



Changing The Culture of Our Ports of Entry to Fight Against Corruption and Fraud

PICARD Conference 2022
8 December 2022



Thank you for walking this journey with us



CONTENT

01 SARS CUSTOMS

02 Introduction: Research Paper

03 Challenges Faced by Customs

04 The 10% 80% 10% ethics theory

05 Customs Improvements

06 Possible Solutions, Conclusion



OVERVIEW: SARS Customs Administration

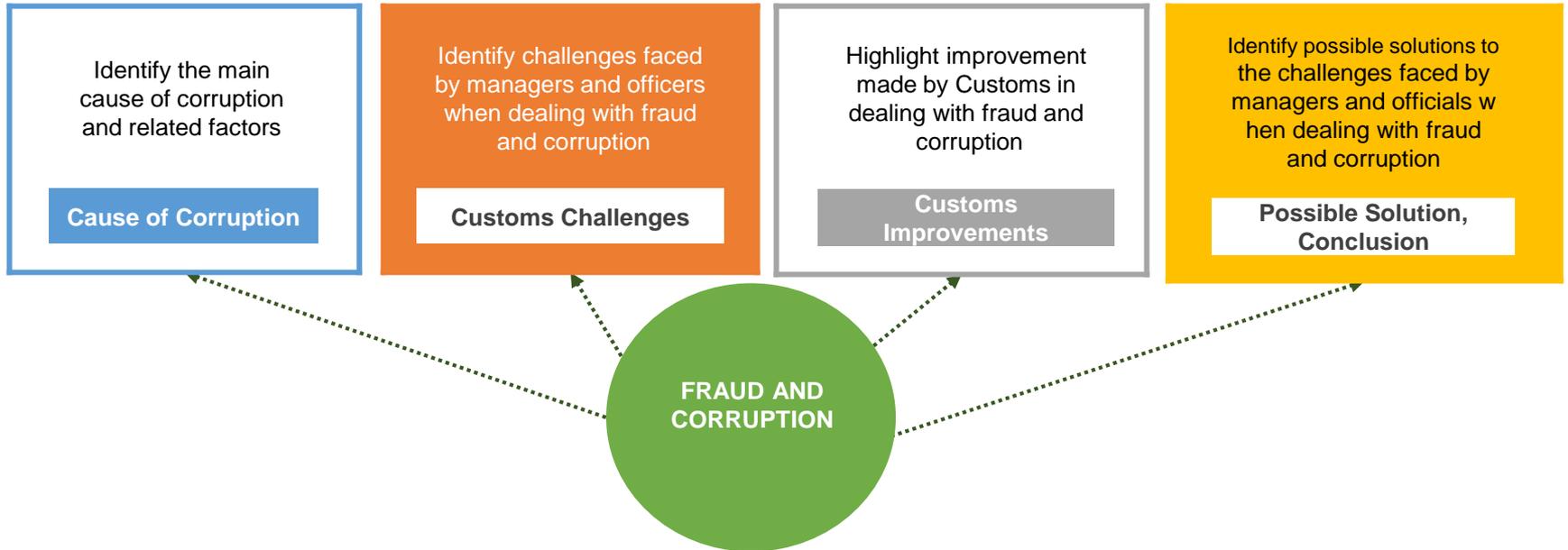


- 01 MANDATE**
- ❑ Trade facilitation
 - ❑ Revenue Collection
 - ❑ Enforcing Compliance

- 02 STRATEGIC FOCUS**
- ❑ Provide Clarity & Certainty of tax obligations
 - ❑ Make it Easy for Taxpayers and Traders to fulfil their obligations
 - ❑ Develop a high performing, diverse, agile, and engaged workforce
 - ❑ Expand and increase the use of data to improve integrity
 - ❑ Modernise our systems to provide digital & streamlined services

- 03 BLUEPRINT**
- ❑ Reports to SARS under Ministry of Finance
 - ❑ 64 Customs offices nationally
 - ❑ Headcount of 1885 Customs officials

INTRODUCTION



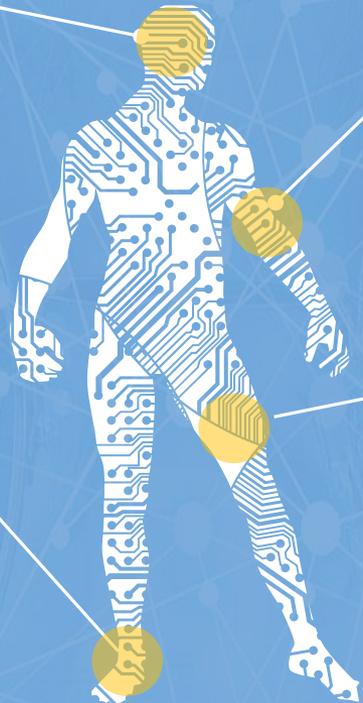
CUSTOMS CHALLENGES



Fraud and corruption are the biggest problems in customs which affects the economy of the Countries negatively and it also damages the image of Customs



Traders and travellers would rather pay a bribe than be victimized and delayed, A bribe and a gift co-exist with one another however, it is difficult to determine when a gift becomes a bribe because a bribe can take the form of a gift



In SARS, 1497 cases of fraud and corruption were received in the previous five years, from 2017 to 2021. 76 officials were dismissed, 65 resigned during the investigation, 55 warnings were issued, and only 19 were found not guilty



Traders, Clearing Agents and Passengers who are always looking for an opportunity to bribe Customs Officers.

PERFECT PLACE SYNDROME AND THE 10-80-10 RULE TO ETHICS

By Jonathan T. Marks, CPA, CFF, CITP, CGMA, CFE, PI, and NACD Board Fellow October 1, 2018

According to this theory 10% of Employees are always looking For an opportunity to be involve in corruption. 80% are somewhere in the middle And 10% Always No matter what. Managers must empower the 10% Of employees who are always ethical In order to have influence over the 80% who are In the middle to join them. Then the 10% who are unethical will not have power.



CHALLENGES FACED BY MANAGERS AND OFFICIAL WHEN DEALING WITH FRAUD AND CORRUPTION

- ❑ The culture in which managers and employees find themselves poses most difficulties. The mind set tells them that if almost everyone is doing it, it must be right. If you are not taking a bribe, you become a treat to those who are taking a bribe on a daily basis.
- ❑ Another issue is that employees are afraid of being isolated. When you try to do something different, you become an enemy and isolated by other team members who are involved in corrupt activities. Changing a culture that has existed for a long time is difficult, and this is the most difficult challenge.
- ❑ Some Customs functions are still performed manually, making it difficult for managers to track who did what and when. When most functions are manual, this is where a corrupt individual will see an opportunity and take advantage of it. Easy to covered up a manual transactions
- ❑ Due to a lack of skilled personnel in the Customs environment, it is difficult to identify corrupt traders and passengers.



CHALLENGES FACED BY MANAGERS AND OFFICIALS WHEN DEALING WITH FRAUD AND CORRUPTION: CONTINUED

- ❑ Some policies and laws are unclear, causing individuals to use their own discretion and end up doing things differently because one person's discretion may not be the same as another person.
- ❑ Poor infrastructure at most land borders makes it difficult for Customs Managers to follow proper procedures when performing their duties, opening the door to fraud and corruption.
- ❑ Because of a corrupt individual's recruitment drive, the system is flooded with unethical officers.

Naijapals.com

Gistmania.com

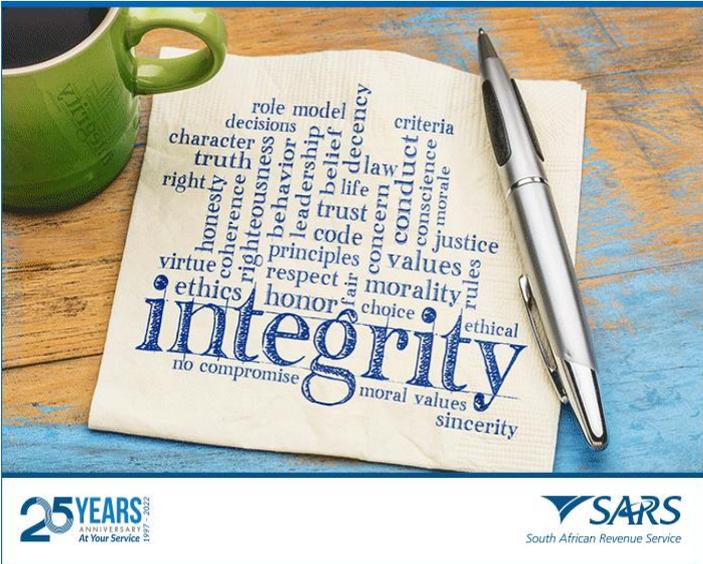
IMPROVEMENT MADE BY CUSTOMS TO FIGHT AGAINST FRAUD AND CORRUPTION

- ❑ Previously, most Customs systems were manual, making it difficult to trace transactions that had already occurred. It was simple for corrupt people to destroy evidence. There has been progress made wherein more systems introduced are now paperless, but there is still work to be done. It is now simple to some of functions to determine who did what on the system.
- ❑ There is improvement in the Customs environment because there are cameras where most functions are taking place, but more improvement is needed so that managers can see what is going on in their office without having to fill out a lot of paperwork.
- ❑ Number Plate Recognition (NPR) which is introduced at Land Borders will reduce the Ghost export.
- ❑ SARS Customs is implementing smart border concept a part of customs modernisation program undertaken 2021-2024
- ❑ Introduced Body Cameras when conducting inspection.
- ❑ Monitoring of high risk cargo through the National Targeting Operations Center (NTOC)

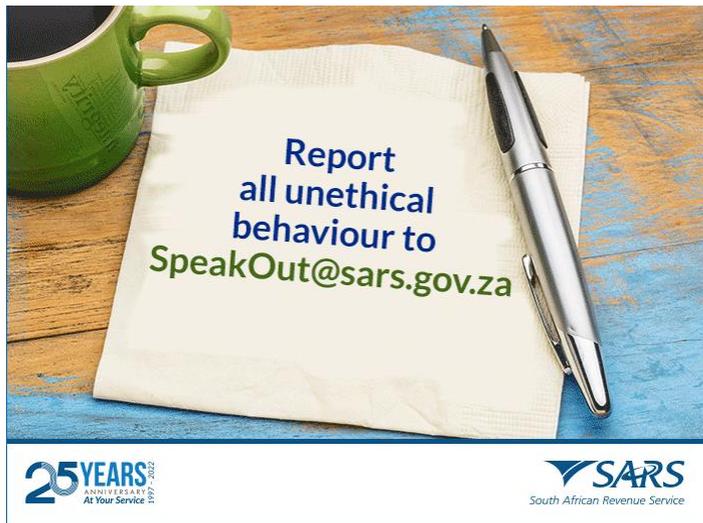
Improvement at Customs: CUSTOMS OPERATIONS CENTRE(NTOC)



POSSIBLE SOLUTION IS TO CHANGE THE CULTURE TO COMBAT FRAUD AND CORRUPTION IN THE CUSTOMS ENVIRONMENT.



- Ethics awareness sessions to be amplified across various ports of entry
- Customs officers should receive mandatory training once a year.
- Employees should be given new skills on how to handle and confront unethical behaviour they witness. Each branch should have an ethics champion
- There should be clear communication to traders and travellers at various ports on SARS Customs position on bribes and other forms of corruption.
- Traders and travellers should be well informed on whistleblowing platforms



- Surprise visits from executive or senior members to monitor issues of unethical should be encouraged.
- Human contact must be limited from Clearing Agents, Traders, and Drivers to Customs Officials. This can be accomplished by introducing more technology to perform the task.
- Forensic Data Analytics should be used to monitor fraud and corruption on an ongoing basis in order to detect fraud and corruption risk indicators early.
- Customs should be proactive in preventing fraud rather than reactive in responding to fraud and corruption.

CONCLUSION

FRAUD AND CORRUPTION AWARENESS.

Corruption and fraud is the biggest challenge in SARS Customs.

CULTURE

Change of Culture in Customs Officers will reduce the fraud and corruption. These can be done by instilling the corrupt free culture and take Customs serious. It is important that managers become pro active to prevent fraud and corruption with the use of technology.

ROTATION POLICY

Introduction of rotation policy for Ports of entries will reduce fraud and corruption since traders will not inter act with same officers through out the year.

NATIONAL TARGETING OPERATIONS CENTRE

Cameras should be monitored and any suspicions activities should be investigated. Branch managers should have access to their branch cameras to monitor illegal activities from officers.



Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza



Thank you for walking this journey with us

