



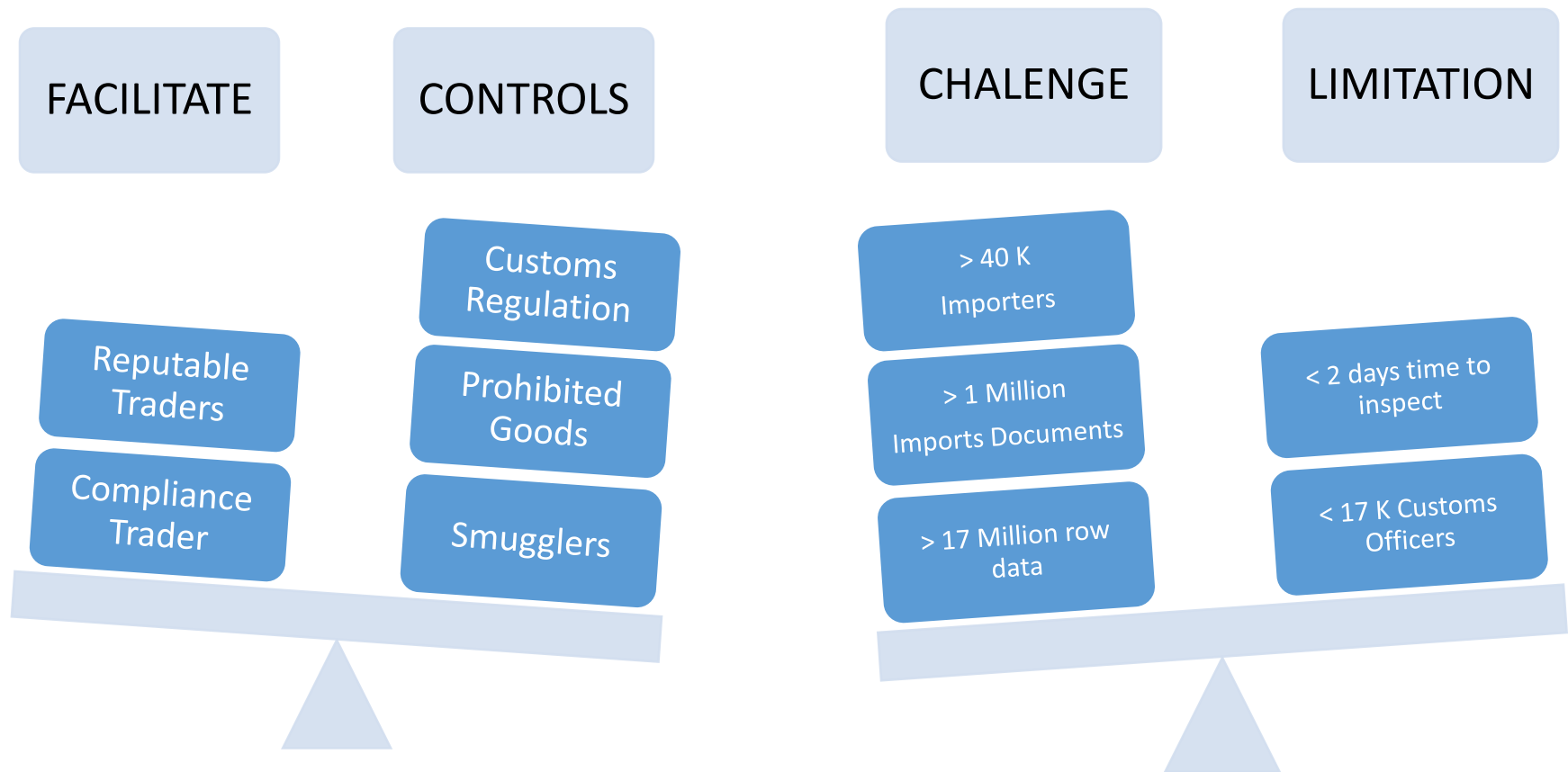
**DIRECTORATE GENERAL OF  
CUSTOMS AND EXCISE**

# **STRATEGIC PLANNING AND RISK MANAGEMENT**

**Directorate General of Customs and Excise  
Ministry of Finance of Republic of Indonesia**



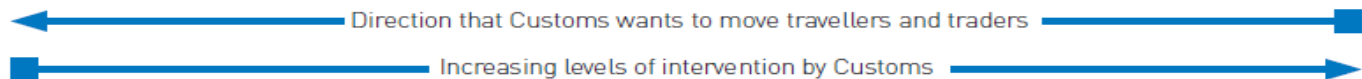
# ZERO SUM GAMES





# COMPLIANCE MANAGEMENT MODEL

	LOW	RISK LEVEL		HIGHT
<b>Client Categories</b>	Voluntary compliance People who want to comply	Assisted compliance People who try to comply, but don't always succeed	Directed compliance People who will avoid complying if they can	Enforced compliance People who deliberately do not comply
<b>Client Behaviours</b>	<ul style="list-style-type: none"> <li>• Voluntary compliance</li> <li>• Informed clients</li> </ul>	<ul style="list-style-type: none"> <li>• Attempting to comply</li> <li>• Uninformed clients</li> </ul>	<ul style="list-style-type: none"> <li>• Resistance to compliance</li> <li>• Will avoid if possible</li> </ul>	<ul style="list-style-type: none"> <li>• Criminal intent</li> <li>• Illegal activity</li> </ul>
<b>Customs' Competencies</b>	<b>Interventions</b>			
<b>Information</b> High quality, timely, and accurate information about the arrival and departure of all persons, goods and craft	<ul style="list-style-type: none"> <li>• Advanced cargo/passenger/craft information (in and out).</li> <li>• Monitoring of physical movement of all people, goods and craft across (in and out) the border</li> </ul>	Patterns of non-compliance by: <ul style="list-style-type: none"> <li>• Industry, product, location, ethnicity, destination or port of origin</li> <li>• Type of non compliance (e.g., incorrect documentation)</li> </ul>	<ul style="list-style-type: none"> <li>• Profile of individual non-compliant traders/travellers</li> <li>• Identification of specific compliance problem (e.g., bad systems, poor data entry etc)</li> </ul>	<ul style="list-style-type: none"> <li>• Profile and ongoing intelligence (on and offshore) about offenders/potential offenders and their associates</li> </ul>
<b>Assessment</b> Assessment of the level of risk posed by arriving and departing people, goods and craft	<ul style="list-style-type: none"> <li>• FrontLine Pax/Goods staff intuition</li> <li>• Intelligence profiles</li> <li>• Statistically valid random checks</li> </ul>	<ul style="list-style-type: none"> <li>• Comply information on client behaviours</li> <li>• Identify and monitor compliance trends/patterns</li> </ul>	<ul style="list-style-type: none"> <li>• Problem solving approach to specific compliance problems</li> <li>• Investigation</li> </ul>	<ul style="list-style-type: none"> <li>• Assess risk and information needs in relation to seriousness of offence</li> <li>• Investigation</li> </ul>
<b>Action</b> Actions required to mitigate identified risk(s) without unduly disrupting legitimate trade and travel	<ul style="list-style-type: none"> <li>• Compliance programmes (e.g., FrontLine, Call Centre)</li> <li>• Education and advice</li> <li>• Visible deterrence</li> <li>• Cargo and baggage screening</li> </ul>	<ul style="list-style-type: none"> <li>• Targeted compliance guidance</li> <li>• Punitive sanctions</li> <li>• Rolling audit programme</li> <li>• Increased attention</li> </ul>	<ul style="list-style-type: none"> <li>• Deter by detection and surveillance</li> <li>• Comprehensive audits</li> <li>• Prosecution</li> </ul>	<ul style="list-style-type: none"> <li>• Pre and post clearance interventions</li> <li>• Comprehensive audits</li> <li>• Passenger/cargo searches</li> <li>• Prosecution</li> </ul>





## COMPLIANCE MANAGEMENT MODEL

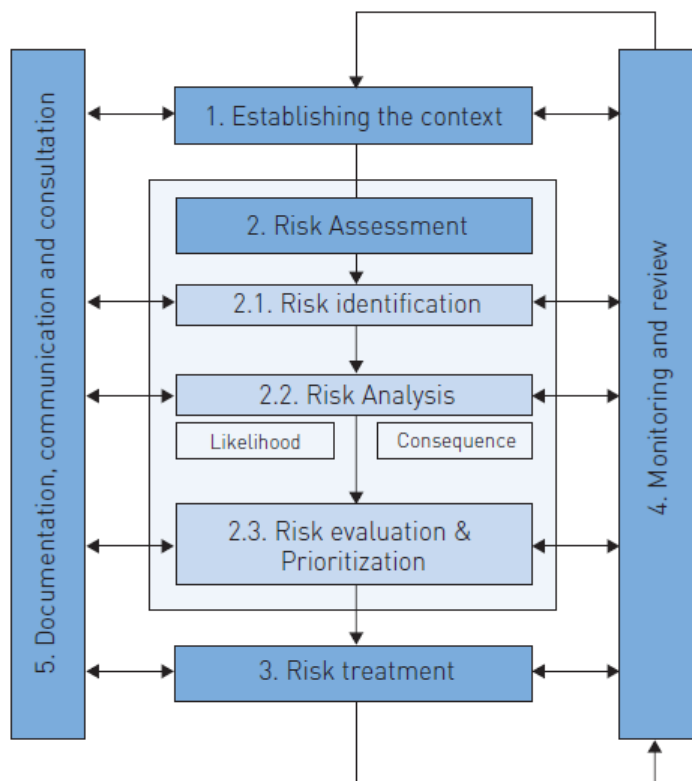
In the Customs context, control and risk management of goods, conveyances or people commences at the export or departure point and continues with ongoing verification actions at the point of import or arrival and, in post-control audit circumstances, beyond. The term multi-layered is used to encapsulate the entire decision-making and other activities that may be carried out by Customs along this supply chain continuum. A modern compliance management approach recognizes that risk mitigation strategies can and should be applied throughout the supply chain. It also recognizes that a combination of multiple measures often leads to better results and more effective use of resources.

Where appropriate legal, technological and operational arrangements are in place, a multi-layered approach can also facilitate risk identification, response coordination and collaboration across and between governments.

At the operational level, a modern risk-based compliance management approach is increasingly enabled by intelligence support. Intelligence enabled risk management brings together information and knowledge learned by Customs with a systematic approach for identifying and treating risks of greatest consequence. This is a critical process, as high risks identified through the risk management process will often be greater in number than Customs' resources and ability to respond.



# RISK MANAGEMENT PROCESS



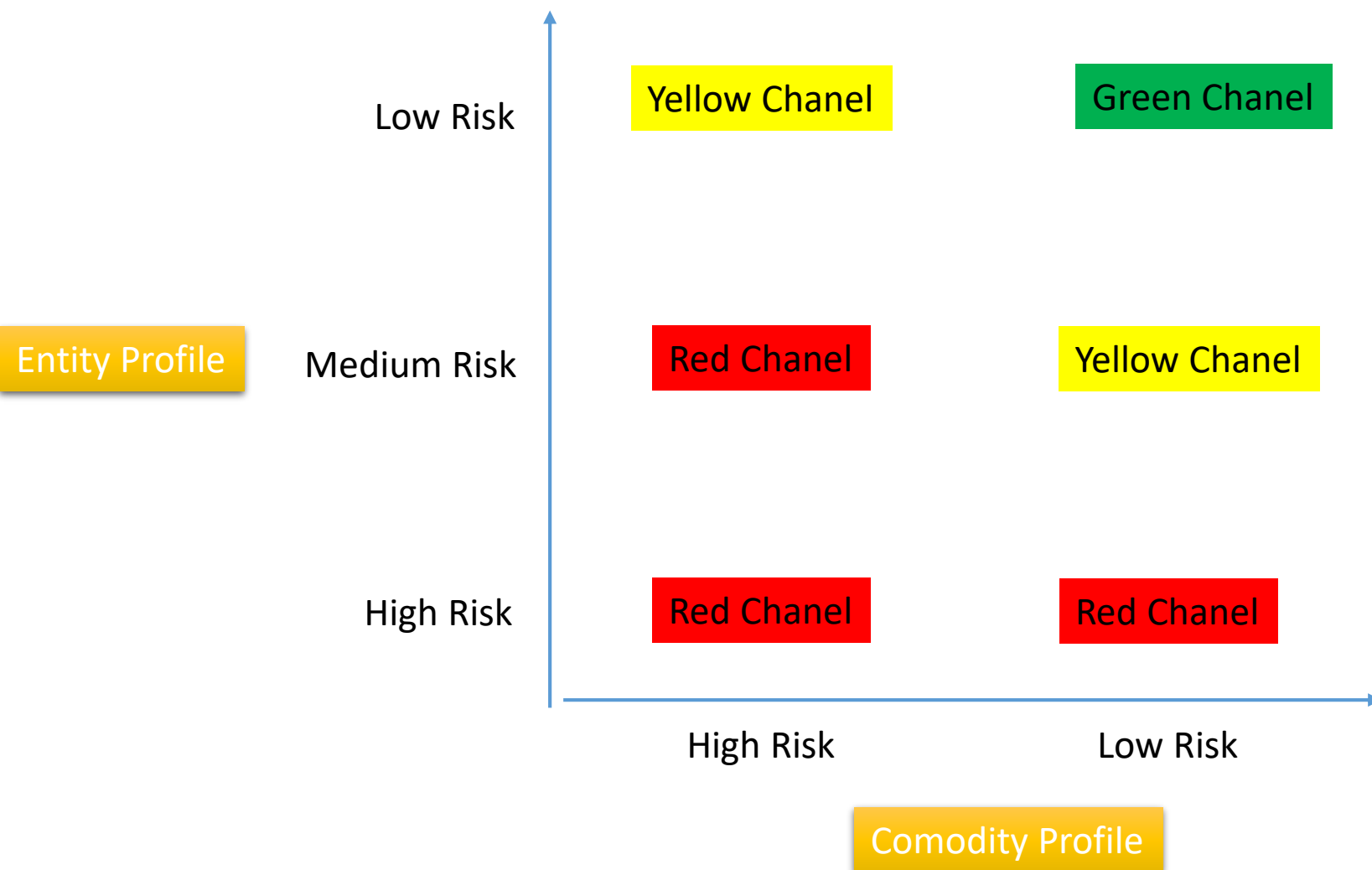
Source: adapted from Revised Kyoto Convention General Annex Guideline 6 and ISO Standard 31000:2009 Risk management – Principles and guidelines

When implementing the framework, it is important to have a thorough plan and implementation strategy in place. This plan should describe the implementation of the organizational arrangements and define the timing and strategy for this. Implementation of the framework includes applying the risk management policy to organizational activities.

Adopting a common, continuous and systematic risk management process provides a standard methodology for implementing risk management in practice. The process is a cyclic methodology with well-defined steps that support better decision making by providing insight into risks and their impact, outlining a common foundation for management decisions regarding the allocation of resources and prioritizing treatment actions. It is important that the risk management process be applied at all levels of the administration



# EXAMPLE OF TREATMENT ON CLEARANCE BASED ON RISK MANAGEMENT





# QUESTIONS

---

Do we need risk management  
for Post Clearance Audit ???

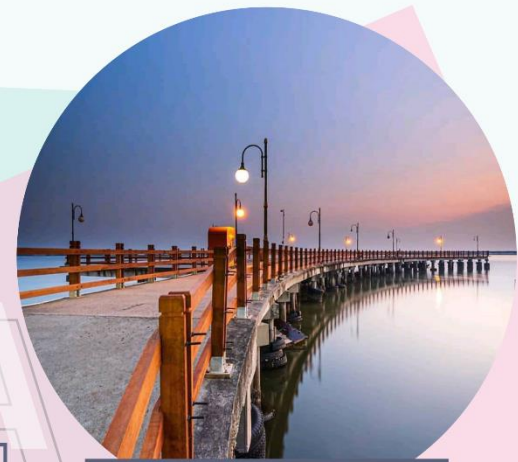
# NATURAL TOURISM.

The mangrove conservation area of 99.82 hectares, used for tourism and nature recreation

Historical beach where it was one of the entrances for Dutch Troops to come to Jakarta at colonial period.

Beautiful beach at North Jakarta with white sand and tons of photo spots.

Islands consists of recreation parks, resorts, and conservations.



**Ancol Beach**

**Marunda Beach**



**Angke Kapuk Mangrove Park**



**Thousand Islands**







**DIRECTORATE GENERAL OF  
CUSTOMS AND EXCISE**

**THANK YOU**

**Directorate General of Customs and Excise  
Ministry of Finance of Republic of Indonesia**