TRANSFORMATION OF THE RISK MANAGEMENT GROUP INTO THE RISK MANAGEMENT OFFICE PURSUANT TO E.O. NO. 836 (S. OF 2009) AND CAO NO. 6-2009

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Pursuant to Customs Administrative Order No. 6-2009, the following rules and regulations are hereby promulgated:

I. OBJECTIVES

To duly inform all concerned stakeholders both within and outside of the Bureau of Customs about the transformation of the Risk Management Group into the permanent Risk Management Office which is tasked with the following functions:

1.) to primarily oversee the study and profiling of importers, exporters and customs brokers authorized to operate in the Philippines;
2.) to regularly review and update the parameters of the BOC's Selectivity Screens in line with implementation of the E2M IAS (Electronic to Mobile Assessment System);
3.) to ensure an efficient and secure pipeline of information from all sources to the RMO;
4.) to maintain a database of all smuggling cases and related data;
5.) to recommend, through the Deputy Commissioner of the Intelligence Group, to the Commissioner of Customs policies and programs aimed at increasing the efficiency and effectivity of the BOC's Selectivity System to be at par with other Customs organization worldwide.

II. SCOPE

The Risk Management Office's (RMO for brevity) responsibility and scope of operations shall cover all Customs Collection Districts in the Philippines.

III. ADMINISTRATIVE PROVISIONS

A. Rationale for the Transformation of the Risk Management Group into the Risk Management Office

A common predicament encountered by Customs organizations worldwide is the challenge of facilitating the movement of legitimate passengers and cargo while ensuring that sufficient controls are in place to detect Customs fraud, transnational crimes and terrorism. The bulk of the challenge lies in the physical impossibility of examining the high volume of passengers and cargo that normally enter the country. The advent of the 21st century ushered in not only technological breakthroughs but more importantly, new methods designed to systematize Customs procedures, the intent of which is to strike a balance between trade facilitation and enhance risk management. Crucial to the introduction of these new methods is the development of the Enhanced Selectivity System.

Funded by the European Union under the Trade Related Technical Assistance II (TRTA) and developed by the UNCTAD, the Enhanced Selectivity System's core is Risk Management which determines risks by comparing

and evaluating data against predetermined standards, target risk levels or other criteria aimed at facilitating the release of goods. It will soon be implemented together with the E2M or Electronic-to-Mobile Customs Project.

In addition to the implementation of the Enhanced Selectivity System and the E2M Customs Project, several systems are also being established such as the Imports and Assessment System (IAS), the ASEAN Single Window (ASVV), the Revised Kyoto Convention and the JICA-funded Philippine Customs Intelligence System (PCIS) – all of which incorporates risk management techniques thereby leading to more effective and efficient Customs transactions.

With the introduction and implementation of the above Systems, there is now an urgent need for a regional analysis of importation data and its peculiarities in view of the fact that each region has a different set of importers/brokers and nature of importation. This is the rationale behind the necessity to design a Risk Management outfit that is free from the bondage of bureaucratic red tape, one that can be elevated to a higher plane to be at par with other Risk Management organizations of other Customs Administration.

Specific Functions

The different units of the RMO shall undertake the following tasks:

c.1 The Strategic Assessment Unit shall be responsible for the development of policies and programs related to risk assessment . It shall also identify or profile personalities and the modus operandi of those involved in importation and distribution of smuggled goods.

c.2 The Research and Analysis Unit shall be responsible for the gathering, collation and analysis of information such as records of all shipments alerted, placed on hold, seized, forfeited or finally disposed of by the Bureau nationwide as well as data on smuggled goods apprehended by other law enforcement authorities. It shall likewise develop a database support system and a computer-based risk management system for enforcement.

c.3 The Operational Risk Assessment Unit shall implement the policies and programs developed by the Strategic Assessment Unit in every area under the jurisdiction of the Bureau of Customs.

Review and Update of the Parameters of the Selectivity Screen

The development of the Selectivity Screen shall make use of risk profiles which have been established in a process of risk analysis and assessment. Risk profiles encompass various indicators such as type of goods, compliance records of traders, value of goods and applicable duties, destination and countries of origin, mode of transport, routes of transport based on characteristics displayed by unlawful consignments and offenders. By selectively categorizing goods and passengers for verification, a more rapid release and clearance can be achieved.

These profiles shall then drive inspection selectivity programs through which data declared will be analyzed on the basis of the identified risk parameters and consignments. Depending on the selected risk level, goods and persons are routed through different channels of Customs control.

As far as practicable, the RMO may recommend to the Deputy Commissioner for Intelligence the issuance of Alert Orders against a shipment or goods suspected to contain high-risk commodities.

To continuously keep the Selectivity Screens up to date with global changes, the RMO is empowered to obtain information from all sources and to regularly conduct a study / profiling of importers, exporters and customs brokers in compliance with the policies and regulations of the World Customs Organization.

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IV. OPERATIONAL PROVISIONS

a. RMO shall be in close coordination with all the Regional Risk Management Offices in order that reports/recommendations can be acted upon immediately;

b. The reports and the findings shall be collated and shall be stored in the database of all smuggling cases and related data;

c. All the data gathered shall be used in profiling personalities and entities and the modus operandi of those involved in the importation and distribution of smuggled goods;

d. These profiles then drive inspection selectivity programs, through which data declared will be analyzed on the basis of the identified risk parameters and consignments, and depending on the selected risk level, goods and persons are routed through different channels of Customs control;

e. All Orders, Memoranda, Reports and Requests for the Issuance of Alert / Hold Order in connection with the provisions of this Order must be duly signed by the Chief, RMO and concurred upon by the Deputy Commissioner, Intelligence Group, before the same is submitted to the Commissioner for this signature. All other Communications and documents must be signed by the Deputy Commissioner, Intelligence Group; and

f. The RMO shall then submit a quarterly report of its work program and accomplishment to the Secretary of Finance and the Office of the President.

V. MISCELLANEOUS PROVISIONS

1. To ensure a smooth transition in the institutionalization of the Risk Management Office (RMO for brevity), the incumbent officers and complement of the Risk Management Group shall function as the interim staff pending the selection of qualified personnel for the permanent plantilla positions of the Risk Management Office. They shall be augmented by personnel from various units, as may be needed in the exigency of the service;

2. The RMO shall have the authority to require data and information relevant to its function from all offices / personnel of the Bureau;

3. The office of the Commissioner and the RMO shall have direct access to the computer system as provided by MISTG for the Offices to autonomously and independently, implement the selectivity alert and hold processes of the Office of the Commissioner and the RMO.

4. Nothing in this Order shall be construed as to diminish or limit the authority of the Bureau in the enforcement of the general provisions of the TCCP.

VI. REPEALING CLAUSE

Customs Memorandum Orders and other regulations inconsistent with this order are hereby revoked or modified accordingly.

VII. EFFECTIVITY

This Order shall take effect upon effectivity of CAO 6-2009.

Adopted: 9 Dec. 2009

(SGD). NAPOLEON L. MORALES
Commissioner

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