficiency of the JCA's revenue collection, as measured by the returns on imports, deteriorated a one percentage point from 27% in FY2016/17 to 26% in FY2017/18.

#### Tax Revenue Performance



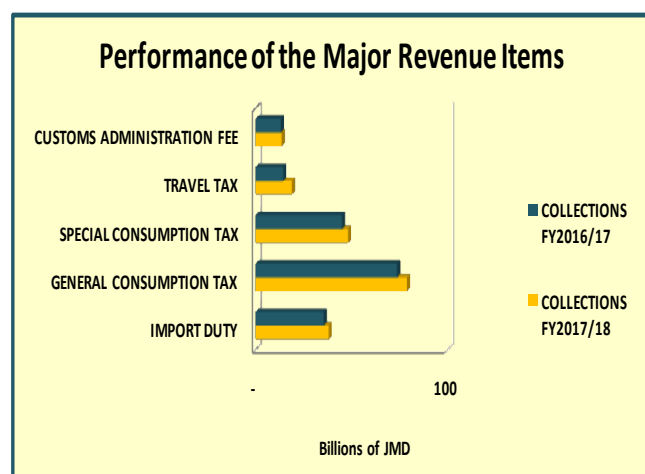
**Figure 1: JCA'S Tax and Non- Tax Revenue**

The Agency contributed approximately 38% of the total national tax revenues for the reviewed period. Tax revenues collected by the JCA totalled \$190.179Bn for FY2017/18. The tax revenue performance was below budget by \$2.028Bn or 1.1%. However, year on year, the tax revenues registered a growth of \$14.425Bn or 8.2%. Whilst the major tax revenue items underperformed relative to the target except for travel-related taxes, they all recorded a positive performance relative to the prior year.

The Special Consumption Tax (SCT) recorded the most significant variance of \$1.550Bn or 3.1% against the target. This performance may have resulted from lower revenue from automotive diesel oil and cigarettes. In the case of automotive diesel oil, the trade volume declined from 285.835Mn litres in

FY2016/17 to 207.090Mn litres in FY2017/18. The number of cigarette sticks duty-paid declined to 306.610Mn in FY2017/18 from 455.450Mn sticks in FY2016/17 by 148.840Mn sticks or 33%.

Notably, the positive year-on-year performance of the SCT revenue item was driven by ultra-low sulphur diesel oil, motor spirits, bunker c fuel oil, motor vehicles (1000-1500cc, 1500-1600cc, 1800-2000cc, natural gas, propane and butane.



**Figure 2: JCA's Performance of the Major Revenue Items**

The revenue generated from Import Duty of \$38.319B was \$0.064Bn or 0.2% below the collection target of \$38.254Bn. This below-budgeted performance may have resulted from lower CIF value of window or wall-type air conditioning units, toiletries including napkins and napkin liners for babies, and other soap in the form of bars, reception apparatus for televisions not designed to incorporate a video display or screen, television, beverages, passenger type public transportation and revolvers and pistols. Conversely, greater revenue was generated, year on year, from Import Duty of \$2.607Bn or 7.3% from \$35.711Bn in FY2016/17 to \$38.319Bn in

FY2017/18. The expiration of the suspension of the Common External tariff (CET) on cellular phones contributed to this positive year-on-year performance. The other significant contributors were motor vehicles, bunker c fuel oil and car tyres.

The General Consumption Tax (GCT) revenue of \$78.915Bn fell short of the collection target of \$79.594Bn by \$0.678Bn or 0.9%. However, in comparison to the previous fiscal year, the GCT revenue grew by 6.8% or \$5.046Bn from \$73.869Bn in FY2016/17. Greater GCT revenue was generated from motor vehicles, building materials (steel, building cement, pitch-pine wood, tiles), car tyres, energy drink and gas turbine of a power not exceeding 5000KW. The increase in GCT revenue from the aforementioned commodities was offset by lower revenue from cigarettes, cellular phones, bioethanol fuel and passenger type public transport, thereby resulting in a below budgeted performance of the GCT item.

### Non-Tax Revenue Performance

The non-tax revenue recorded a very strong performance relative to the target and the prior year. The non-tax revenue outturn for FY2017/18 totalled \$18.072Bn against a targeted collection of \$15.565Bn and a prior year collection of \$15.084Bn. Thus, the targeted collection was surpassed by \$2.507Bn or 16.1% while year-on-year growth of \$2.988Bn or 19.8% was recorded.

Historically, the non-tax revenue is driven by Customs Administration Fee (CAF). This item also typically records the most significant variance relative to the target and the prior year. However, for the reviewed period, the CAF maintained its position as the driver of the non-tax revenue, but the Carrier Net Service Charge recorded the most significant positive variance against the target and the previous year's performance.

The targeted CAF collection for FY2017/18 was \$14.375Bn. A total of \$13.761Bn was collected in respect of this item. As a result, the variance between the target and collection was -\$0.613Bn or -4.3%. Further, the year-on-year growth recorded by this item was \$0.368Bn or 2.7%, from \$13.393Bn in FY2016/17. Lower importation of automotive diesel oil by primarily Petrojam Limited may have resulted in the below budgeted performance of this revenue item. However, greater imports of motor vehicles, steel and ultra-low-sulphur diesel oil resulted in the growth in revenue for the CAF item.

In respect of the Carrier Net Service Charge, \$2.806Bn was collected against a targeted collection of \$0.703Bn and a prior year collection of \$0.004Bn. The target was therefore surpassed by \$2.102Bn or 298.9%, while year-on-year growth of \$2.802Bn or 65,870.5% was recorded. The significant increase was a result of monies paid over by marine and air carriers for overtime payments in prior years to officers paid by the Agency collected from the carriers in FY2017/18.

#### Commercial and Non- Commercial Revenue Outturn

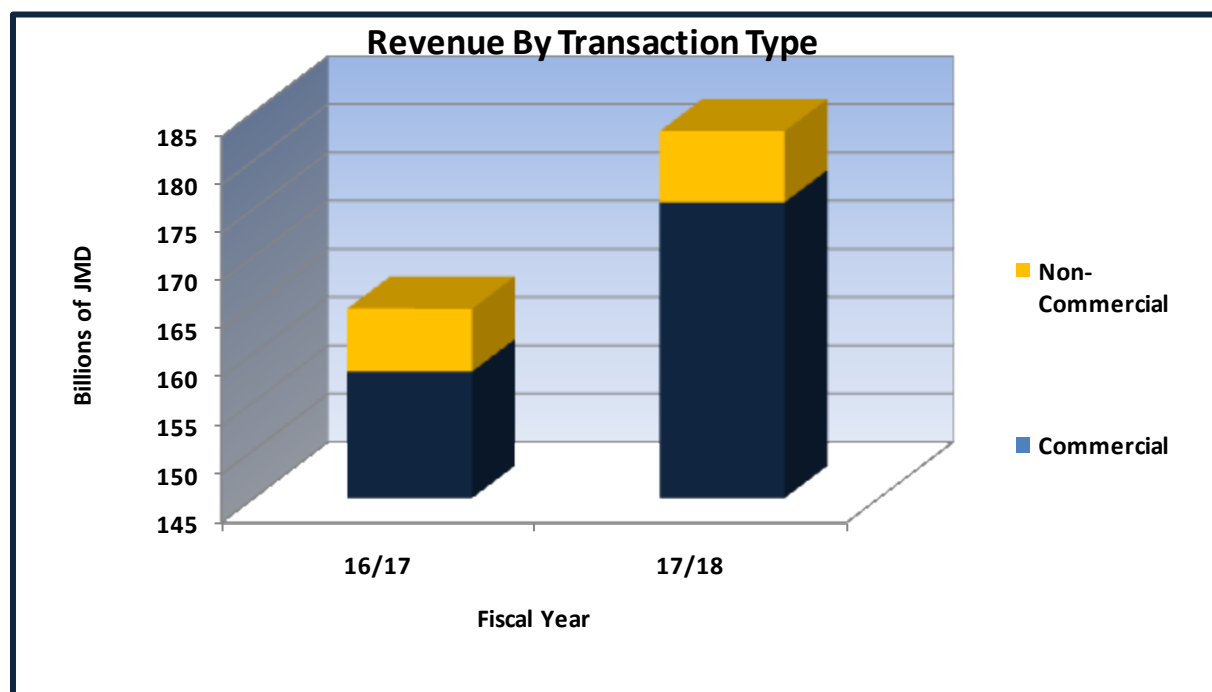


Figure 3: JCA's Revenue by Transaction Type

#### Drivers of the Commercial Revenue Performance

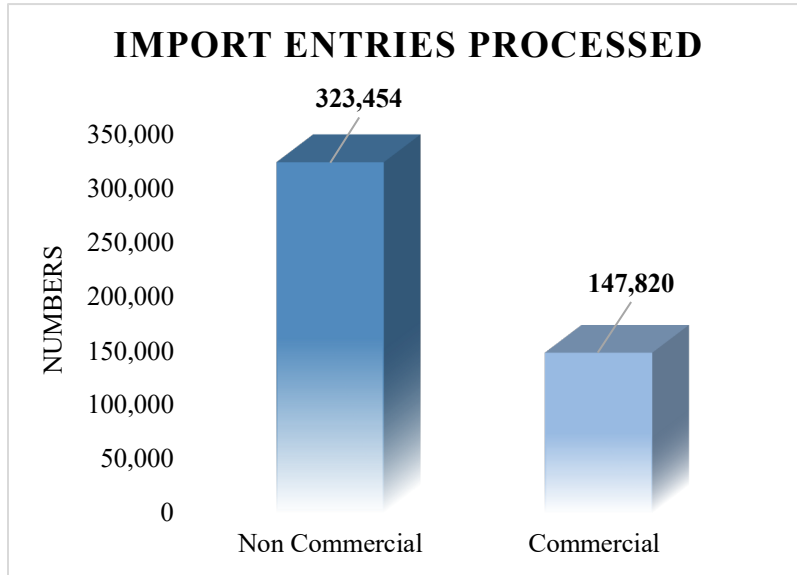
The drivers of the commercial revenue performance were motor spirits, motor vehicles, automotive diesel oils, cigarettes, ultra-low sulphur diesel oil, bunker c fuel oil, lubricating oils, steel, tiles, tyres and other wines in containers holding 2 litres or less. These commodities all recorded a positive performance year on year except for automotive diesel oil and cigarettes. In the case of automotive diesel oil, its performance may have been impacted by the switch to diesel oil with lower sulphur content. The aforementioned revenue drivers accounted for 43% of the total outturn for FY2017/18, a one percentage point improvement from 42% in the previous year.

#### Value and Nature of Commercial Imports

Commercial imports for the reviewed period in value totalled \$846.717Bn. Year on year, it increased by \$190.619Bn or 29% from \$656.097Bn in FY2016/17. The top imports by Cost Insurance and Freight (CIF) value exceeding \$10Bn were crude oil imported under the processing agreement, motor spirits, partly refined petroleum, soda lye, medicaments in measured doses, jet fuel, motor vehicles (1000cc-1500cc and 1800-2000cc), automotive diesel oil, natural gas, bunker c fuel oil and parts.

### **Tax Expenditures**

Waivers and incentives granted amounted to approximately \$139.877Bn. A total of \$105.960Bn was granted the previous year. Thus, year on year, waivers and incentives increased by \$33.917Bn or 32%. This increase was driven by increased importation activity by the bauxite, manufacturing and petroleum sectors. In the case of the bauxite sector, the tax expenditures more than doubled from \$9.426Bn in FY2016/17 to \$20.230Bn in FY2017/18 due to the reopening of the JISCO Alpart plant in St. Elizabeth. The expansion of the Productive Input Relief Regime has contributed to increased tax expenditures to the manufacturing sector of \$4.819Bn or 11% from \$42.198Bn in FY2016/17 to \$47.017Bn in FY2017/18. Tax expenditure to the petroleum sector recorded an increase of \$3.786Bn or 31% from \$12.037Bn in FY2016/17 to \$15.823Bn for FY2018/19.

**Strategic Objective****To maximize voluntary compliance in customs declaration****Trade Facilitation****Entries Processed****Figure 4: JCA's Import Entries Processed**

Despite the marginal decline in commercial import entries processed and the slight decline in non-commercial import entries processed coinciding with the downturn in international trade, the Agency processed 471,274 import entries (commercial and non-commercial entries) for FY2017/18. Commercial entries accounted for 31.3% of the total import entries processed; of this amount, 106,952 entries or 72.5% were processed within the standard charter time of 24 hours upon submission or receipt. The number of export entries processed decreased from 55,009 entries in FY2016/17 to 40,564

entries in FY2017/18, netting a downward variance of 14,445 entries or 26.3%.

### Strategic Objective

To minimize the processing time of legitimate goods and persons

#### Passengers Processed

Contributing to the Tourism sector with aircraft arrival of 26,751 aircraft and 547 cruise ships, the JCA processed a total of 5,201,195 passengers in FY2017/18.

Passengers arriving by air accounted for 56.5% whilst cruise ship passengers contributed 43.5% to the overall passenger arrival. The Agency processed 2,334,806 passengers through the green channel

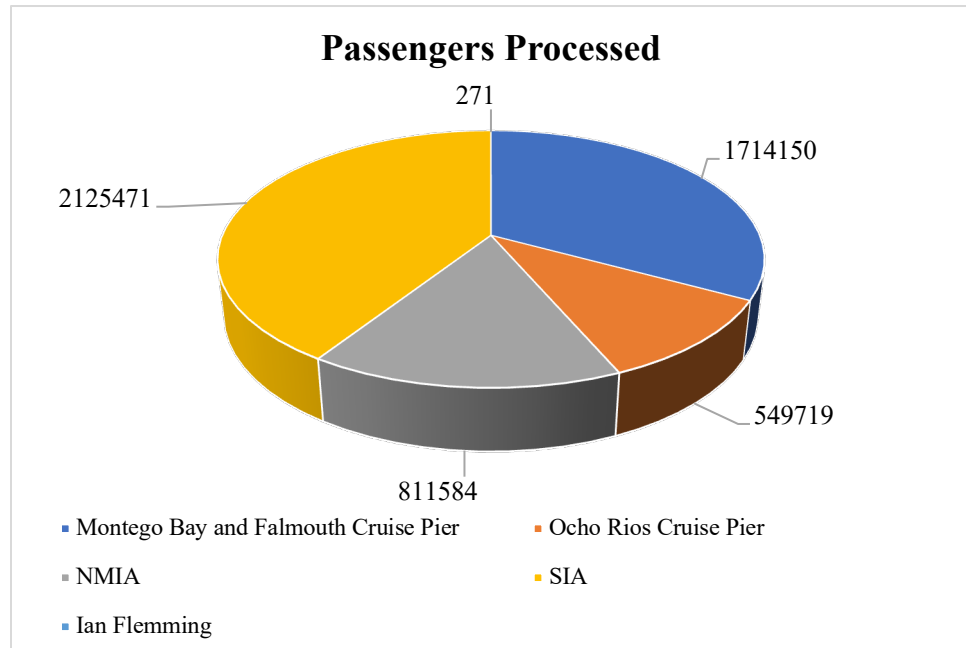


Figure 5: JCA's Passengers Processed

while 546,129 passengers were processed through the red channel. The Agency netted an average processing time of 21 seconds for passengers processed through the green channel where the charter standard was 30 seconds on average. Further, an average of 2 minutes and 23 seconds was recorded for passengers processed through the red channel where the charter standard was 3 minutes on average.

#### Returning Residents

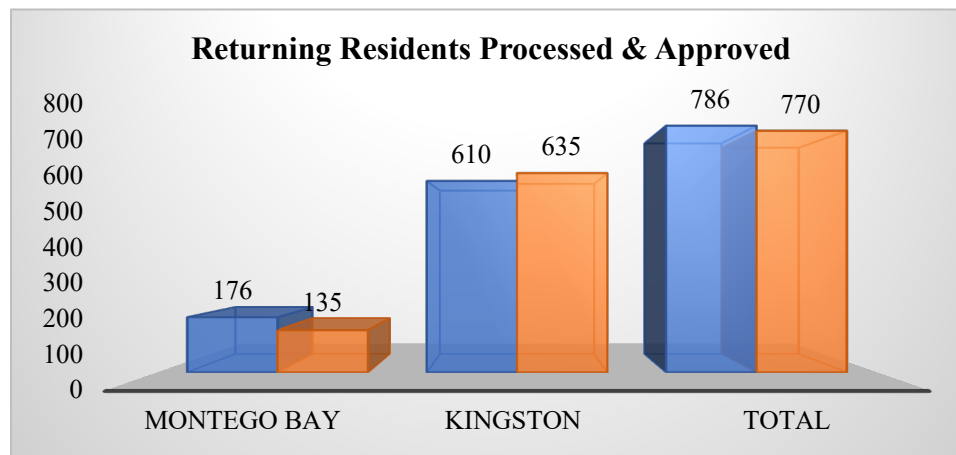


Figure 6: JCA's Returning Residents Processed and Approved

The Agency continued to extend a welcoming hand to Jamaica residents returning home categorized or qualified as returning residents under 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 770 returning residents. This was a decrease of 16 returning residents or 2.04% below the FY2016/17 performance of 786 returning residents processed and approved.

### Authorised Economic Operator (AEO) Programme

*Table 6: Import Declarations Processed and Duties Collection for AEO*

<b>Declarations Processed FY2017/18</b>	<b>Duties Collected in \$Bn FY2017/18</b>	<b>Duties Collected in \$Bn FY2016/17</b>
53,670	66.445	68.138

The Authorized Economic Operator (AEO) programme was implemented as a solution to fast pace the clearance of goods for customers who are compliant with the rules and regulations of customs clearance. Consequently, for FY2017/18 the JCA processed 53,670 AEO declarations. The total revenue collected from the AEOs was \$66.445Bn.

### Barrels Import

*Table 7: Number of Non-commercial Barrels Processed and Duties Collected in FY2017/18*

<b>Number of Barrels Imported</b>	<b>Revenue Collected (\$)</b>
242,573	1,342,198,116.18

The implementation of standard duties of **\$6,500.00** for barrels imported with personal items has improved transparency for the non-commercial importer. This has resulted in the Agency collecting more revenue from barrels imported for the fiscal year. For FY2017/18 the Agency processed 242,573 barrels; from the imports by way of barrels, the Agency netted \$1.342B in revenue collection.

### Stakeholder Engagements

During FY2017/18 the JCA conducted various Stakeholder Awareness and Customer Service activities. Over the period 49,037 customers, including passengers, were assisted at customer service desks established at the head office and both international airports. This enabled the Agency to provide resolution to clients' queries immediately or timelier.

The overall reach was moderate via electronic platforms such as emails, telephone calls and online communication totalling 4,608 contacts or correspondences. Customers were provided with general information, mainly about import duties and permits. The aforementioned mediums also fostered the collection of customers' feedback and promoted building client relations.

To foster voluntary compliance amongst its stakeholder groups several activities were undertaken:

- Eleven (11) stakeholders' engagement activities were held during the fiscal year 2017/18. These included Customs Meet the Community Engagement and Customs Business Partnership Forum. These engagements brought awareness to the role and functions of the Jamaica Customs Agency, customs procedures, and the rights of the customers.
- Four (4) trade policy workshops were conducted to sensitize stakeholders on the elements of the trade policies.

### **Customs Week 2018**

Each year the Jamaica Customs Agency along with other Customs Administrations around the world recognizes January 26 as International Customs Day as stipulated by the World Customs Organization (WCO). The theme celebrated this year focused on the importance of **"A Secure Business Environment for Economic Development"**.

As is customary, a week of activities (January 21<sup>st</sup>-26<sup>th</sup>, 2018) was planned by the Agency to commemorate International Customs Day. The activities commenced with Annual Church Services, which were held on January 21<sup>st</sup>, 2018, with the selected choice for Kingston was the Portmore New Testament Church, Montego Bay was the St. John's Methodist Church, and St. Anns was the Bethel Tabernacle United Pentecostal Church. The Honourable Audley Shaw, MP Minister of Finance and the Public Service brought greetings, while Honourable Fayval Williams, MP read the scripture at the Kingston Church Service. All services were supported by staff and stakeholders. The Agency's newspaper supplement was published on January 22, 2018, and featured messages from the Prime Minister, Opposition Leader, and other stakeholders. Achievements of the Agency and overall highlights for the year 2017 were also highlighted.

The Agency augmented the celebrations by having a philanthropic initiative on January 22, 2018. Donated items were given to the Montego Bay Infirmary to assist with the care of the residents. The gesture was well received by the Infirmary.

Turning an eye on its internal stakeholders, the Agency's Staff Recognition luncheon was held on January 23<sup>rd</sup>, 2018 at the Terra Nova Hotel. The categories included Most Outstanding Performance - 16 recipients were recognized, and 4 recipients received Special Awards under the sub-categories Innovation, Philanthropy, Quality Service Delivery, and Core Values Ambassador also 10 Retirees were awarded for their dedicated service to the JCA.

The western region had its Stakeholder's Appreciation Day on January 24<sup>th</sup> which was held at Passenger Terminal, Port Handlers, Seaboard, and St. Ann Bay Office. Customers were served refreshments and treated to tokens.

The flagship event was hosted on International Customs Day January 26<sup>th</sup>. The day commenced with the Launch of the Customs Traders Forum, which was held at the Newport East, Head Office. Special guests, staff and stakeholders were in attendance. Kingston's Stakeholder's Appreciation Day and Outside Broadcast were held after the launch. The event received extensive media coverage from two Outside Broadcast, Power 106 – Dervan Malcolm and Nationwide News- "Ms. Kitty Live". Highlights of the week

were publicized, and interviews were conducted regarding Customs business processes. Customers were served refreshments and given tokens throughout the day.

The week ended with a Vibes Day in Kingston and Montego Bay on the respective dates of February 2 and 23, 2018. Staff and stakeholders interacted through social games and served refreshments. attendees were treated to music selections from our resident DJ Flabba Dabba and Peter Coombs along with other talents.

### **Strategic Objective**

#### **To improve service delivery to the public**

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 an average satisfaction level score of 83.1% from commercial and non-commercial stakeholders combined.

### Strategic Objective

**To maximize the rate of detection of imported and exported illegal and prohibited**

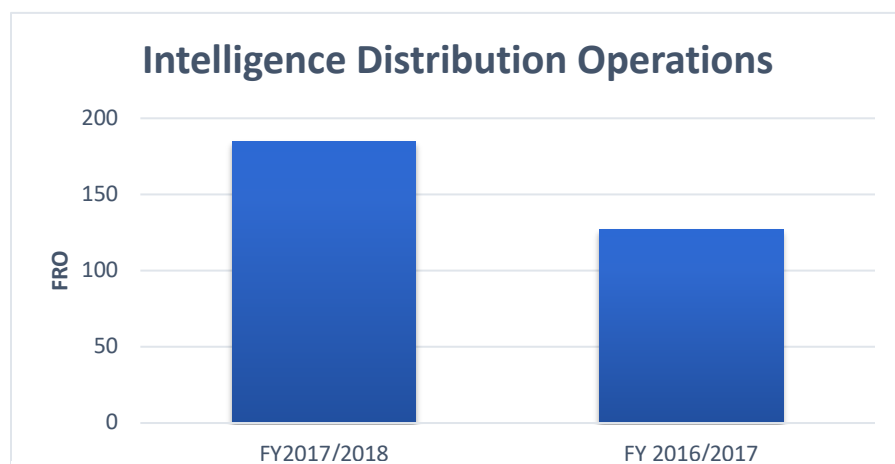
### Border Protection

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 408 breaches cited during the fiscal year in comparison to 406 in the previous fiscal year. Hence, a minute decrease of 2 breaches or 0.5% was cited year on year. However, the additional revenue yielded from breaches was twenty-seven \$27.104Mn in FY2017/18, a decrease of \$12.141Mn or 30.9% from \$39.245Mn in the previous fiscal year.

As a means of verifying compliance, the Agency executed 30,017 secondary examinations over the fiscal year when compared to 29,889 in FY2016/17. The additional revenue detected and collected from secondary examinations for FY2017/18 was \$44.584Mn, reflecting an increase of \$4.729Mn or approximately 11.9% over \$39.855 in FY2016/17.

### Intelligence

Intelligence for FY 2017/18 was provided through Field Recommended Operations (FROs).



**Figure 7: JCA's Intelligence Distribution Comparison for FY 2017/18 vs. FY 2016/17**

A total of 185 intelligence-led operations were conducted for the FY 2017/18 in comparison to the previous fiscal year in which 127 intelligence-led operations were conducted. There was an increase of 58 intelligence-led operations which was attributed to the Agency employing more comprehensive and aggressive strategies to

encompass all vulnerable smuggling areas. Additionally, the fiscal year concluded with 7 irregularities detected resulting in the seizures of narcotics: marijuana and hashish, undeclared cash, false passport, illicit sea cucumber and a motorbike for export without the required permit.

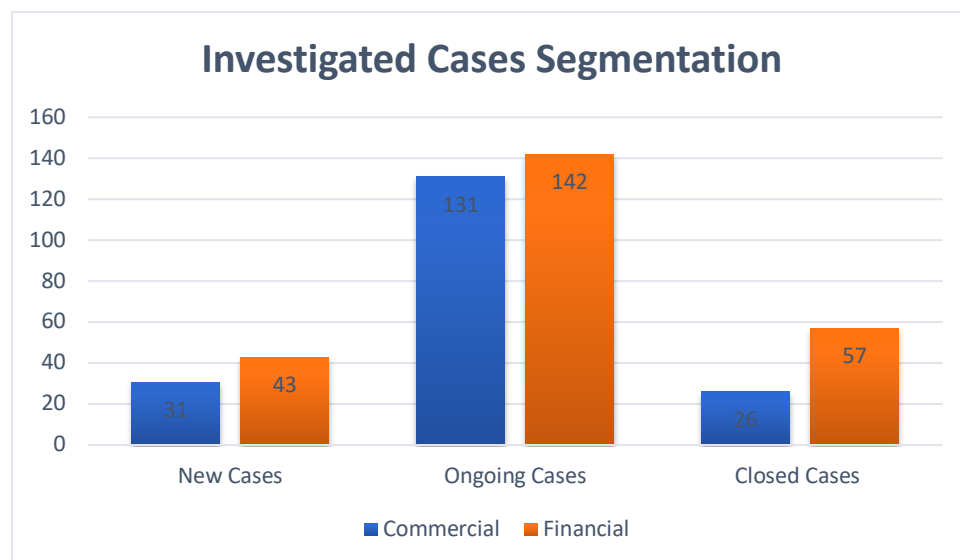
Additionally, the Jamaica Customs Agency conducted 32 intelligence-led operations in conjunction with several partners, namely the Jamaica Constabulary Force (JCF), Jamaica Defense Force (JDF), and the Major Organised Crime & Anti-Corruption Agency (MOCA). The joint operations resulted in the seizures of 49 lottery scamming effects. Additionally, 7 assorted pistols, 8 assorted handguns, 35 magazines, 1 ballistic vest and 3,315 assorted rounds of ammunition.

### Risk Management in Relation to International Trade

The implementation of ASYCUDA World provided the Agency with increased capabilities concerning risk management or risk targeting in relation to shipments that have been imported and or exported. A total of 16,915 declarations were referred for valuation verification in FY2017/18. From the verification, 2,410 declarations or 14.2% required revaluation resulting in \$651.372Mn collected in additional duties. This represented an increase of \$106.995Mn or 20% collected in additional duties after the revaluation of declarations over the previous fiscal year where 14,450 declarations were referred for valuation verification yielding 1,997 or 13.8% declarations revalued earning \$544.377Mn in additional duties collected.

The FY2017/18 saw 145 cargo shipments comprising both import and export red-flagged by the risk management mechanism for physical examination. From the examinations, 37 shipments with discrepancies were reported yielding an effective rate of 25.5%. Overall, the FY2017/18 concluded with the Agency collecting a total of \$662.317Mn in comparison to \$590.576Mn for FY2016/17 for additional duties by virtue of its risk management mechanism.

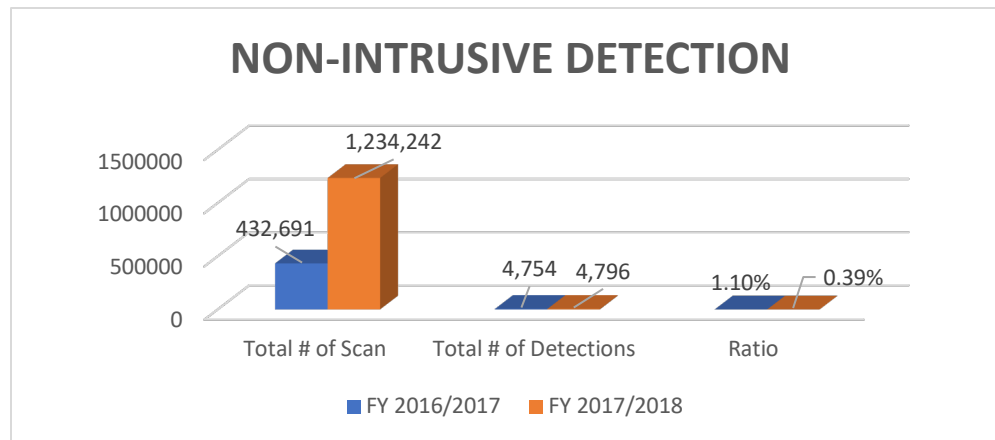
### Investigation



**Figure 8: JCA's Investigated Cases Segmentation Status Ending FY 2017/18**

Concerning financial cases investigated 43 new POCA cases were brought before the court for FY2017/18. This amassed a total of 142 financial cases investigated before the court for the FY when added to the cases from the prior year(s) that were still before the court in FY2017/18. The fiscal year ended with 57 of the cases concluded before

the court and yielded US\$240,731.00 forfeited to the crown. Thirty-one (31) new commercial cases were identified for investigation between April 2017 to March 2018. Such addition resulted in 131 commercial cases investigated throughout FY2017/18. The additional revenue or collections realized from the 26 commercial cases finalized totalled \$1.193Mn through collections from penalties imposed and based on duties short-paid recovered. Investigations surrounding the remaining cases were still ongoing at the end of FY2017/18.

**Non-Intrusive Inspections (NII) – Areas under Customs Controlled****Figure 9: JCA's Trending the Detection Rate from NII**

Inclusive of containers, pallets of goods, and parcels the Cargo Imaging Branch (CIB) of the JCA performed one 1,234,242 scans for FY2017/18 and detected 4,796 anomalies yielding a detection rate of 0.39%, a decrease of 0.71% when

compared to FY2016/17, where 432,691 scans were conducted, and 4,754 anomalies detected yielding a detection rate of 1.1%.

The registered rate of detection was 0.09% above the targeted 0.3% rate of detection for non-intrusive inspection for the ending FY2017/18. *Additionally, overall detections for this period increased by 42 detections or 0.9%, moving from 4,754 to 4,796 detections year-to-date.*

Additional revenue amounting to \$71.585Mn was collected from detections using non-intrusive inspection of cargo and passenger luggage for Kingston and Montego Bay combined. This result was above the targeted sum of \$57Mn for FY2017/18.

**Enforcement**

The fiscal year concluded with the Agency conducting a total of 263 special/planned operations, which represented 38.4% above the fiscal year target of 190 special/planned operations. However, the fiscal year's performance in comparison to the previous fiscal year registered a decline of 23% in the number of operations conducted as 342 special operations were executed for FY2016/17. Notwithstanding, the decline represents a positive tactical shift in the Agency's approach to conducting special enforcement operations. Throughout the year the JCA's strategy focused on employing a more intelligence-driven and targeted approach when planning and executing these operations rather than a high random frequency

method. Enforcement operations recorded 16,116 examinations for FY2017/18 compared to 18,499

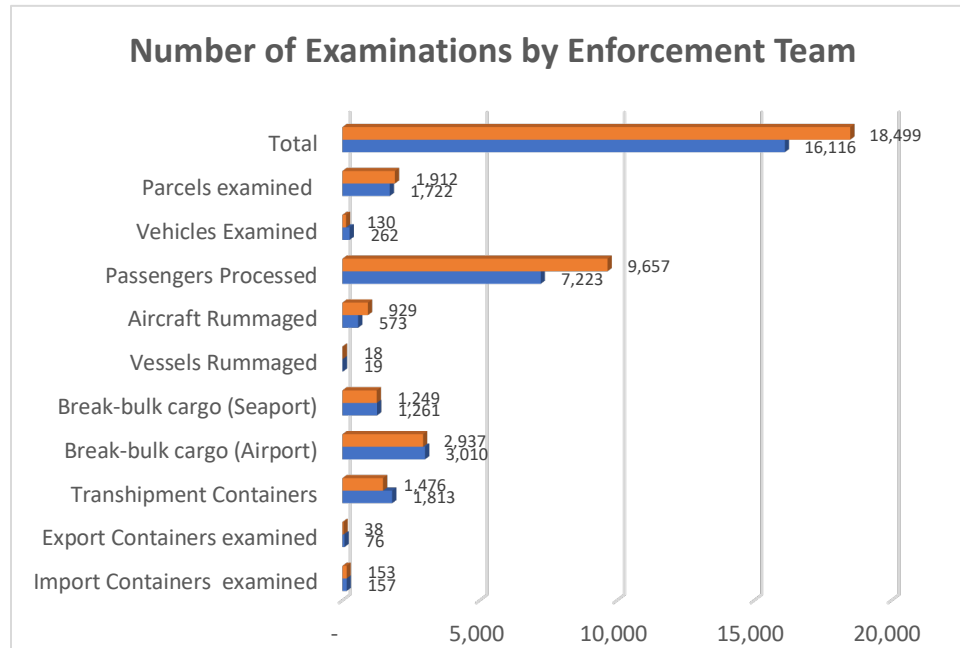


Figure 9: JCA's Number of Enforcement Examination FY2017/2018 compared to FY 2016/2017

examinations for FY2016/17, ending with a decline of 2,383 examinations or 13% conducted. The number of detections yielded from the examinations also decreased by 303 or 36.9%, as 519 detections were noted in FY2017/18 compared to 822 detections for FY2016/17. Further, the overall detection rate decreased from 4% to 3% for the fiscal years comparatively.

## Seizures

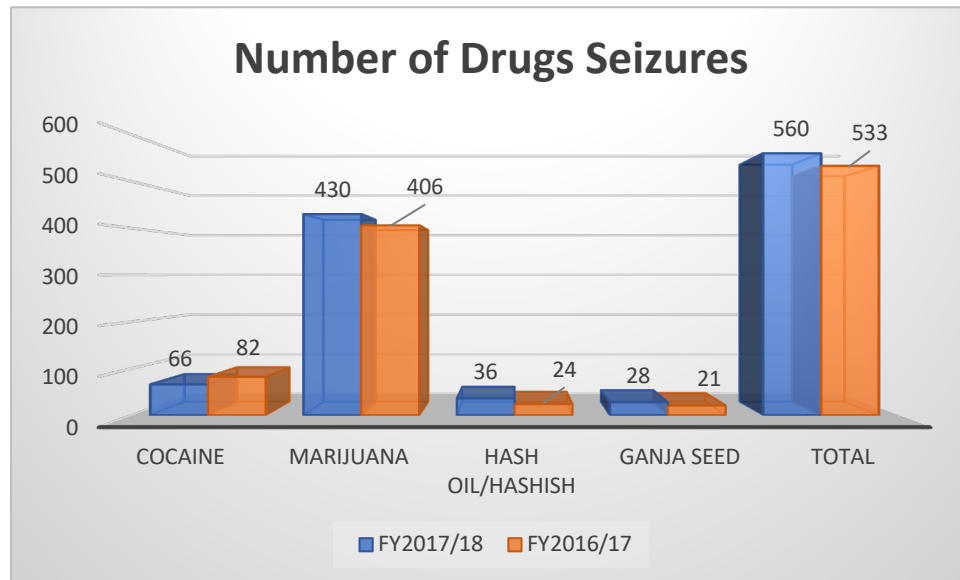


Figure 10: JCA's Number of Drug Seizures for FY2017/18 compared to FY2016/2017

However, from the broad perspective of contraband, the Agency netted 1,116 seizures for FY2017/18. This represented an increase of 215 seizures or 24% when compared to the previous fiscal year, which had 901 seizures. Additionally, the annual target of 480 seizures was surpassed by 636 seizures or 133%

indicating that the Agency's strategies were able to deter the influx of contraband penetrating the official borders and waters thereof.

Specifically, FY2017/18 ended with an increase in the number of narcotics or drug seizures compared to FY2016/17. The year's performance concluded with an increase of 27 or 5% in narcotic seizures moving

from 533 seizures in FY2016/17 to 560 seizures in FY2017/18. Marijuana seizures recorded the highest for the fiscal year with 430 seizures while the least was ganja seeds with 28 seizures.

The total quantity of drugs seized increased by 1129.53kgs or 38%, from 2,948.11kgs in FY2016/17 to

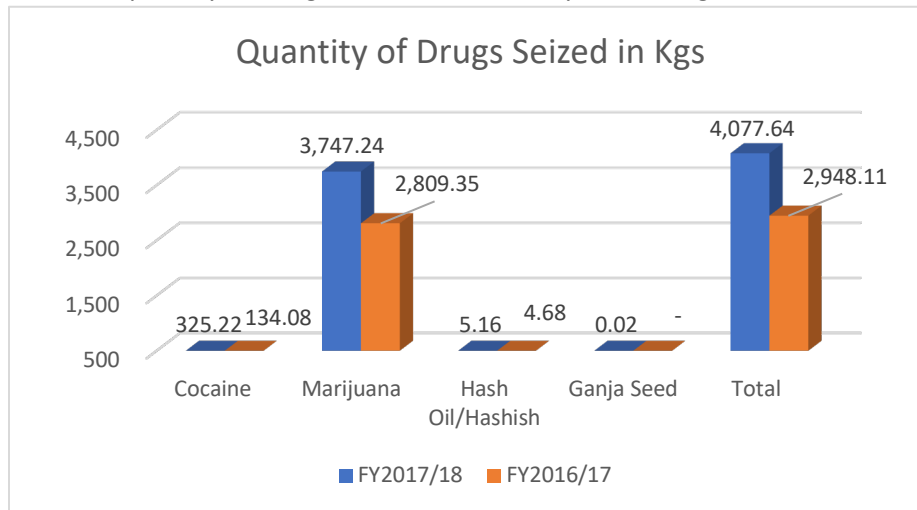


Figure 11: JCA's Quantity of Drugs Seized for FY2017/2018 compared to FY2016/2017

4,077.64kgs in FY2017/18. Marijuana and Cocaine seizures were the main contributors to this factor registering 3,747.24Kgs and 325.22Kgs respectively. In comparison to FY2016/17, Marijuana and Cocaine seizure quantity increased by 937.89 kg or 33% and 191.14 kg or 143% respectively.

The total value of drugs seized increased by \$0.918Bn or 46%, FY2017/18 over FY2016/17, recording \$2.892Bn compared \$1.974Bn. The value of the marijuana seizures increased by \$0.859Bn or 55% compared to FY2016/17 seizures while cocaine seizures increased by \$0.056Bn or 13% compared to the seizures in FY2016/17. The value of marijuana seizures accounted for 83% of the overall increase in the value of drug seizures for FY2017/18.

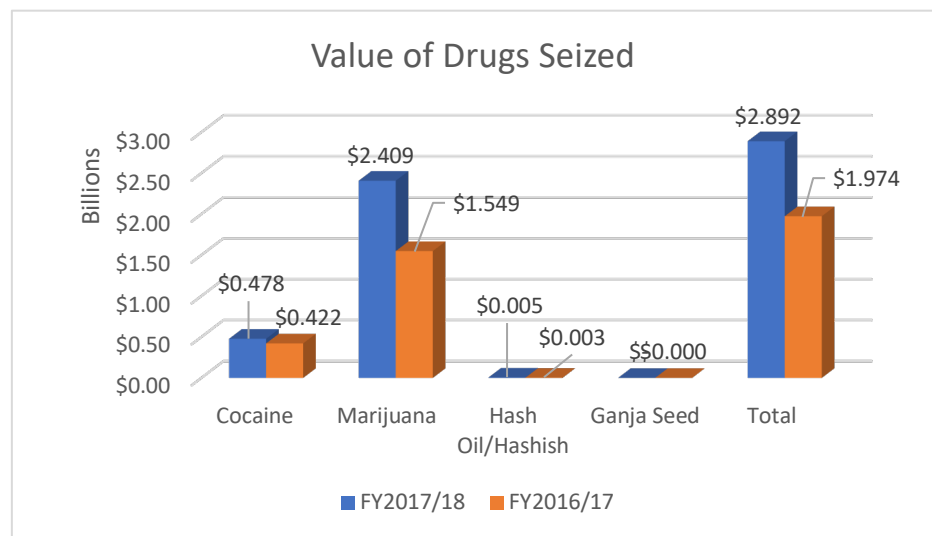


Figure 12: JCA's Value of Drugs Seized for FY 2017/2018 compared to FY 2016/2017

Additionally, FY2017/18 concluded with 55 firearms, 64 magazines and 9,359 ammunition seizures compared to 14 firearms, 16 magazines, and 2,236 ammunition seized for the previous fiscal year. The number of illicit Cigarette sticks seized totalled 105,510 sticks for FY2017/18 compared to 1,702,596 sticks seized for FY2016/17. The significant decline was likely due to smugglers shifting towards other high-profit commodities and employing new concealment methods.

### **Strategic Objective**

**To automate and strengthen information management, information and communication technology, and financial management systems**

#### **Systems Automation**

The ASYCUDA World Project activities began in July 2014 and ended on December 31<sup>st</sup>, 2017. The implementation of the ASYCUDA System can be classified under three major tasks as follows:

- The implementation of the System to accommodate the processing of international transactions from the point of advance manifest submission to the point of clearance, release, and delivery of cargo; that is, from manifest submission to exit note processing.
- The development of a specialized module which is not part of the standard ASYCUDA World system, but which was procured by Jamaica specifically; and
- Enhancements, extensions, modifications and new modules and features, some of which are outside of the contract.

#### ***The Implementation of the System***

In the case of the implementation of the system to accommodate end-to-end processing by all stakeholders; the Agency would have achieved practical completion as the system has been fully implemented and is being used to process all international transactions from manifest submission to release of cargo with a few exceptions as follows:

1. Valuation database
2. Advance Passenger Information System (APIS)
3. Coastwise processing
4. Queen's Warehouse processing; and
5. Selectivity and risk management for other border/regulatory Agencies
6. Export manifest

At the end of the fiscal year, all of the above was in a partial state of completion and are considered the main aspects of outstanding project deliverables.

#### ***Development of Specialized Modules Requested by the JCA***

These modules consist principally of the following: <sup>1</sup> Intelligence and Enforcement; <sup>2</sup> Seizure and Offenses; <sup>3</sup> Post Clearance Audit Management System; <sup>4</sup> Appeal / Legal; and <sup>5</sup> Rulings. Except for the Intelligence Module, all the others were started and were in various stages of completion as indicated below. The Rulings module development was based on the World Customs Organization standards and requirements for Advanced Rulings. The fiscal year closed with the Seizure and Offenses module completed 100%.

***Enhancements, Extensions, Modifications and New Modules and Features***

The issue of enhancements, modification and further customization is attendant to any system implementation and one which is expected to continue post-contractual or implementation of systems. There were many outstanding deliverables in this area. Some of these were non-contractual such as new modules identified post contract while some were as a result of customized modules not satisfactory after implementation or modules which were just not properly implemented or did not fully address operational and functional needs as expected or promised.

Notwithstanding, the JCA partnered with the Port Authority of Jamaica (PAJ) and the Shipping Association of Jamaica (SAJ) to effectively implement the transshipment module. The operationalization of the module as at December 31<sup>st</sup>, 2017 allows stakeholders and users of such process to experience a fully paperless environment when utilizing such service or process. The benefit to the industry is real-time information and cost-saving as it relates to operational expenditure.

## Strategic Objective

**To develop and maintain a team of motivated, professional, and competent staff**

## Resource Management

### Staffing

The work continued throughout FY2017/18 to fill the vacancies in the Executive Agency (EA) structure and or to transition employees from the old Jamaica Customs Department (JCD) structure to the EA structure. For FY2017/18, the EA establishment stood at 1,437 posts for the JCA. At the end of the fiscal year, 1,133 posts were reported filled through employing externally or transitioning from the JCD. Hence, 79% of the EA posts were filled. Notwithstanding, the fiscal year ended with a staff complement of 1,177 employees as 44 employees were remaining on the JCD structure and were still performing functions for the Agency. The factors that impacted the Agency's ability to fill vacancies comprised the requirement for higher compensation, competencies and qualifications not appropriately satisfied and the failure to meet selection criteria.

### Staff Performance

Assessing staff performance is the foundation for the continuous growth and development of the Agency and for fostering further improvements across its landscape. Through its Performance Management Appraisal System (PMAS), 862 staff's PERs were received at the end of FY2017/18. Against the staff complement of 1,173 employees at the end of FY2016/17; the PERs received represented 73% of the staff's performance appraisal completed and submitted for performance assessment for the prior year. Hence, ending the reported fiscal year 311 PERs remained outstanding for the prior year's performance. Concerning staff achieving the minimum satisfactory performance 856 PERs recorded scores 75% or above.

### Training and Development

**156** Training Courses

**1,085** Staff Trained

**\$13.646Mn**

Training Expenditure

The development of employees continued to be imperative for the JCA. This is to ensure the requisite skillsets are in place to maintain efficacy in the delivery of the Agency's services and to provide continuous tooling and upskilling of staff. There were 156 training courses facilitated over the fiscal year against 120 training courses that were planned. The number of staff trained for the period totalled 1,085 staff, which represented 90.4% of the annual target of 1,200 staff. The Agency spent \$13.646Mn on executing the training courses. Notably, this represented 50.03% of the annual training budget of \$26.912Mn.

### Strategic Objective

**To adhere to occupational health, safety and environmental national, regional and international standards**

#### Occupational Health and Safety



To guarantee compliance with the requirements of the Occupational Health and Safety (OHS) Act (2017), the JCA conducted 86 site visits of its operational areas to document with the intention to rectify existing and or potential safety hazards. In addition, safety training on utilizing Personal Protective Equipment was facilitated during the visits. Three (3) OHS policies: Safety; Moving into a New Space and Employee Assistance Programme (EAP) were approved, and implementation commenced in FY2017/18.

### Strategic Objective

**To ensure efficient and effective use of resources**

#### Expenditure

For FY2017/18, the JCA's approved expenditure budget was \$8.748Bn. Details of the budget can be seen in the figure below.

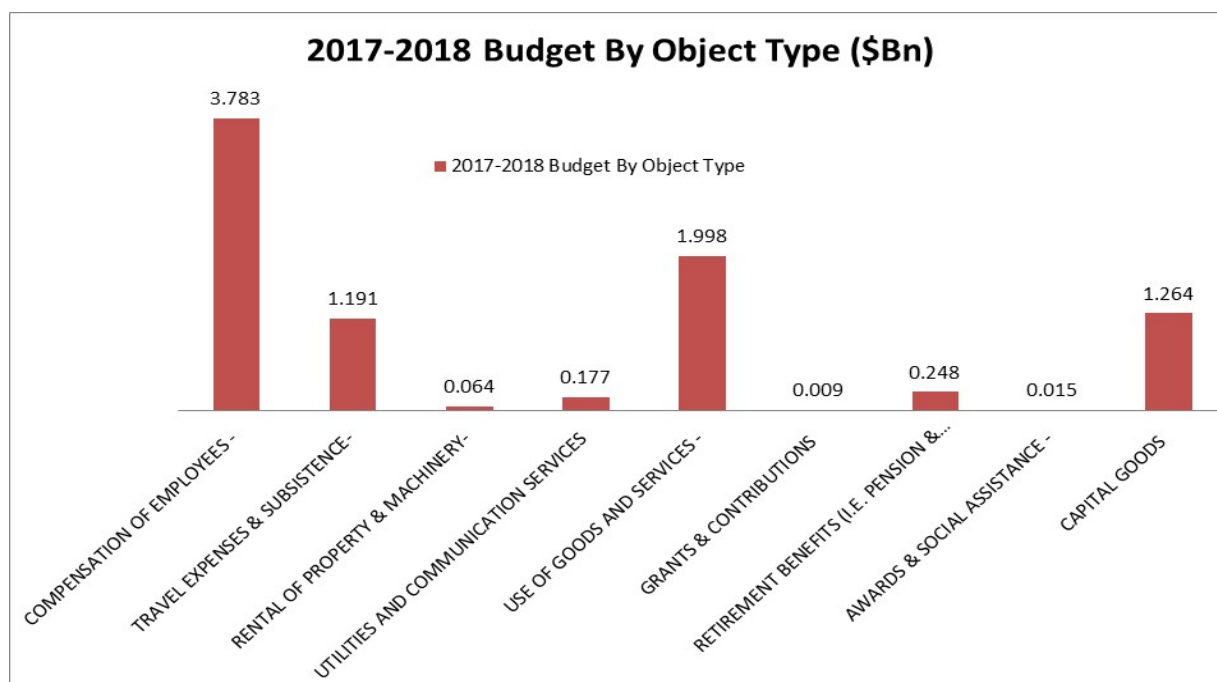
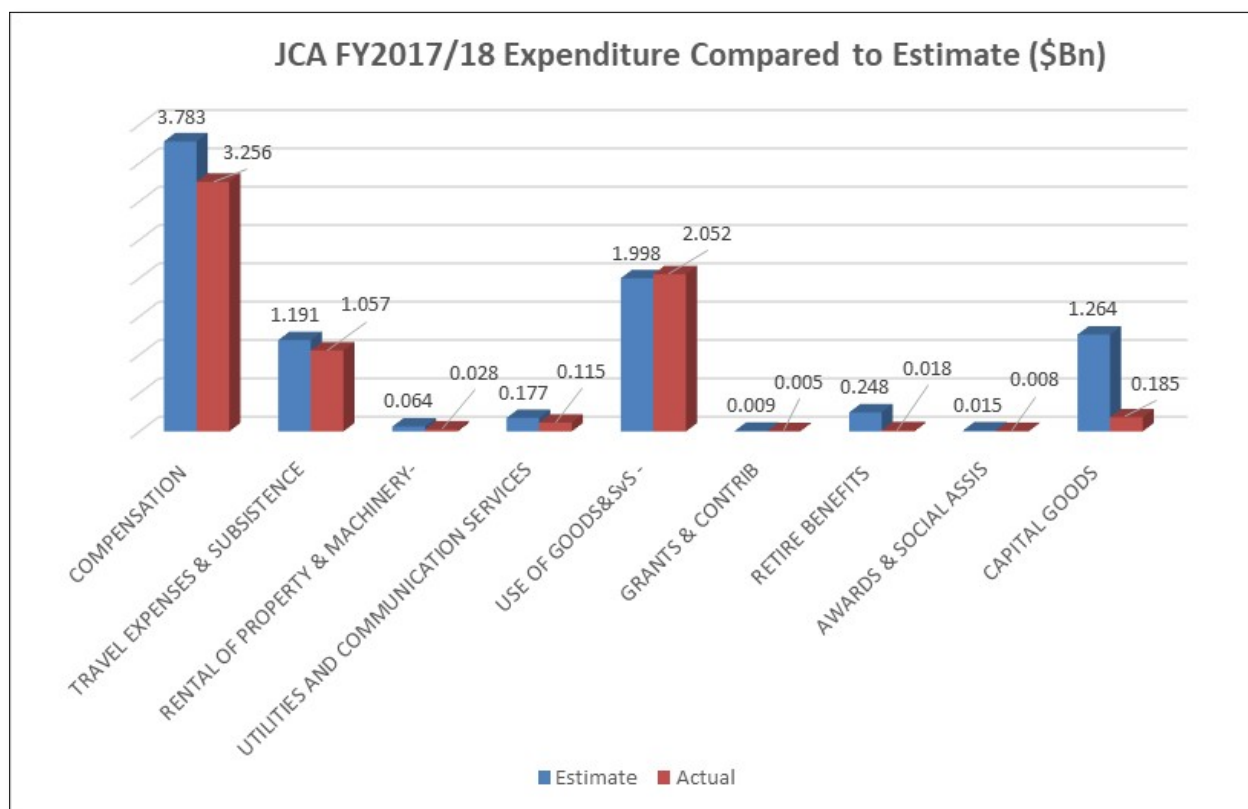


Figure 12: JCA's Budget by Object FY 2017/2018

The JCA was estimated to expend \$8.748Bn for the FY2017/18, however, expenditures totalled \$6.723Bn or 77% utilization. The expenditure of \$6.723Bn; was \$2.025Bn or approximately 23% less than the targeted expenditure. In comparison to the previous fiscal year, the expenditure of \$6.723Bn was an increase of \$0.921Bn or 15.9% more than the actual expenditure of \$5.802Bn spent in FY2016/17. The JCA's four highest estimates of expenditures for FY2017/18 were Compensation: 48.4%, Use of Goods and Services: 30.5%, Travelling: 15.7%, and Capital Goods: 2.7%. Details can be seen in Figure 13 below.



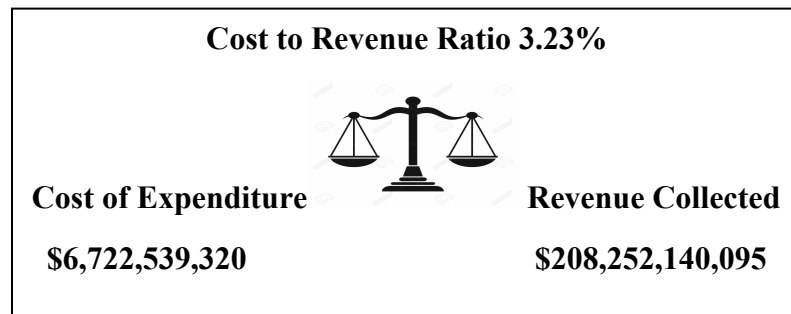
**Figure 13: JCA's Expenditure FY 2017/2018**

In relation to budgeted estimates for some major activities, several major shortfalls in terms of expenditure were experienced for FY2017/18. Throughout the fiscal year, several capital expenditures were not realized as planned. Seventy-six Million Dollars (\$76Mn) for Computer Software acquisition was not procured. Approximately, \$400Mn for leasehold improvements, for instance, the Fire Suppression System for Queens Warehouses were budgeted but did not materialize throughout the fiscal year. Computer Acquisition of \$196Mn was not executed from the Agency's budget as was planned due to most computer acquisitions being procured through the Government's Fiscal Administration Modernization Programme (FAMP).

The Marine Bases initiative was budgeted for \$36Mn regarding expenditure for Oracabessa and Rocky Point. This initiative did not materialize as the leasing documentation and signing were not completed in the fiscal year. Notably, leasing proposals were sent to James Bond Beach in November 2018, subsequently, an external response was received in March 2018. There were documents to be signed in

earnest as procurement for the construction had been completed and was awaiting the 'Award of Contract'.

### Cost of Revenue Collection



The cost of revenue collection (calculated by dividing the cost of internal operations (expenditure) by total net revenue collected) is an important indicator of the cost-effectiveness of the Agency. The JCA's cost-to-net-revenue ratio for the fiscal year 2017/18 was 3.23%. The JCA aimed to maintain a 2% cost-to-revenue ratio, the

performance result was 1.23% above the targeted ratio. In comparison to the previous fiscal year 2016/17, the ratio increased by 11%. The increase was due to increased performance in both expenditure and net revenue collection year-on-year.

### Corporate Social Responsibility

The Agency continued to lend its support to those in need by running and/or walking for the cause. Members of the JCA actively participated in the 20<sup>th</sup> staging of the Sagikor Sigma Corporate Run on Sunday, February 18<sup>th</sup>, 2018. The event raised \$50 million to help its two beneficiaries – the Spanish Town Hospital Neonatal Unit and the St. Christopher’s School for the Deaf and the JCA was proud to be a contributor. The Sagikor Sigma Corporate Run is an exceptional road-running event intended to inspire fun, fitness and camaraderie among Jamaica’s corporate and fitness communities.



The JCA contingent at the 2018 Sigma Corporate Run.

### Financial Highlights

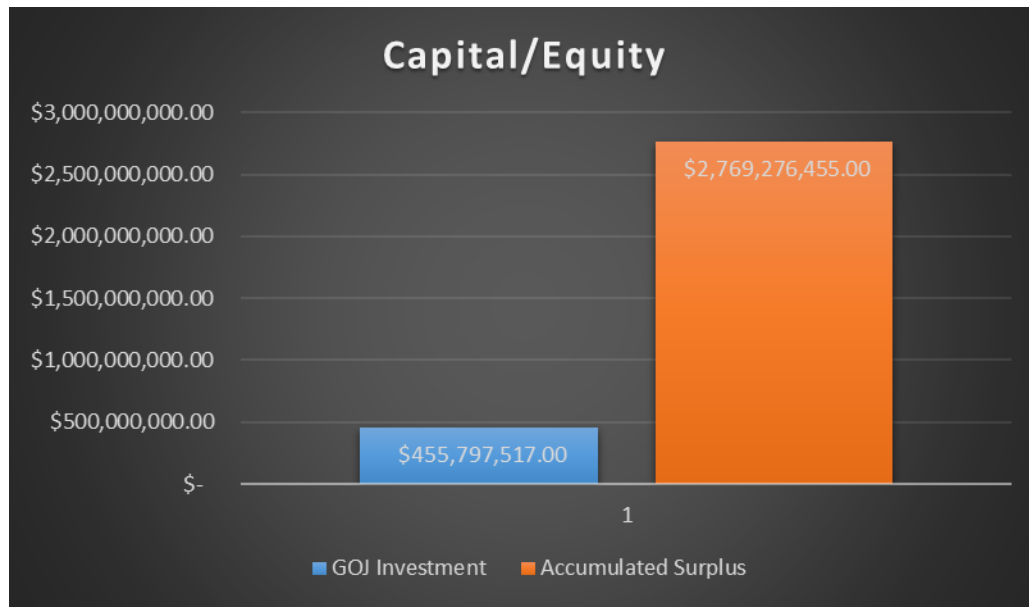
The Financial Year 2017/18 represented the fifth (5<sup>th</sup>) year of operations under the Executive Agency Model – The Jamaica Customs Agency.

FINANCIAL HIGHLIGHTS			
	As At March 31, 2017		As At March 31, 2018
	\$ ' 000		\$ ' 000
EQUITY & LIABILITIES	2,331,450.61		3,636,242.38
WORKING CAPITAL	1,731,231.38		2,797,191.56
REVENUES / INCOME	8,061,330.56		8,788,620.74
CUSTOMS ADMIN. FEES	8,057,376.93		8,781,146.00
SERIVCE CHARGES	-		-
Other Income	3,953.62		7,474.74
RETURN ON EQUITY	359%		250%
EXPENDITURE BUDGET (APPROVED)	8,057,377.00		8,748,633.00
EXPENDITURE BUDGET (REVISED)	8,057,377.00		8,781,146.00

As with previous financial years, the Agency's financial position and health continued to strengthen based mainly on the following two factors:

- Increased CAF Revenue Collections from the Customs Administrative Fee (CAF)
- Under Expenditure compared to budgetary provision.

The Capital to Equity ratio has increased even more significantly in the financial period being reported, owing to an increase in Accumulated Surplus to **\$2.77Bn** from **\$1.56Bn** at the end of the prior financial year (2016/17). The Donated Asset Reserve also increased to **\$193.9Mn** from **\$132.8Mn** an increase of **\$61Mn**, representing receipt of One Baggage Scanner valued at **\$55.8Mn** and One Remotely Operated Vehicle (ROV) valued at **\$31.4Mn** (depreciation of existing assets represents the difference).

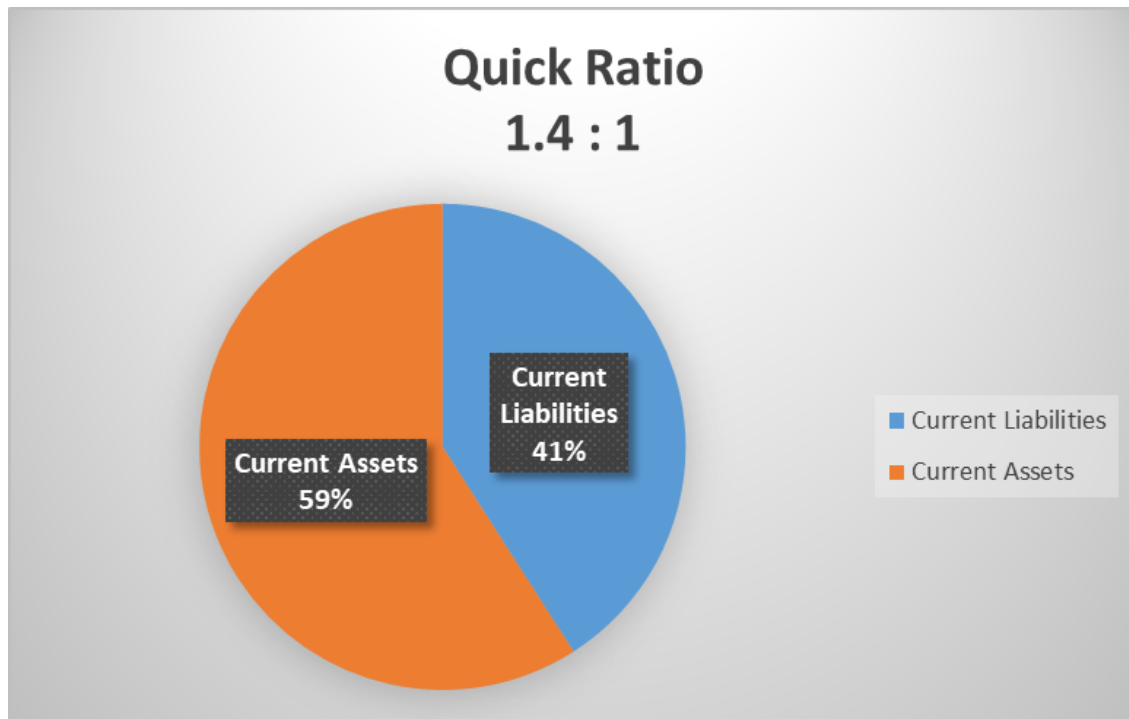


The Agency's Non-Current asset base for the FY increased from **\$600.22Mn** as at April 1, 2017, to **\$839.05Mn** as at March 31, 2018 (an increase of **39.7%**). The Agency saw additions of fixed assets totalling **\$385.1Mn** during the financial year, with disposals of **\$3.8Mn** through its Board of Survey process based on obsolescence, destruction or replacement. Depreciation during the financial year stood at **\$144.5Mn** or **17.8%** of the total fixed assets.

There were additions to the Agency's Intangible Assets within the Financial Year.

Accounts Receivables ended the FY at **\$279.6Mn**, down from the prior FY (**\$520.5Mn** in 2016/17). These receivables include receipts from Airlines and Shipping companies for Private Overtime compensation. The Agency has been very active in pursuing strategies to reduce these outstanding amounts, resulting in a reduction in the receivables by approximately 46%.

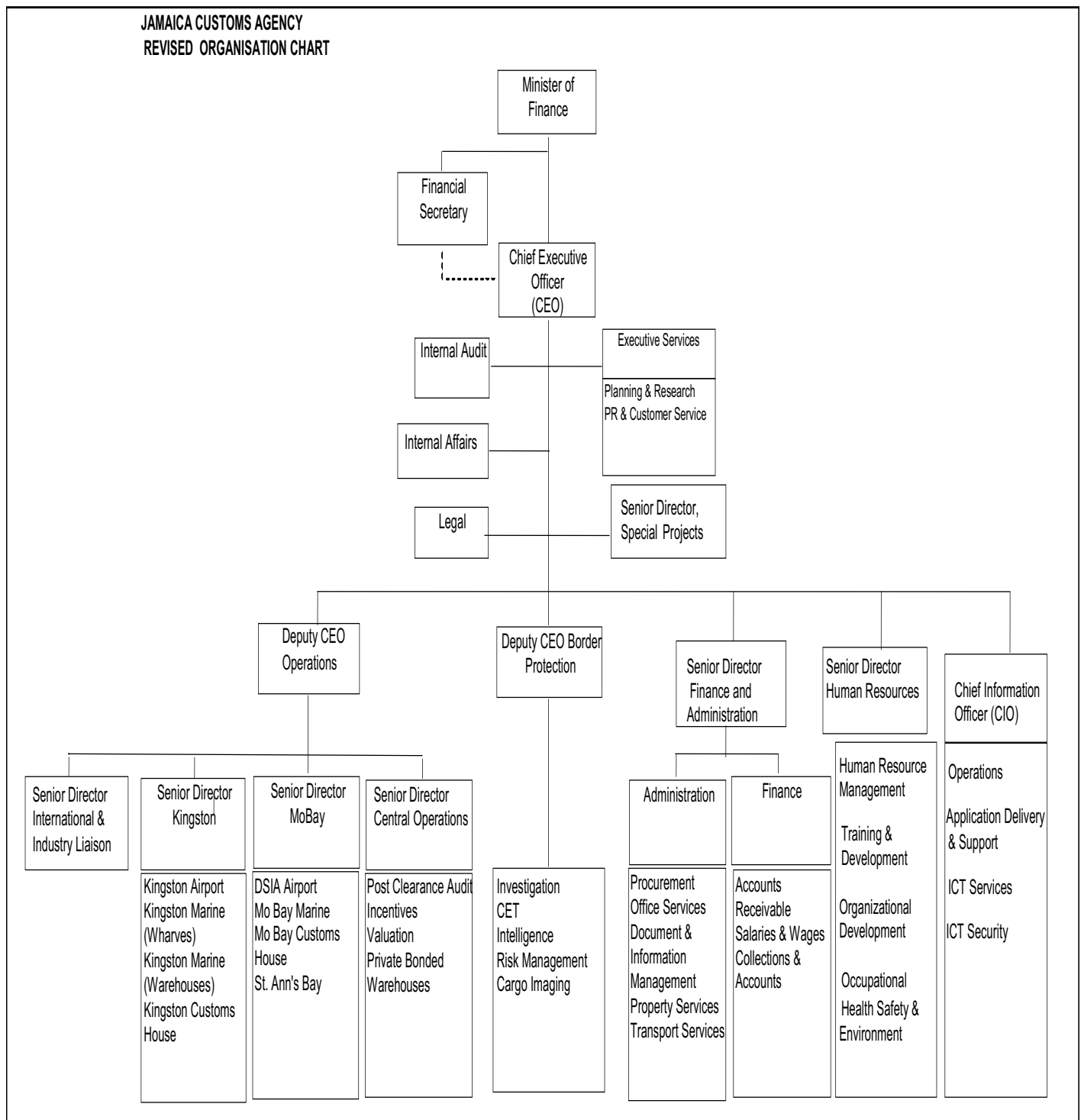
The Current Assets of the Agency as at the end of the financial year stood at approximately **\$9.12Bn** versus a Current Liabilities of **\$6.32Bn**. The Agency's Quick Ratio has increased to **1.4 : 1** at the end of the period (up from **1.3 : 1** in the prior FY). This means the Agency would be able 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 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 expenditure.

The JCA received **no** financial assistance from the GoJ's Consolidated Fund within the financial year, covering all its expenses from its Appropriations in Aid in the form of the Customs Administrative Fee collections. The Agency ended the financial period with a Net Surplus of approximately **\$2.43Bn**, of which **50%** or **\$1.21Bn** was transferrable to the GoJ as required by the Executive Agencies Act under which the entity operates. This surplus realized represents a marginal increase over the prior year of **6.7%**.

## Appendix A: Revised Organization Structure



## Appendix B: Revenue Collection Performance

Table B1: Tax &amp; Non-Tax Net Revenue Comparison FY2017/18 vs FY2016/17

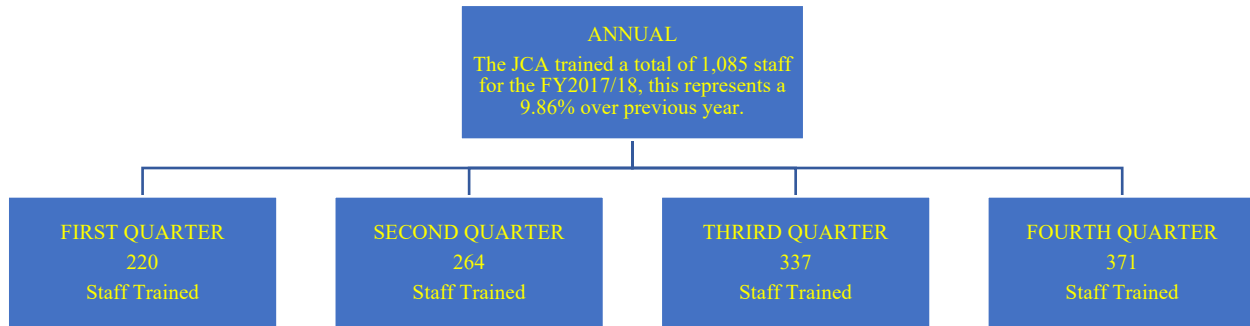
Items	Mof& P Target April 17 - March 18 \$	Collections April 17 - March 18 \$	Target Vs Collections Variance		Collections April 16 - March 17 \$	April 17 - March 18 Vs April 16 - March 17 Collections Variance	
<u>Tax Revenue</u>							
Import Duty	38,254,258,891	38,319,106,864	64,847,973	0.2%	35,711,284,264	2,607,822,600	7.3%
Warehouse Fees	11,982,780	8,643,829	(3,338,951)	-27.9%	9,390,025	(746,196)	-7.9%
General Consumption Tax	79,594,077,988	78,915,936,746	(678,141,242)	-0.9%	73,869,626,223	5,046,310,523	6.8%
Special Consumption Tax	49,966,499,620	48,416,427,796	(1,550,071,824)	-3.1%	46,500,496,259	1,915,931,537	4.1%
Environmental Levy	3,089,662,288	3,080,290,814	(9,371,474)	-0.3%	2,825,389,433	254,901,381	9.0%
Stamp Duty*	2,435,120,069	2,429,373,321	(5,746,748)	-0.2%	2,269,251,015	160,122,306	7.1%
Travel Tax	11,313,608,807	12,589,652,924	1,276,044,117	11.3%	8,615,556,320	3,974,096,604	46.1%
Passenger Levy	7,542,405,871	6,419,942,722	(1,122,463,149)	-14.9%	5,953,290,383	466,652,339	7.8%
Total Tax Revenue	192,207,616,315	190,179,375,016	(2,028,241,298.5)	-1.1%	175,754,283,922	14,425,091,094	8.2%
<u>Non- Tax Revenue</u>							
Excise Tax	-	-	-	-	81,908	-	-
Dept. & Misc. Revenue	1,673,000.00	26,994,826	25,321,826	1513.6%	353,454,803	(326,459,977)	-92.4%
Fines & Forfeitures	120,000,000.00	118,862,298	(1,137,702)	-0.9%	151,786,998	(32,924,700)	-21.7%
Proceeds Of Sale	287,200,000.00	226,429,167	(60,770,833)	-21.2%	143,283,081	83,146,086	58.0%
Standards Compliance Fee	28,800,000.00	948,533,950	919,733,950	3193.5%	909,553,554	38,980,396	4.3%
Irrevocable Standing Order	-	51,000	51,000	100.0%	78,000	(27,000.00)	-34.6%
Customs Administration Fee	14,375,848,390.75	13,761,988,338	(613,860,053)	-4.3%	13,393,826,061	368,162,277	2.7%
Miscellaneous Rev (Exp)	2,341,000.00	74,050,227	71,709,227	3063.2%	525,000	73,525,227.17	14004.8%
Customs Broker Exam Fee	-	-	-	0.0%	-	-	0.0%
Customs Broker Licenses	4,800,000.00	342,500	(4,457,500)	-92.9%	3,515,000	(3,172,500)	-90.3%
Tourist Shop Licenses	15,660,000.00	12,699,127	(2,960,873)	-18.9%	22,141,562	(9,442,435.00)	-42.6%
Tourist Shop Operating	25,380,000.00	16,809,217	(8,570,783)	-33.8%	26,160,871	(9,351,654)	-35.7%
Carrier Net Service Charge	703,378,139.25	2,806,126,123	2,102,747,983.97	298.9%	4,253,603	2,801,872,520	65870.6%
Dairy Cess	-	86,137,573	86,137,573	100.0%	75,304,555	10,833,018	14.4%
Customs User Fee	-	(6,259,268)	(6,259,267.51)	-100.0%	99,618	(6,358,886)	-6383.3%
Total Non-Tax Revenue	15,565,080,530	18,072,765,079	2,507,684,549	16.1%	15,084,064,614	2,988,700,465	19.8%
Net Revenue	207,772,696,845	208,252,140,095	479,443,250	0.2%	190,838,348,536	17,413,791,559	9.1%
Revenue Deposit Received		9,634,506,186	9,634,506,186	100.0%	13,265,556,098	(3,631,049,912)	-27.4%
Revenue Deposit Paid		(9,137,691,376)			(14,314,005,567)	5,176,314,191	-36.2%
Net Collections	207,772,696,845	208,748,954,905	976,258,060	0.5%	189,789,899,068	18,959,055,837	10.0%

Table 1: JCA's Revenue Collection By Revenue Station FY 2017/2018

Jamaica Customs Agency's Daily Collections Summary				
April 2017 - March 2018				
Station	Collections	Target	Variance	Percentage Of Target Achieved
<b>Kingston</b>				
Adolph Levy	\$2,609,277,462.07	\$2,658,794,152.15	-\$49,516,690.08	98.14%
Air Cargo	\$3,070,220,739.04	\$3,128,287,672.50	-\$58,066,933.46	98.14%
Berth Xi	\$28,199,347,046.37	\$35,657,316,550.00	-\$7,457,969,503.63	79.08%
Kingston Logistics	\$1,538,351,514.64	\$1,455,026,334.64	\$83,325,180.00	105.73%
Jamaica Dispatch	\$1,666,596,160.99	\$1,619,342,451.22	\$47,253,709.77	102.92%
Kingston Wharves	\$39,966,140,284.00	\$45,251,885,923.22	-\$5,285,745,639.22	88.32%
Passenger Hall	\$3,250,791,665.77	\$4,274,271,217.25	-\$1,023,479,551.48	76.05%
Queen's 230	\$201,450,398.52	\$191,039,001.40	\$10,411,397.12	105.45%
Queen's N.M.I.A.	\$33,391,471.20	\$57,531,869.60	-\$24,140,398.40	58.04%
Universal Freight	\$1,536,511,435.19	\$1,700,744,748.93	-\$164,233,313.74	90.34%
Customs House (Kgn)	\$64,134,847,974.56	\$54,710,259,997.82	\$9,424,587,976.74	117.23%
Motor Vehicle Unit	\$10,684,930,670.49	\$9,193,716,293.00	\$1,491,214,377.49	116.22%
Sufferance (KGN )	\$21,808,232,869.84	\$26,639,453,295.40	-\$4,831,220,425.56	81.86%
Sub-Total (Kgn)	\$178,700,089,692.68	\$186,537,669,507.14	-\$3,006,359,388.89	95.80%
<b>Montego Bay</b>				
Air Cargo	\$888,645,780.09	\$798,782,661.36	\$89,863,118.73	111.25%
Customs House	\$12,590,689,418.61	\$10,353,814,164.00	\$2,236,875,254.61	121.60%
Motor Vehicle Unit	\$79,003,439.71	\$56,208,375.00	\$22,795,064.71	140.55%
Freeport	\$8,164,417,295.54	\$10,402,581,002.31	-\$2,238,163,706.77	78.48%
Freezone	\$1,199,415,121.92	\$1,546,926,117.53	-\$347,510,995.61	77.54%
Passenger Hall	\$8,015,208,827.74	\$7,419,747,056.95	\$595,461,770.79	108.03%
Queens Warehouse	\$15,266,289.88	\$26,641,701.82	-\$11,375,411.94	57.30%
Sub-Total (Mobay)	30,952,646,173.49	30,604,701,078.97	347,945,094.53	101.14%
<b>Outport</b>				
Mandeville	\$4,941,120.90	\$7,557,996.00	-\$2,616,875.10	65.38%
Port Esquivel	\$1,427,778,060.53	\$205,093,963.29	\$1,222,684,097.24	696.16%
Port Antonio	\$0.00	\$0.00	\$0.00	0.00%
St. Ann's Bay	\$2,425,906,283.07	\$1,772,023,729.12	\$653,882,553.95	136.90%
Post & Telecom.	\$139,546,678.44	\$131,565,627.85	\$7,981,050.59	106.07%
Sub-Total	\$3,998,172,142.94	\$2,116,241,316.25	\$1,881,930,826.69	188.93%
Grand Total	<b>\$213,650,908,009.11</b>	<b>\$219,258,611,902.36</b>	<b>-\$776,483,467.68</b>	<b>97.44%</b>

### Appendix C: Associated Operation Performance

**Chart 1: JCA's Quarterly Breakout of Staff Trained FY 2017/2018**



**Table 2: JCA's Cost-to-Revenue Ratio**

Cost to Revenue Ratio				
	FY2017/18	FY2016/17	Variance	% Variance
<b>Actual Expenditure</b>	\$6,722,539,320.00	\$5,541,564,000.00	\$1,180,975,320.00	21%
<b>Net Revenue</b>	\$208,252,140,095.00	\$190,838,348,536.00	\$17,413,791,559.00	9%
<b>Cost of Dollar per Revenue Collected</b>	\$0.03	\$0.03	\$0.003	11%
<b>Expenditure as a % of Revenue</b>	3.23%	2.90%	0.32%	11%

**Appendix D: Audited Financial Statements**



## AUDITOR GENERAL'S DEPARTMENT



### VISION STATEMENT

*"A Better Country Through Effective  
Audit Scrutiny "*

**JAMAICA CUSTOMS AGENCY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**JAMAICA CUSTOMS AGENCY**

**March 31, 2018**

**Index**

	<b>Page</b>
Independent Auditor's Report	
<b><u>Financial Statements</u></b>	
Statement of Financial Position	1
Statement of Financial Performance	2
Statement of Changes in Equity	3
Statement of Cash flows	4
Notes to the Financial Statements	5 – 18
Statement of Receipts and Payments to Consolidated Fund	19
Statement of Internal Control	20-21



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:

1

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.

### **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 18, which comprise the Statement of financial position as at March 31, 2018, 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, the Financial Statements give a true and fair view of the financial position of the Jamaica Customs Agency as at March 31, 2018, 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 Opinion**

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. I am independent of the Jamaica Customs Agency in accordance with the International Ethics Standards Board for Accountants Code of Ethics for professional Accounts (IESBA Code) and I have fulfilled our other ethical responsibilities in accordance with the IESBA code. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my 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. I have determined that there is no key audit matter to communicate in this report.

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

Management of the Jamaica Customs 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 Jamaica Customs 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, Financial Administration and Audit Act and the Financial Management Regulations 2011.

In preparing the financial statements, management is responsible for assessing the Jamaica Customs 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.

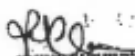
As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. I also:


- 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 Jamaica Customs 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 Jamaica Customs 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 Jamaica Customs 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 Jamaica Customs 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

  
Date



**JAMAICA CUSTOMS AGENCY  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2018**

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	834,365,046	586,822,652
Intangible Assets (Computer Software)	6	4,685,768	13,396,575
		<u>839,050,814</u>	<u>600,219,227</u>
<b>Current Assets</b>			
Cash and cash equivalents	7	6,103,999,686	5,163,271,500
Accounts receivable	8	279,584,697	520,487,361
Inventories	9	75,536,282	68,102,735
Prepayments and advances	10	80,715,559	64,643,733
Held for GoJ	11	2,578,571,332	1,768,101,203
<b>Total Current Assets</b>		<u>9,118,407,556</u>	<u>7,584,606,532</u>
<b>LIABILITIES</b>			
Payable - Consolidated Fund	11	2,578,571,332	1,768,101,203
Payables	12	3,050,611,923	3,244,462,245
Employee benefits	13 (a)	692,032,739	840,811,702
<b>Total Current Liabilities</b>		<u>6,321,215,994</u>	<u>5,853,375,150</u>
<b>Net Current Assets</b>		<u>2,797,191,562</u>	<u>1,731,231,382</u>
<b>Total Assets</b>		<u>3,636,242,376</u>	<u>2,331,450,609</u>
<b>Non-Current Liabilities</b>			
Employee benefits	13 (b)	117,243,915	86,518,498
<b>NET ASSETS/EQUITY</b>			
Capital contribution by:			
GOJ Investment	14	455,797,517	455,797,517
Donated Asset Reserve		193,924,489	132,813,490
Revolving Loan Fund	15	100,000,000	100,000,000
Accumulated Surplus		2,769,276,455	1,556,321,104
		<u>3,518,998,461</u>	<u>2,244,932,111</u>
<b>TOTAL NET ASSETS / EQUITY</b>		<u>3,636,242,376</u>	<u>2,331,450,609</u>

Approved for issue on behalf of the Jamaica Custom Agency on ..... May 31, 2022 ..... 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, 2018**

	Note	2018	2017
		\$	\$
<b>Income</b>			
JCA Customs Administrative Fees (CAF)		8,781,146,000	8,057,376,931
<b>Total income</b>		<u>8,781,146,000</u>	<u>8,057,376,931</u>
<b>Expenses</b>			
Staff costs	16	4,290,580,001	3,870,739,216
Goods and services	17	702,500,783	683,898,877
Premises related expenses	18	146,034,351	131,392,077
Depreciation and amortization charges	5,6	144,482,313	103,772,588
Interest and charges	19	1,104,554,238	997,176,658
Bad debt		88,219	15,105,002
<b>Total operating expenses</b>		<u>6,388,239,905</u>	<u>5,802,084,418</u>
<b>Operating Surplus</b>		2,392,906,095	2,255,292,513
Loss on Disposal		(1,784,006)	(1,035,917)
Interest Income		1,203,784	403,172
Other Income		7,474,735	3,953,624
Donated Asset Amortization		26,110,095	14,379,730
<b>Net surplus</b>		<u>2,425,910,703</u>	<u>2,272,993,122</u>
GOJ 50% of Net Profits		<u>(1,212,955,352)</u>	<u>(1,136,496,561)</u>
<b>Net surplus for the period</b>		<u>1,212,955,351</u>	<u>1,136,496,561</u>

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



**JAMAICA CUSTOMS AGENCY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR PERIOD ENDED MARCH 31, 2018**

	Capital - GoJ Investment \$	Donated Assets \$	General Reserve \$	Revolving Loan Fund	Total \$
Balance as at April 1, 2017	455,797,517	132,813,490	1,556,321,104	100,000,000	2,244,932,111
Donated Assets	-	87,221,094	-	-	87,221,094
Amortization of donated assets	-	(26,110,095)	-	-	(26,110,095)
Net Surplus for year	-	-	1,212,955,351	-	1,212,955,351
<b>Balance as at March 31, 2018</b>	<b>455,797,517</b>	<b>193,924,489</b>	<b>2,769,276,455</b>	<b>100,000,000</b>	<b>3,518,998,461</b>

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



**JAMAICA CUSTOMS AGENCY  
STATEMENT OF CASHFLOW  
FOR PERIOD ENDED MARCH 31, 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Surplus/(Deficit) before GoJ Financing</b>	2,425,910,703	2,272,993,122
<b>GOJ 50% of Net Profits</b>	(1,212,955,352)	(1,136,496,561)
	<u>1,212,955,351</u>	<u>1,136,496,561</u>
<b>Non-Cash Movements</b>		
Transferred of Donated Assets	(26,110,095)	(14,379,730)
Depreciation and amortization	144,482,313	103,772,588
Loss on disposal of assets	1,784,006	1,035,917
(Increase)/Decrease in Receivables	224,830,839	(211,621,048)
(Increase)/Decrease in Inventory	(7,433,547)	4,352,519
Increase/(Decrease) in Current Liabilities	(193,850,322)	1,960,281,310
Increase/(Decrease) in Employee Benefits	(118,053,546)	172,243,319
<b>Net Cash flow from operating activities</b>	<u>1,238,604,999</u>	<u>3,152,181,436</u>
<b>Cash flow from Investing Activities</b>		
Capital Expenditure	(385,097,907)	(276,228,732)
Proceeds from sale of Fixed Assets	-	1,892,000
<b>Net Cash Flow from Investing Activities</b>	<u>(385,097,907)</u>	<u>(274,336,732)</u>
<b>Cash Flows from Financing Activities</b>		
Donated Assets	87,221,094	67,393,651
<b>Net Cashflow from financing activities</b>	<u>87,221,094</u>	<u>67,393,651</u>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<u>940,728,186</u>	<u>2,945,238,355</u>
<b>Cash and cash equivalents at the beginning of period</b>	<u>5,163,271,500</u>	<u>2,218,033,145</u>
<b>Cash and cash equivalents at the end of period</b>	<u><b>6,103,999,686</b></u>	<u><b>5,163,271,500</b></u>

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, 2018**

**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, 2018**

**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 and medication, uniform supplies, warlike stores electrical and construction, auto parts and 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 on assets, is calculated on the straight-line basis over the period of their expected useful lives. The depreciation rates are as follows:

Furniture, Fixtures and Fittings	10%
Office Equipment	10%
Computer Software	33 1/3 %
Computers Hardware	20%
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, 2018**

**3. Significant Accounting Policies (Cont'd)**

**vi. 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.

**vii. 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.

**viii. 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 as at March 31, 2018 were receivables and payables.

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



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**3. Significant Accounting Policies (Cont'd)**

**x. 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.

**xi. 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.

**xii. 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.

**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.

  
**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**4. Financial Risk Management (Cont'd)**

**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.

Financial liabilities	Carrying Amount \$	Contract Amount \$	<u>March 31, 2018</u>	
			3 Months to 1 Year \$	Over 1 Year \$
Trade and other payable	3,050,611,923	3,050,611,923	3,050,611,923	-
Employee benefits	692,032,739	692,032,739	692,032,739	-
Payables – Consolidated Fund	2,578,571,332	2,578,571,332	2,578,571,332	-
	<u>6,321,215,994</u>	<u>6,321,215,994</u>	<u>6,321,215,994</u>	<u>-</u>
Employee benefits	117,243,915	117,243,915	-	117,243,915
	<u>6,438,459,909</u>	<u>6,438,459,909</u>	<u>6,321,215,994</u>	<u>117,243,915</u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

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

Financial liabilities	<u>March 31, 2017</u>			
	Carrying Amount	Contract Amount	3 Months to 1 Year	Over 1 Year
	\$	\$	\$	\$
Trade and other payable	3,244,462,245	3,244,462,245	3,244,462,245	-
Employee benefits	840,811,702	840,811,702	840,811,702	-
Payables – Consolidated Fund	1,768,101,203	1,768,101,203	1,768,101,203	-
	<u>5,853,375,150</u>	<u>5,853,375,150</u>	<u>5,853,375,150</u>	<u>-</u>
Employee benefits	86,518,498	86,518,498	-	86,518,498
	<u>5,939,893,648</u>	<u>5,939,893,648</u>	<u>5,853,375,150</u>	<u>86,518,498</u>

**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, 2018**

**5. Property, Plant and Equipment**

	Motor Vehicles	Equipment and Furniture	Computer Hardware	Total
	\$	\$	\$	\$
<b>At Cost/Valuation</b>				
At Cost/Valuation April 1, 2017	191,191,914	482,551,673	157,300,996	831,044,583
Additions	54,111,485	326,352,772	4,633,650	385,097,907
Disposal	-	(3,111,477)	(687,505)	(3,798,982)
	<u>245,303,399</u>	<u>805,792,968</u>	<u>161,247,141</u>	<u>1,212,343,508</u>
<b>Depreciation</b>				
1-Apr-17	94,149,519	96,517,418	53,554,994	244,221,931
Disposal	-	(1,350,846)	(664,130)	(2,014,976)
Charge	46,569,734	58,048,114	31,153,659	135,771,507
	<u>140,719,253</u>	<u>153,214,686</u>	<u>84,044,523</u>	<u>377,978,462</u>
<b>Net Book Value - March 31, 2018</b>	<u>104,584,146</u>	<u>652,578,282</u>	<u>77,202,618</u>	<u>834,365,046</u>
<b>Net Book Value - March 31, 2017</b>	<u>97,042,395</u>	<u>386,034,255</u>	<u>103,746,002</u>	<u>586,822,652</u>

**6. Intangible Assets**

	\$
<b>At Cost/Valuation</b>	
At Cost/Valuation - April 1, 2017	37,745,181
	<u>37,745,181</u>
<b>Amortization</b>	
At Cost/Valuation - April 1, 2017	24,348,606
Charge	8,710,807
<b>Total Amortization</b>	<u>33,059,413</u>
<b>Net Book Value - March 31, 2018</b>	<u>4,685,768</u>
<b>Net Book Value - March 31, 2017</b>	<u>13,396,575</u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**7. Cash and Cash Equivalents**

	2018	2017
	\$	\$
<b>Cash at Bank:</b>		
Operating Bank Account	5,752,523,181	4,820,187,202
Payroll Bank Account	95,723,553	55,314,083
Deposit Bank Account	7,308,285	8,061,076
AIA Bank Account	204,019,117	209,853,416
Revolving Loan Account	44,425,550	69,855,723
	<u>6,103,999,686</u>	<u>5,163,271,500</u>

**8. Accounts Receivable**

	2018	2017
	\$	\$
Receivables	276,488,421	274,457,121
Other Receivables	33,222,304	276,068,050
	<u>309,710,725</u>	<u>550,525,171</u>
Provision for Doubtful debt	(30,126,028)	(30,037,810)
	<u>279,584,697</u>	<u>520,487,361</u>

**9. Inventories**

	2018	2017
	\$	\$
Auto Parts and Spare	82,936	89,907
Computer and Peripherals	20,225,091	15,623,415
Drugs and Medication	2,312,922	2,173,230
Electrical and Construction	91,089	95,249
General Stores	20,715,051	14,190,788
Stationery	25,642,082	26,763,978
Uniform Supplies	6,467,111	8,837,342
Warlike Stores	-	328,826
	<u>75,536,282</u>	<u>68,102,735</u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**10. Prepayments and Advances**

	2018	2017
	\$	\$
Deposit	543,345	505,361
Prepayments	21,321,908	26,510,857
Advances Employees	727,161	4,583,137
Clearing Accounts	-	(200,667)
Staff Overpayment Recovery	994,368	2,562,719
Staff Loan	57,128,777	30,682,326
	<u>80,715,559</u>	<u>64,643,733</u>

**11. Held for GOJ**

	\$	\$
Deposits from Importers	2,440,508,418	1,607,979,116
Deposits from passengers (Airport)	-	22,620,352
Reversible Miscellaneous Revenue	4,873,195	2,591,218
Stale dated cheques	124,095,128	112,250,637
Warehouse Fees Recoverable (i)	9,094,591	22,659,880
	<u>2,578,571,332</u>	<u>1,768,101,203</u>
This is comprised of:		
Cash at Bank	608,228,494	311,719,746
Dishonoured Cheques	1,385,200	703,001
Bank Charges	92,647,787	71,987,950
Cashier Shortages	19,168,200	14,541,129
Warehouse Recoverable	9,094,591	22,659,880
Receivables & Advance	1,848,047,060	1,346,489,497
	<u>2,578,571,332</u>	<u>1,768,101,203</u>

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

**12. Accounts Payable**

	2018	2017
	\$	\$
Accounts payable	742,601,695	405,903,192
Payable - Accountant General	2,308,010,228	2,838,559,053
	<u>3,050,611,923</u>	<u>3,244,462,245</u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**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 date of the statement of financial position.

	2018	2017
	\$	\$
<b><u>a. Current liabilities</u></b>		
Staff Related:		
Accrued Crown Overtime	69,358,021	35,844,986
Accrued Private Overtime	167,507,209	214,771,931
Accrued Travel Expenses	85,778,386	104,497,047
Accrued Vacation leave	337,912,427	325,244,539
Accrued Payroll Expenses	12,979,622	8,528,648
Accrued Tuition Refund	16,129,998	-
Terminal Benefit	42,577	-
Staff Related Provisions (Meal Allowance)	-	98,525,050
Provision for Gratuity	2,201,596	53,416,540
Statutory Payable	122,903	(17,039)
	<u>692,032,739</u>	<u>840,811,702</u>
<b><u>b. Non-Current liabilities</u></b>		
Provision for Gratuity	117,243,915	86,518,498
	<u>117,243,915</u>	<u>86,518,498</u>

**14. GOJ Investment**

These amounts represent initial notional loans 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.

	2018	2017
	\$	\$
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)
	<u>455,797,517</u>	<u>455,797,517</u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**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.

	2018	2017
	\$	\$
Staff Revolving Loan Scheme	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>

**16. Staff Costs**

**(i) Staff Cost**

	2018	2017
	\$	\$
Gratuity	90,887,828	83,311,747
Salaries	3,206,376,382	2,878,744,260
Travelling Expenses	969,140,414	892,861,123
Tuition Refund	24,175,377	15,822,086
	<u>4,290,580,001</u>	<u>3,870,739,216</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	40
2,250,000.00 – 2,500,000.00	132
2,500,000.00 – 2,750,000.00	24
2,750,000.00 – 3,000,000.00	9
3,000,000.00 – 3,250,000.00	41
3,250,000.00 – 3,500,000.00	6
3,500,000.00 – 3,750,000.00	4
3,750,000.00 – 4,000,000.00	14
4,000,000.00 – 5,000,000.00	16
5,000,000.00 – 6,000,000.00	11
6,000,000.00 – 7,000,000.00	0
7,000,000.00 – 8,000,000.00	1
8,000,000.00 – 9,000,000.00	1
	<u>299</u>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**Staff Costs (cont'd)**

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

Position	Salary	Gratuity (Provisions)	Travelling allowance	Other Allowances	Total 2018
	₤	₤	₤	₤	₤
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	1,341,624	-	8,776,937
Deputy CEO – Border Protection	6,458,100	1,614,525	1,341,624	-	9,414,249
Senior Director -Executive Services	5,260,357	1,315,089	1,341,624	-	7,917,070
Senior Director - Human Resource Management and Development	5,260,357	1,315,089	1,341,624	-	7,917,070
Senior Director - Legal Affairs	5,260,357	1,315,089	1,341,624	327,835	8,244,905
Senior Director - Finance and Administration	5,665,000	1,416,250	1,341,624	-	8,422,874
Senior Director - Central Operations	5,125,476	1,281,369	1,341,624	-	7,748,469
Senior Director - Kingston Operations	5,125,476	1,281,369	1,341,624	-	7,748,469
Senior Director - Western and Montego Bay Operations	5,125,476	1,281,369	1,341,624	-	7,748,469
Director - Contraband Enforcement Team	5,125,476	1,281,369	1,341,624	-	7,748,469
Senior Director, Trade Facilitation & Special Projects	5,125,476	1,281,369	-	-	6,406,845
Chief Information Officer	4,990,594	1,247,649	1,341,624	-	7,579,867
Chief Internal Auditor	5,125,476	1,281,369	1,341,624	-	7,748,469
Senior Director International and Industry Liaison	5,125,476	1,281,369	1,341,624	-	7,748,469
	<b>83,715,101</b>	<b>20,928,776</b>	<b>17,441,112</b>	<b>2,327,835</b>	<b>124,412,824</b>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**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.

**17. Goods and Services**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Computer Supplies and Accessories	22,686,134	23,635,830
Food and Drink	16,690,724	15,302,881
General Consumption Tax	179,487,417	198,262,764
Guard and Courier Services	83,873,733	85,112,108
Insurance	2,573,218	4,770,307
Janitorial and Pest Control	17,555,992	27,589,522
Motor Vehicle Expense	35,884,272	33,636,383
Other Operating Expenses	169,995,795	103,779,373
Repairs and Maintenance	72,261,581	110,041,890
Computer Hardware and Software Maintenance	54,361,172	26,129,699
Stationery, Office and Other Supplies	27,571,871	36,697,939
Tuition, Seminar and Training	19,558,874	18,940,181
	<b>702,500,783</b>	<b>683,898,877</b>

**18. Premises Related Expenses**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Building	19,944,561	17,481,842
Cellular Telephone	12,007,128	8,769,669
Electricity	63,882,360	59,239,971
Internet	4,113,761	2,843,544
Land Line	21,495,063	15,747,081
Rental of Other Machinery/Equipment/Tools etc.	2,452,406	619,594
Rental of Other Property, Machinery and Equipment	175,300	58,433
Rental of Parking Spaces	4,588,349	3,456,114
Water	17,375,423	23,175,829
	<b>146,034,351</b>	<b>131,392,077</b>



**JAMAICA CUSTOMS AGENCY**  
**Notes to the Financial Statements**  
**For period ended March 31, 2018**

**19. Interest and Charges**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Merchant Fees and Bank Charges (GoJ Bank Accounts)		
	1,062,495,852	968,648,822
Bank Charges	42,058,386	28,527,836
	<u><b>1,104,554,238</b></u>	<u><b>997,176,658</b></u>

Interest and charges relate 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, 2018**

	\$	\$
General Consumption Tax - Import	78,915,936,746	73,869,626,223
Special Consumption Tax (SCT) - Import	48,416,427,796	46,500,496,259
Import Duty	38,319,106,864	35,711,284,264
Customs Administrative Fees	13,761,988,338	13,393,826,061
Travel Tax	12,589,652,924	8,615,556,320
Air Passenger Levy (APL)	6,419,942,722	5,953,290,383
Environmental Levy	3,080,290,814	2,825,389,433
Stamp Duty	2,429,373,321	2,269,251,015
Standard compliance fees	948,533,950	909,553,554
Excise	-	81,908
Receipts from sale of seized items	226,429,167	143,283,081
Penalty payments for breach of customs act and regulation	118,862,298	151,786,998
Diary Development Cess	86,137,573	75,304,555
Miscellaneous receipts	26,994,826	353,454,803
Tourist shop operational	16,809,217	22,141,562
Tourist shop receipts	12,699,127	26,160,871
Warehouse fees	8,643,829	9,390,025
Customs Broker License	342,500	3,515,000
	<b>205,378,172,012</b>	<b>190,833,392,314</b>
Less: Refunds to customers	(510,658,463)	(2,426,036,072)
	<b>204,867,513,549</b>	<b>188,407,356,242</b>
<b>Less : Amount remitted to Government Agencies</b>		
Consolidated Fund liability	186,804,458,625	172,226,380,388
Dairy Development Board	87,568,933	67,597,391
Jamaica National Agency for accreditation - 10% SCF	92,662,150	78,680,862
Accountant General Miscellaneous Revenue	241,316,894	306,572,971
National Health Fund - 5% special consumption tax tobacco	1,048,439,305	1,079,934,891
Bureau of Standards - 90% SCF liability	833,599,351	708,487,760
National Health Fund - Special Consumption Tax tobacco	1,512,353,232	1,099,789,068
Commissioner of Customs - CAF	8,980,483,419	7,825,520,042
Accountant General Account Sweep	848,845,208	-
Accountant General CAF	4,918,658,020	4,765,905,629
Total payments to Government Agencies and refunds	<b>205,368,385,135</b>	<b>188,158,869,003</b>
Overpayment	500,871,586	(248,487,239)
Dishonoured Cheques	1,385,200	703,001
Cashier Shortages	19,168,201	14,541,129
Bank Charges	92,647,787	71,987,950
Net Cash Outflow at the end of the period	<b>614,072,774</b>	<b>(161,255,159)</b>
Bonded Warehouse Recoverable	9,094,591	22,659,880
Receivables and Advances	1,347,175,474	1,594,976,736
Cash at bank	608,228,494	311,719,746
	<b>2,578,571,332</b>	<b>1,768,101,203</b>



**JAMAICA CUSTOMS AGENCY**  
**Statement of Internal Control**  
**For period ended March 31, 2018**

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, 2018**

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- **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**



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