

Achievement of Market-Friendly Initiatives and Results Program  
(AMIR 2.0 Program)

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## **Risk Management in Jordan National Customs**

Final Report

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### **Abstract**

When a Customs Administration embarks upon a program of reform and modernisation, it must do so in a planned and organised manner. It must develop a vision of what the future customs would be in terms of its strategic positioning, business processes, systems, people etc. It must determine the time it will require to achieve the desired outcome and it must commit the necessary resources. It must address the changes that will be necessary and it must approach the challenge with vision and resolve.

The use of a Program Management Office is strongly recommended that provides project management capability and integrates various projects that are part of the reform and modernisation process. The PMO would operate at the program level and ensures that project managers and their teams are well equipped for their role. The PMO takes a lead in integrating the different projects, optimizing the overall outcome.

A process of reform and modernisation provides the opportunity to address a number of important “softer” issues including organisational culture, team work, leadership, Customer focus etc. Customs must also decide on the appropriate balance between facilitation and control consistent with the level of risk. To ensure a “smarter” organisation Customs must adopt an intelligence-led risk managed approach.

Much of the focus of this series of inputs has been on:

- Attempting to establish an organised approach to the reform process;
- Developing a strategic approach to managing Customs business;
- Establishing a strategic approach to compliance management;
- Installing a comprehensive approach to Risk Management;
- Developing an intelligence capability.

As expected, Jordan Customs is going through a process of change and adaptation and there is a variable level of success across these key areas of development.

This report contains a number of recommendations that will assist Customs to achieve its long term objectives.

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## Executive Summary

- The Customs Reform and Modernisation Project (CRM) is an important initiative that will ensure that Jordan Customs is positioned to play an appropriate role in the globalised trade supply chain. Jordan Customs must at least match if not exceed the performance of customs administrations in the region so that traders will be attracted to doing business with Jordan. Their interest is in efficient, low cost, Customs processes and limited intervention.
- The Reform and Modernisation Program involves a substantial amount of project activity, much of it driven by external experts who deliver intensive, short-term input. This places a demand upon the resources of the organisation requiring a balance between the requirements of the Program and the need to address “business-as-usual”. Jordan Customs has directed resources to other important projects such as ISO 9000 quality accreditation and the Centre of Excellence Program. The risk is that these programs will not achieve their full potential because of interference between them. The creation of a Program Management Office (PMO) has been strongly recommended. Given the ongoing need for change, the PMO should be a permanent structure within the organisation managing and coordinating all projects. This ensures a balanced use of strictly limited resources and it provides the opportunity to identify value-added outcomes. It also seeks synergies between the various initiatives. The PMO acts as an important repository of knowledge and assists the organisation in becoming a “smarter” organisation. The accumulated knowledge and experience of the PMO can then be brought to bear on all future projects.
- Providing staff with skills in project management is also of value to the organisation. Apart for the benefit it brings to the way in which projects are managed, the discipline that the methodology encourages is of benefit to the individual in all aspects of their work.
- With the recent appointment of a Customs Component Manager, the management of external expert input has greatly improved. Procedures are now in place to ensure meetings, training events, workshops etc are scheduled well in advance and that Jordan Customs staff are prepared well in advance to work with the external expert. It is important to maximise the value of these experts and the involvement of a designated counterparts is strongly recommended.
- Every assistance was offered to the newly appointed Component Manager including involvement in Project Implementation Team meetings, meetings with Customs Managers, participation in workshops conducted as part of the early concept and design stages of key projects. (e.g. Women’s Support Network Project etc).
- The development of the Intelligence Unit (designed to provide quality intelligence capability within Jordan Customs) proceeded with the delivery of a three-week course for Intelligence Analysts. This is regarded as one of the most important initiatives if Jordan Customs is to become a smart organisation capable of supporting effective decision-making with quality intelligence.

- It is necessary to develop a core capability of Risk Management within Jordan Customs (within a specialist unit called the Risk Management Co-ordination Unit (RMCU)), and the task of the individuals involved in this unit include the development of Risk Management skills (at an appropriate level) for ALL staff in the organisation. This initiative is taking a little longer to be accepted by Customs and will be the focus of expert input during December 2003. Agreement must be reached on the need as well as the method for ensuring that officers throughout the organisation have the appropriate level of competence in managing risk, informed by quality intelligence.
- Through the Centre of Business Excellence Project, Jordan Customs senior management are involved in a process to develop the organisation's Corporate Plan. Considerable effort is being put into this initiative including a series of planning sessions which inform participants of the planning process as well as guides them in developing the next version of their strategic plan for 2004 to 2006. One of the objectives in this consultancy was to assist managers by providing extra support in understanding strategic planning as well as assisting them to be strategic in the planning of the business units for which they are responsible. More work needs to be done in this area.
- Meetings and workshops scheduled for strategic planning and for preparing risk management plans were not conducted as scheduled. Managers should be required to prepare these plans on an annual basis and present them to a high level management forum for critical review and integration. Managers must be skilled in making sure the plans, once developed, are used to guide operations within the business unit. The plans then must be used as the basis for setting, monitoring, measuring and providing feedback on performance. It is recommended that managers receive individual mentoring to assist them to make the necessary transition in their thinking. The objective is to assist them to understand and apply effective planning, leadership, performance management, client focus, team management etc.
- The plan to establish a Risk Co-ordination Management Unit (RMCU) continues to flounder and will need to be addressed at a high level. A series of teleconferences between the Risk Management consultant and the team designated as having organisational responsibility for Risk Management did not occur as planned, primarily because the need and the vision have not been fully accepted by Senior Management.
- Acknowledging that management by project is an essential tool to be used where appropriate within Customs, the second in a series of Project Management courses was run. The scheduled three day course was reduced to two because of operational pressures however in future this should not be permitted. These skills are important to Customs apart from their application to managing projects. The discipline is very appropriate for all types of operational activity. Adequate time must be allowed for people to gain the necessary level of skill. Participants need to be followed up and asked to provide evidence of how they have used their recently developed knowledge to the benefit of the organisation. A follow-up session is recommended for all past participants. Individual follow-up and mentoring is also recommended so that the organisation gets the maximum benefit out of the initiative.
- A Strategic Border Management Plan was prepared via a workshop that involved key stakeholders. The Strategic Plan was later used to guide planning at some of the border posts.

This was encouraging, however the discipline to make this an annual process, and to make the plans effective in actually guiding operations must be consolidated. Managers will need to be skilled in the effective use and facilitation of planning workshops. They need to understand the importance of conducting workshops, of exercising appropriate discipline, to contribute to them, to stay focused, to devolve responsibility to subordinates so that they can allocate quality time to planning etc. A disciplined approach must be fostered.

- It is timely to design develop and deliver a manager development program – one that provides all of the tools and techniques of contemporary management taught within the context of Customs operations. There is need to develop facilitation skills throughout the organisation, thus enabling workshops to be conducted professionally.
- The concept of the counterpart is an important one. There are some examples in the Reform and Modernisation Program where a Customs Manager is effectively an understudying the external consultant, picking up technical as well as management skills. This ensures excellent follow through on important initiatives. It also ensures that there is a designated owner within the organisation whose role it is to maximise the benefit of new knowledge and skills.
- Overall this input was only moderately successful. Whilst some scheduled activities did not occur as planned the opportunity to follow through on earlier work was taken. More work must be done to ensure Jordan Customs maximizes the take-up of various initiatives involving external input. The short-term nature of inputs from world-class experts means that the organisation must plan to make the best use of the experts. The role of the Project Implementation Team could be strengthened. Managers need to be more disciplined in attending meetings and workshops and staying focused for the duration of them. Accountability at all levels could also be strengthened.

## Body of the Report

This report addresses the activities performed by John Knott during the period Sunday 6<sup>th</sup> July to Thursday 24<sup>th</sup> July. The broad purpose of this input was to advance the development of Jordan Customs in the key areas of:

- Strategic Planning
- Manager Development
- Compliance Management
- Risk Management
- Project Management
- Intelligence

Until the recent arrival of the Customs component leader, some time was devoted by the author to ensure the Customs Reform and Modernisation Program progressed in a planned and orderly way. This included preparation of SOWs and the briefing of experts engaged to deliver work. It also included organising meetings of the Customs Project Implementation Team and managing follow-up actions.

### Objectives

The following objectives were outlined in the Statement of Work:

- 1 Make advanced preparations with key Customs staff and AMIR CRM staff in preparation for training sessions and planning workshops;
- 2 Liaise with newly appointed CRM subcomponent manager and introduce him to the CRM project;
- 3 Continue to support the establishment of a Risk Management Co-ordination Unit and an Intelligence Unit within Jordan Customs;
- 4 Facilitate planning workshops in Strategic Planning and Risk Management;
- 5 Deliver a three-day project management course;
- 6 Facilitate planning workshops:
  - Jordan Customs Business Plan
  - Strategic Risk Management Plan
  - Strategic Border Management Plan
- 7 Negotiate with counterparts an action plan that will involve the achievement of agreed milestones over the short and intermediate term that directly relate to the activities in this SOW and that contribute to the overall vision of the project.

### Outcomes:

**Objective 1** *Make advanced preparations with key Customs staff and AMIR CRM staff in preparation for training sessions and planning workshops;*

This step in the overall Program Management process is currently being strengthened. A detailed daily schedule for this input was prepared and dispatched to Jordan Customs Management in good time to enable them to prepare for the input. However the organisation of workshops etc only took place on the first morning of the assignment and some activities that were part of the original plan were not approved. The AMIR office is well organised in managing consultant input, however Jordan Customs management needs to pay more attention to advanced planning and preparation for expert inputs. It must be emphasised that the Customs managers are always agreeable and

helpful but there is an urgent need to be more disciplined with planning and advance preparations for external expert input.

### **Recommendation**

That Management give serious consideration to the advanced plans for the external consultant input so that workshops and other events are scheduled and participants are tasked to be prepared in advance and available to attend workshops, meetings etc. Further this advanced planning should take into account the longer term impact on the achievement of the Reform and Modernisation program objectives.

### **Recommendation**

That the use of a PMO be given serious consideration not just for the orderly implementation of the Reform and Modernisation Program but for the integration of other project activity taking place within Jordan Customs.

### **Recommendation**

That the Reform and Modernisation program be promoted throughout the organisation so that staff at all levels can participate more effectively in the organisational changes.

### **Recommendation**

That as part of a manager development program, managers are taught key skills such as planning, time management, devolution of authority, discipline and protocols of meetings, workshops etc

### ***Objective 2 Liaise with newly appointed CRM subcomponent manager and introduce him to the CRM project;***

Liaison with the new incumbent took place progressively over the period of this consultancy. Mr. Hekala was introduced to people and to the various implementation processes in place such as the Project Implementation Team meetings, planning workshops, teaching sessions etc.

### ***Objective 3 Continue to support the establishment of a Risk Management Co-ordination Unit and an Intelligence Unit within Jordan Customs;***

- It is a challenge in any organisation to fully introduce the concept of Risk Management as a key decision-making tool. It requires a well thought out strategy that will take the organisation through a number of development stages to the point where all officers are

effectively using risk management to support their work. It also requires the establishment of core capability in the form of a coordination unit from which the knowledge, skills, policy, processes etc will be developed and transferred to the organisation. Jordan Customs has been slow to recognise the importance of the RMCU. Training in the Risk Management methodology has been delivered to a number of staff, but the organisation has not yet formally adopted a methodology, nor required formal RM plans. At this time, Risk Management is not in a formal sense, a part of “business-as-usual”. More effort is needed to convince senior managers of the importance of getting risk management systemically addressed throughout all levels of the organisation.

### **Recommendation**

That agreement is reached to devote resources to the establishment of a RMCU and that the RMCU proceed with policy, procedures, methodology, training etc as a matter of urgency.

Note: The author has offered to mentor the selected officers through a program of development using teleconference sessions as the communication medium.

Risk management is a tool for decision makers. It is the decision maker that must weigh up all the known facts and make a decision. In the compliance context the decision is whether to facilitate or to intervene. It is important to have at hand all of the relevant facts. Better still, it is advantageous to have at hand an assessment of the potential threat. It is necessary to develop within Jordan Customs an intelligence capability which includes a central office component plus intelligence cells placed within certain business units.

Jordan Customs has embraced this concept well and the first cohort of Intelligence officers were put through an intensive training program. This was very successful although for reasons not made clear, the same officers also attended another “intelligence” course of some five week’s duration offered elsewhere in Jordan. This highlights the need to avoid ad-hoc decision-making and to get Managers into the habit of more effective planning and management of resources.

As part of the Intelligence Analyst course conducted by Michael Krstic, some sessions were delivered by the author. The purpose was to establish a sound understanding of Risk Management and its relationship to Intelligence. Other tools considered to be of benefit to the intelligence analyst were also introduced. The teaching emphasised the importance of ensuring all officers understand Risk Management and how it applies to their work, and how Intelligence can help support good decision-making.

### **Recommendation**

That every effort is made through training to develop a solid understanding of Risk Management by all staff, including managers. That training courses reflect a common theme in defining Risk Management, Intelligence and the relationship between the two.

In addressing both Risk Management and Intelligence, it is important to describe the concepts in the broader context of Compliance Management. The approach to Compliance Management

should also be consistent across the organisation, governed by an annual Strategic compliance management plan.

### **Recommendation**

That a uniform approach to Compliance management across all areas of Customs be adopted. That a Strategic compliance management Plan be developed on an annual basis and that this plan effectively governs the way in which Customs approaches its Compliance Management responsibilities.

### ***Objective 4 Facilitate planning workshops in Strategic Planning and Risk Management;***

This objective was to ensure that the Jordan Customs Corporate Plan, currently under development as part of the Centre of Excellence Program would be addressed by each of the business units. It was intended that through a series of facilitated workshops, each business unit would develop a strategic level plan that would guide its operations over the coming twelve months. Further it was intended that this annual process of strategic planning would be institutionalized. The intention was to develop planning templates and place them on the LAN. As a matter of policy, managers would be required to develop the corporate plan as well as plans at business unit and section levels. There should be an annual review of all plans and it should be a requirement that performance is reported against the plans. In this way it is expected that there would be a sharper focus on planning and performance and a more efficient use of resources.

It was also intended that a strategic assessment of risk at each level would be conducted and formally recorded as part of the strategic planning process.

Unfortunately it was not possible to progress this objective. At the time, managers were committed to finalising arrangements for the King Abdullah Award and the Corporate Planning process. The latter was being undertaken as part of the Centre of Excellence Program and had not been completed in time for this objective to be achieved.

### **Recommendation**

That a strategic planning process involving the development of strategic plans at the key levels of the organisation (corporate, business unit, Department etc) be instituted. The process to be an annual one with managers being required to report performance against the formal plans.

### **Recommendation**

That all managers be trained in strategic planning and performance management as part of a Manager Development Program.

**Objective 5** *Deliver a three-day project management course*

At the outset, Management requested that this course be delivered in two days rather than the scheduled three days. This resulted in the course being too rushed. The concepts require time to grasp and even longer when English is not the participant's first language. This pressure to minimise the duration of events has been a characteristic of this project to date and in the future it must be resisted. Given the importance of Project Management to Customs operations, (in the short term to help deliver outcomes in the Reform and Modernisation Program and in the long term as a very useful management tool for delivering change outcomes) it is recommended that managers be encouraged to undertake training in Project Management.

**Recommendation**

Rather than shorten training and workshop events, that Management take into account the need for solid understanding of important concepts and tools that are fundamental to the operation of a reformed and modernised Jordan Customs. That in future, additional time be set aside for follow-up sessions and workplace mentoring.

Despite the shortened time for training delivery, participants received a comprehensive review of the Project Management methodology. They were introduced to the key planning templates, which should become standardised for all projects conducted within Jordan Customs. Participants were required to select a project and complete the scoping and planning phases of the methodology. During the next visit by the author there will be a recall day to revise the theory as well as individual follow-up to revise the application.

See Attachment A for the Course Outline

See Attachment B for the Example of follow up

**Objective 6** *Facilitate planning workshops:*

Jordan Customs was not able to take full advantage of the opportunity to conduct the scheduled and much needed planning workshops. The concept of the facilitated workshop is an important one because it draws the key stakeholders together and the outcomes are more likely to be adopted through a heightened sense of involvement, ownership and commitment. It is necessary to develop selected officers in the art of facilitation. This requires special training because of its highly specialised function. Workshops should be well planned and participants identified and advised well in advance. There has been a tendency in Jordan Customs to assign staff to workshops or training on the basis of their immediate availability. There has been added pressure to minimise the length of the course or workshop and to minimise the length of the day's involvement in the course. Mobile phones are a continual disruption and it is recommended that the organisational culture be developed to strengthen discipline in terms of focus, discipline, devolving responsibility to others whilst on courses and workshops etc.

### Recommendation

That Customs officers be selected (on the basis of having the desirable attributes and the interest to become a facilitator) to attend a course on facilitation.

There was one workshop that did progress more or less as planned. It involved key stakeholders from regional Customs Houses in a workshop to develop a strategic border management plan. This initiative has since progressed to the point where individual Customs houses have developed a strategic level plan for their operation. The important aspect of this has been the alignment of activities at the various border crossings to the “national border management strategy”. This is a very positive development and it now becomes essential that managers adopt a consistent approach to Risk Management (assisted by the RMCU). This in turn helps to ensure consistency in compliance management outcomes. It is also necessary that managers are provided with access to quality intelligence product.

### Recommendation

That the RMCU be formed as a matter of urgency so that a consistent approach to Risk Management can be adopted by all areas of Jordan Customs

### Recommendation

That selected officers at the border crossings be skilled as intelligence analysts and tasked to provide intelligence product to the staff at the crossing. The intelligence officers to be directly linked to the Intelligence Unit located at Central Office.

***Objective 7 Negotiate with counterparts an action plan that will involve the achievement of agreed milestones over the short and intermediate term that directly relate to the activities in this SOW and that contribute to the overall vision of the project.***

In some instances the counterpart concept is working well. In all instances the counterpart could adopt a more focused and planned approach to their responsibility. This is such an important means of transferring much needed competence, skills and knowledge to the organisation. The counterpart should be given recognition for this role and should maximise access to the expert whilst he/she is in country. The Counterpart should continue the relationship via email, teleconference after the expert has left Jordan.

### Recommendation

That the role of the counterpart be strengthened. That the counterpart takes more responsibility for transferring skills and knowledge from the expert to the organisation.

An attempt has been made to build the RMCU and to continue the development of the specialist Risk Management officers. It has been partly successful but again planned teleconferences have been cancelled at the last minute. This highlights the need for greater focus on planning and commitment and delivery of outcomes to achieve the CRM vision in a timely manner.

## **8 Additional Outcomes**

### Women in Customs

A very successful outcome was the establishment of the “Women in Customs Network”. The first meeting of this group was conducted and the initiative has continued. The purpose of this initiative was to access the range of talent available from female employees and to provide support for the career development of women.

### Project Implementation Team meetings

The role of the Project Implementation Team is to guide the various activities of the CRM and to ensure the inputs of various experts are properly assimilated into the organisation. It needs to be emphasised that if the CRM Program is a serious objective of management and if the CRM is to achieve more than just a series of discrete inputs from external experts, then the Program will need to be managed using program management principles. This involves a high level steering committee and preferably a PMO with full time commitment by two or three officers. The Project Implementation Team was identified as a representative group with responsibility of controlling the program and addressing key issues associated with the transformation to a reformed and modernised administration.

## **Recommendation**

That management adopts a stronger focus on the Customs Reform and Modernisation Program, taking into account that many countries in the region are also undergoing reform. This includes the establishment of a high-level and influential program management group that establishes a clear timeline and plan for the CRM initiative.

### Jaber Customs House

Over the period of the CRM, Jaber has been a willing participant and contributor to meetings, workshops etc. This has provided us with the motivation to progressively build the skills and knowledge of the team at Jaber. During a scheduled visit discussions were held on a number of issues related to the core business. We also inspected the Gamma Ray and X-Ray facilities with a view to working them into the overall compliance management strategy.

During the visit, we promoted the concepts of:

- Planning
- Risk Management
- Compliance Management
- Intelligence

### High-Level Meetings

The importance of promoting the vision and the plan for developing a reformed and modernised customs administration needs to be emphasised. On every opportunity it is advisable to strengthen the vision as well as report progress against the objectives.

One such meeting was one between the Chief of Party AMIR Program, USAID representatives and high level Customs Management including the Director General. The purpose of the meeting was to ensure Custom's commitment to the reform and modernisation program and to the scheduled program of expert input.

At the conclusion of this input, a presentation was made at a meeting with USAID representatives.

### Identification of Illegal Activity and Impact Classification

An initiative was introduced to selected areas of Customs. Basically it is a document upon which various business areas of Customs records the illegal activities, the non-compliance that they are most familiar with. They are asked to classify the different examples of non-compliance at one of three levels. This will be consolidated into one document and disseminated to all decision-makers as a means of keeping them informed of the full range of non-compliance activity. It is proposed that this document be maintained by the Intelligence Unit with input from the RMU.

### **Summary Observations:**

- There is a willingness on the part of Jordan Customs to participate in the Customs Reform and Modernisation project and to accede to requests for access to key people. However there are a number of other projects being implemented including the Centre of Excellence Award (specific support from AMIR in the area of Strategic Planning), the King Abdullah Award, Business Process Re-Engineering, ISO 9000 etc. There is danger of interference between the projects and conflict with access to resources within the organisation.
- There needs to be a greater focus on the Reform and Modernisation Program. The test is when officers are asked what they understand by the CRM and they are unable to express a view. There is clearly evidence in a number of discrete areas where consultants have succeeded in developing quality outcomes in the organisation, however all parties would benefit by Jordan Customs adopting a more strategic, vision-led, planned approach to the CRM at the same time integrating the various other projects. The creation of a disciplined, high level steering committee and a PMO is strongly recommended.
- There is to be a significant change in the level of funding for the Customs component. Much less funding is to be made available, at least through the AMIR II budget and the onus falls back to Customs to develop a clear vision and plan for achieving the vision using supplementary sources of funding.
- The challenge is to maintain a momentum in the development of key competencies given the reduced LOE and contact between Jordan Customs and short-term consultants.

Appendices

## **Jordan Customs Project Management Course**

### **Purpose**

The purpose of two-day course is to provide participants with an introduction to project management and an introduction to the role of the project manager.

Successful participants will be able to manage a small to medium project.

### **Background**

There are many activities in the operational environment of Customs that lend themselves to management by project. When it is used effectively, the project outcomes are far superior and there is considerable satisfaction on the part of those involved in the project. The project management methodology is logical and straight-forward one but it must be applied in a disciplined manner and requires the application of considerable skill and judgement. The Project Manager must develop and promote a strong vision for the project. This is important in providing the necessary level of leadership and guidance.

The course provides participants with an understanding of the project management methodology. It also describes the specific features of a project. It describes project management as a five-step process, and describes in broad terms the key attributes of the project manager.

### **Learning Outcomes:**

At the conclusion of the course, participants will be able to:

- Scope a project ensuring effective stakeholder involvement;
- Plan a project, in the process developing a Work Breakdown Structure, Schedule, Budget and Responsibility Assignment Matrix;
- Prepare a business case for a project;
- Execute a project ie task team members, procure goods and services etc;
- Control the project ie keeping track of schedule, budget and quality and resolving problems;
- Finalise a project.

### **Assessment Requirements:**

Participants will be required to submit a full set of planning documents within three months of the course. Ideally participants will have had the opportunity to manage the project and if so a brief report on the outcomes of the project including the lessons learned would be requested and feedback provided.

### **Recognition:**

A certificate will be awarded on successful completion of the assessment requirements. In the future it is expected that the project management course will be recognised as part of the Jordan Customs Training Curriculum and will contribute to an award.

**Jordan Customs**  
**Project Management Course**

Dear Participant

Thank you for your participation in the recent Project Management course.

I have provided you with a diskette that contains:

- 1 A set of notes on Project Management. These are arranged in the form of an introduction – Topic 1 to 6 that correspond to each phase of the five-phase project management methodology.
- 2 A file containing a complete set of planning documents. Because of the strictly limited time for the course I did not demonstrate the use of all of the forms but I think they are self evident. In any event the forms you choose to use in any project planning process will depend very much on the nature of the project, its size, complexity etc. You may even wish to change the style of the forms to suit a specific purpose. However I prefer to keep as much uniformity in the project planning approach and in the style of forms used as possible so that we have an agreed standard of Project Management throughout Jordan Customs and so that managers are able to review/integrate/prioritize projects based on them being planned and reported to a similar standard.

You recall I discussed the value of a centre of expertise within Jordan Customs called a PMO (Project Management Office). You might give this some thought and discuss it with your managers.

I recommend that you purchase a reference book called the PMBOK (Project Management Body of Knowledge) plus a textbook on Project Management.

There are many texts and most cover the area quite well. It gets down to personal preference. Select one that you feel comfortable with.

Please use the project management methodology and your newly acquired skills and knowledge as soon as possible. This is important so that you can consolidate your understanding. As soon as you have a project that you are responsible for as project manager, please let me know. Run at least the scoping document by me and I will give you feedback.

My email address is [john@knott.com.au](mailto:john@knott.com.au)

I trust that you realise the benefit of the tools and techniques I demonstrated as being important not only to project management but also to your day-to-day management role. Please practise them and do not hesitate to contact me if you have any questions.

Regards

John Knott

**Table to determine the level of risk (5X5)**

**Likelihood**

A Almost certain	Is expected to occur in most circumstances
B Likely	Will probably occur in most circumstances
C Possible	Might occur at some time
D Unlikely	Could occur at some time
E Rare	May only occur in exceptional circumstances

**Consequence**

1 Extreme	The consequences would threaten the survival of the program... Cause major problems for clients... Revenue loss greater than x% of total revenue Extreme consequences for the organisation both financially and politically
2 Very High	Threaten the survival or effective function of the program Require the intervention of top-level management Revenue loss greater than y% of total revenue Very high consequences both financially and politically
3 Medium	Consequences would not threaten the program May require that the administration of the program needs review Revenue loss greater than z% of total revenue Medium consequences for the organisation both financially and politically
4 Low	The consequences would threaten the efficiency or effectiveness of some aspects of the program, but would be dealt with internally. A loss of revenue below the tolerance level of 5% (Audit materiality) applied to clients would be of low consequence
5 Negligible	The consequences are dealt with by routine operations. A loss of revenue below the program tolerance level of w% (less than Audit materiality) applied to clients would be of negligible consequence

**Risk**

Likelihood	Consequences				
	5 Negligible	4 Low	3 Medium	2 Very High	1 Extreme
A (almost certain)	H	H	H	VH	E
B (likely)	M	H	H	VH	VH
C (possible)	L	M	H	VH	VH
D (unlikely)	L	L	M	H	H
E (rare)	VL	L	M	H	H

**Risk**

E	extreme risk	possibly will terminate the activity
VH	very high risk	immediate action required
H	high risk	senior management attention needed
M	moderate risk	management responsibility must be specified
L	low risk	manage by routine procedures

**Table to determine the level of risk (5X5)**

**Likelihood**

A (.....)	
B (.....)	
C (.....)	
D (.....)	
E (.....)	

**Consequence**

(.....)	
(.....)	
(.....)	
(.....)	
(.....)	

**Risk**

Likelihood	Consequences				
	1 ( )	2 ( )	3 ( )	4 ( )	5 ( )
A ( )	H	H	H	VH	E
B ( )	M	H	H	VH	VH
C ( )	L	M	H	VH	VH
D ( )	L	L	M	H	H
E ( )	VL	L	M	H	H

**Risk**

- E extreme risk
- VH very high risk
- H high risk
- M moderate risk
- L low risk
- VL very low risk

This document is to be used by Jordan Customs to determine the definitions of likelihood, consequence and risk that are relevant to Custom’s business.

# **Jordan Customs Department**

## **Identification and Classifications of Illegal Activities**

**JULY 2003**



## RATIONALE FOR IMPACT CLASSIFICATIONS

This system of classification has been prepared for use by staff within Jordan Customs to guide them in the assessment of risk and the decision to treat the risks.

There are three categories of illegal activity and each is defined in terms of the impact of the risk.

Note: Categorizing on the basis of impact or consequence does not take into account the likelihood of the activity. This must be done on a regional basis taking into account local factors and using a formal risk management methodology. The list of activities and their categorization into levels is meant to be a guide to officers determining the overall risk of the activity in their area. This in turn leads to the determination of an appropriate level of priority being given to the treatment of the illegal activity.

Trade  
Facilitation  
Protection

Importation  
Facilitation  
Control  
Prohibited

Exportation  
Facilitation  
Control  
Security

Revenue  
Valuation  
Audit  
Leakage



<b>ILLEGAL ACTIVITIES</b>	
<b>LEVEL 2 IMPACT</b>	
<b>Illegal Activities</b> <b>(No implied ranking)</b>	<b>Description of activity and the impact</b>

<b>ILLEGAL ACTIVITIES LEVEL 3 IMPACT</b>	
<b>Illegal Activities (No implied ranking)</b>	<b>Description of activity and the impact</b>