



A Review of Customs Trade Facilitation



January 2026



**CUSTOMS DIVISION:
TRADE FACILITATION**

This is a Report of a Performance Audit conducted by the National Audit Office pursuant to Section 103 of the Montserrat Constitution Order 2010.

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EXECUTIVE SUMMARY

1 The Montserrat Customs and Revenue Service (M.C.R.S.) provides over 80% of the Government of Montserrat's local revenues. The responsibilities of the M.C.R.S.'s Customs & Excise Division (hereinafter, "Customs Division" or "Division") include: imports and exports at the airport; imports at Port Little Bay; imports through the Post Office; and exports via the Port at Plymouth. The Division's operations include both passengers (inbound and outbound) and cargo (inbound and outbound) at all of Montserrat's ports. Together with the Marine Unit of the Royal Montserrat Police Service, the Customs Division also has authority to patrol the island's coastline, as well as Montserrat's very large offshore maritime territory, including surveillance of ships in Montserrat's waters, and the authority to board and to search any vessel within the island's offshore zones.

2 Our study was prompted by information that was received from customers about the service that they had received, coupled with a reported rise in the level of complaints to the N.A.O. and news-media outlets. In this report, we examine:

- The landscape for international trade to/from Montserrat;
- The operation of the importation-/trade-related processes and the customs-related processes for Montserrat; and
- The operation, resourcing, and management of the M.C.R.S.'s Customs and Excise Division.

Key Findings

3 The Customs Division contributed to increases in G.O.M.'s local revenues. During fiscal years 2017/2018 to 2022/2023, the G.O.M.'s Local Revenues increased from E.C.\$47.2 million to E.C.\$57.8 million, an average growth of \$2.1 million per year. Over this period, the M.C.R.S.'s total revenues increased from E.C.\$39.4 million to E.C.\$48.7 million. Hence, the M.C.R.S. contributed E.C.\$9.3 million to the overall E.C.\$10.6 million rise in Local Revenues during that period. Meanwhile, the Customs Division's revenues increased from E.C.\$18.6 million (fiscal year 2017/2018) to E.C.\$23 million (fiscal year 2022/2023). However, the G.O.M.'s greater national objective of achieving more financial self-reliance, by greatly increasing the ratio of its Local Revenues (including the Customs Division's revenues and the M.C.R.S.'s revenues) to its total revenues, was not achieved. Most revenues still come from aid. [See Part 3: 3.3 to 3.5; Appendix 1.]

4 Montserrat's trade has declined. Since year 2014, Montserrat's inbound international trade (including imports, and volumes of cross-border travellers, visitors, cruise-ship passengers, and

tourists) has declined. Exports, which had increased since year 2014, also declined sharply since year 2022. By contrast, the rest of the Caribbean has recovered from the COVID-19 pandemic, reaching new all-time highs for travel/trade/tourism. [Part One: 1.5 to 1.8; references 9 & 10.]

5 The processes for importing goods are inefficient. There are a number of stakeholders involved in the importation of goods to Montserrat and the Division has established processes that apply regardless of the route of entry into Montserrat. [See Part One: 1.2 to 1.4.] The Division is applying these procedures for all goods that arrive, but these have not been significantly updated since year 2014. Our review identified multiple examples where the processes were inefficient or poorly optimised [See Part Two: 2.2, 2.3, 2.5, 2.7, and 2.28.]

6 All searches of goods/passengers are done physically. As they lack scanners and other equipment, Customs Officers do physical searches/examinations of imported goods at the airport, and of imported and exported goods at the sea port. The ASYCUDA system supports risk-profiling of imports to identify high-risk goods that need searching and lower-risk goods that do not need searching, but the Division does not fully use this capability. [See Part 2: 2.14 to 2.16.] The only facility that possesses a scanner is the airport, and this is for outgoing flights only, which means that the Customs Division does by hand all of its searches of imports and incoming passengers/baggage.

7 I.T. systems are used, but do not fully replace paper documentation. The Division uses two main I.T. systems: [a] the Automated System for Customs Data (ASYCUDA); and [b] the Customs Administration Data System (CADS). These systems are used globally, enabling such activities as automatic risk-profiling (e.g., goods, countries of origin/transit, and importers/exporters). However, our review found that these systems exist alongside, rather than replace, paper-based systems. Customs officers thus spend many hours per week entering the same data on both paper-forms and I.T. systems. [See Part Two: 2.17, 2.18; Part Three: 3.15, 3.16.]

8 No performance-related data are being collected to improve its services. The Division does not collect data on its performance against its organisational targets, or other data that it could use to assess its own performance, such as average Customs-clearance times. There are international standards for trade-facilitation, including data-collection, and the ASYCUDA I.T. system supports the production of such data, but the M.C.R.S. told us that it does not have sufficient staff to do such evaluation and data-analytics. [See Part Three: 3.14 to 3.17.]

9 No workforce strategy & no performance measurement framework. The Division does not have a documented workforce-strategy or staff-allocation model to allow it to deploy its staff to manage its highest priorities. The Division has had longstanding challenges with recruitment, vacancies, and absences, which reduce effective capacity. We also found several instances that Customs Officers seemed to be deployed inefficiently. [See Part 3: 3.8 to 3.14, 3.21.]

10 The Division falls short of several international standards and many indicators.

Our review of the Division’s policies, processes, procedures, operations, facilities, relations with other stakeholders, client-services, and outputs concluded that, in multiple respects, Montserrat is working towards, but still not meeting international standards and related metrics for trade-facilitation. In several other indicators/standards, there was no implementation and/or no progress over the past decade. [See Part Two: 2.4; 2.5; 2.8.]

Conclusion

11 The Customs Division has the responsibility for customs processes at all ports of entry and exit on Montserrat. Over many years, the Division has contributed to large increases in the G.O.M.’s tax-revenues related to imports, exports, and international travel. In recent years, however, every category of Montserrat’s international trade/travel/tourism has declined. There have been a number of inefficiencies in the importation processes, lack of tools and technology to improve searches of goods/passengers, heavy usage of paper-based systems, in addition to non-collection of key data, and no formal workforce strategy. Looking to the future, the Division’s effectiveness will, in part, depend on the Division’s taking timely actions to address each of the findings of this study, and also on the Division’s working, with the co-operation/support of all the other relevant stakeholders, to achieve the implementation of this audit’s recommendations.



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29 January 2026

Part One: Montserrat's International Trade & Travel

1.1 This Part of the report presents the national landscape within which Customs, cross-border travel, and international trade operate. It briefly sets out the scale and the types of international trade (including imports and exports of goods, cross-border services, air/sea travel, and foreign tourism) that Montserrat does, and what the M.C.R.S. (including the Customs Division) does and how it is structured.

Montserrat's Cross-Border Trade

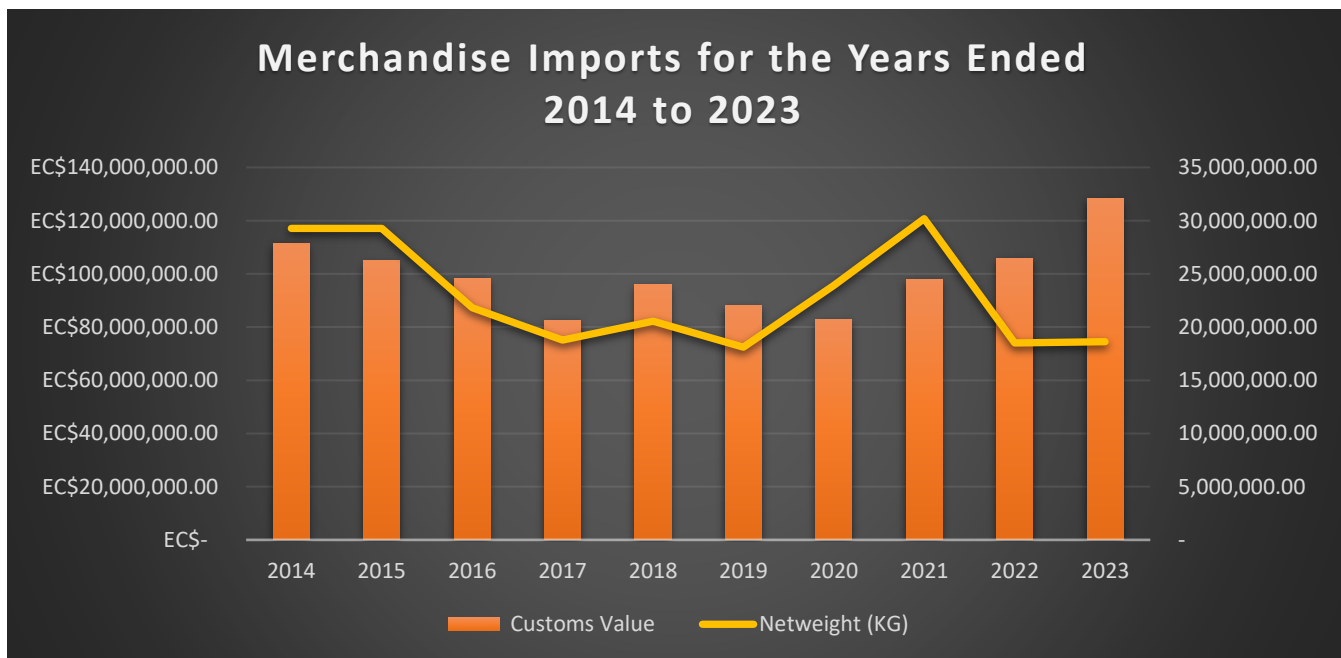
1.2 Contextual information on Montserrat's location and volume and routes of trade. Montserrat is situated in the northern region of the Eastern Caribbean archipelago. It is a member of the sub-regional currency-union called the Organisation of Eastern Caribbean States [O.E.C.S.], whose member countries are included within the broader regional grouping called the Caribbean Community [CARICOM]. Montserrat has a very small population compared with that of the other O.E.C.S. islands, and in turn, a very small market. Owing to the small size of the Montserrat Port, located at Little Bay, most cargo ships go to bigger and better equipped Ports (e.g., Antigua; St. Martin/Sint Maarten), and then transfer their cargoes onto smaller vessels that can be accommodated at the Montserrat Port.

1.3 Bad weather and strong wave-action often pose barriers to safe docking by vessels (both cargo-ships and ferry-boats), requiring ships to return to safe harbour elsewhere, until suitable conditions present themselves for a second attempt to dock at Little Bay. Montserrat and other islands in the Eastern Caribbean face high risks from extreme weather events as well as rising sea levels, global warming, coastal erosion, and damage to onshore infrastructure (for example, see reference 13). These risks frequently disrupt shipping, travel, trade, and tourism, and increase costs.

1.4 Montserrat's main ports of entry (Airport, Little Bay Sea Port, Post Office, Plymouth Sea Port). Montserrat has four main official points of entry for goods entering the island. The main sea-port is at Little Bay, serving both cargo-ships and passengers, including cruise-ship guests and crew-members. Whenever it is functional, the ferry-boat service also operates to and from the Little Bay Port. The secondary sea-port is the Plymouth port in the previous capital-city (pre-1995), which is used almost exclusively for barge-exports of sand and aggregate mined in the Exclusion Zone in the southern region of the island. All arrivals and departures by air, both cargo and passengers, are via the island's sole airport, which was relocated from Plymouth post-1995 and now operates in the north of the island. The national Post Office also provides district outposts whereby clients can send and receive letters, and the central office provides a package-service whereby clients can send and receive small quantities of goods (e.g., online purchases).

1.5 The volume of imports has declined, whilst the prices of imports recently increased. Over the past decade, national statistics reveal two primary trends: [a] the volume of imports declined (thus reducing the weight-based revenues of the Montserrat Port Authority); [b] by contrast, price-inflation increased the value of imports since year 2020 (boosting the Customs Division’s revenue and G.O.M.’s overall Local Revenues). From year 2014 to year 2023, for example, the average price per unit of Montserrat’s imports increased 81%. At the same time, the volume of imports declined sharply: falling 38% from 29.27 million kilogrammes in year 2014 to 18.11 million kilogrammes in year 2019. [See Figure 1 below.] Subsequently, there was a strong rebound from the multi-year low in year 2019 to a new high of 30.18 million kilogrammes in year 2021. However, over the next two years, the volume of imports again declined sharply: falling from 30.18 million kilogrammes in year 2021 to 18.63 million kilogrammes in year 2023. Overall, the ten-year trend represented a net decrease of 10.65 million kilogrammes (a 36% fall). Accordingly, the Division’s total revenues (based on the prices of imports rather than the volume/number of goods received) exceeded expectations during years 2020 to 2022. [See Appendix 1.]

Figure 1: Trends in Goods Imported into Montserrat: Value/Spending versus Real Volumes (years 2012-2023)



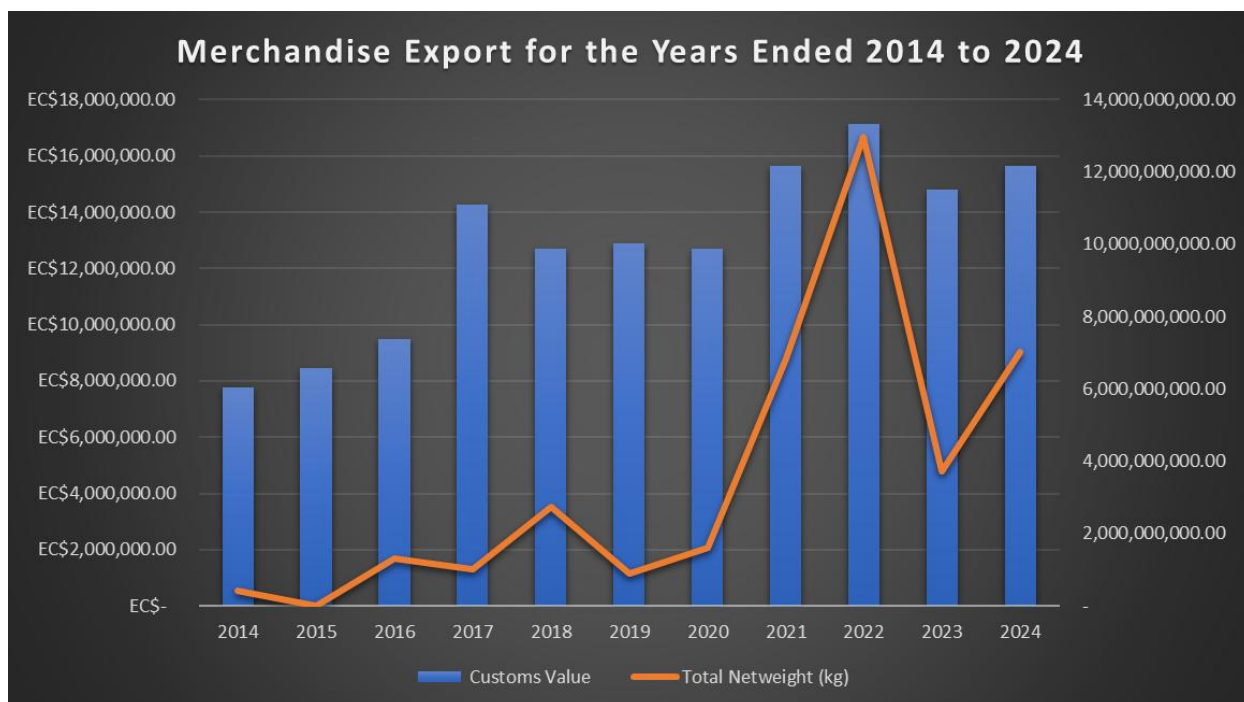
1.6 Mixed/declining trends in the total value of goods imported. Within the national data-series (provided by the Montserrat Statistics Department), total import-values declined sharply: falling from \$111.54 million in year 2014 to \$82.82 million in year 2020. [See Figure 1 above.] Subsequently, there was a strong rebound: rising from the multi-year low of \$82.82 million in year 2020

to a new multi-year high of \$128.15 million in year 2023. This mixed trend is partly explained by the major curtailment of tourism, travel, and trade during the COVID-19 pandemic.

1.7 Overall, the ten-year trend represented a net increase of \$16.61 million (a 15% rise) in Montserrat’s spending on imports. Whilst the short-term trend during the post-pandemic rebound was a remarkable 55% increase in import-values (from year 2020 to year 2023), the effective average annual nominal rate of change for this decade was only 1.55% per year. After adjusting for price-inflation, we concluded that there was, on average, either no growth in trade-values or a real decline; falling import-volumes further support this conclusion. **Update:** In June, 2025, we received the latest data for the past fiscal year, ending March 31st, 2025, which confirmed that the nominal value of Montserrat’s goods-imports once again declined. This continues the long-term trend observed from year 2014 to year 2019. [See Figure 1 above.]

1.8 Recent sharp decline in the total value and volume of goods exported. Whilst both the volume and the value of Montserrat’s merchandise exports increased in earlier years (e.g., 2014 to 2020), there was a large decline in exports during the past three years (2022 to 2024). [See Figure 2 below.] E.g., the volume of exported goods plummeted 71%: from 13 billion kg. in year 2022 to 3.7 billion kg. in year 2023. Whilst Montserrat faced rapidly rising prices on its imports, the average value/price per kilogramme of Montserrat’s exports declined 88% since year 2014.

Figure 2: Trends in Goods Exported from Montserrat: Value/Spending versus Real Volumes (years 2012 to 2024).



Source: Data from Montserrat’s National Statistics Department (MOFEM).

Overview of the M.C.R.S.

1.9 Background. The Montserrat Customs and Revenue Service is one of several Departments of the Ministry of Finance and Economic Management (MOFEM). The M.C.R.S. came into being by an Executive Council Decision dated the 14th of July, 2011, and this was formalised by the Montserrat Customs and Revenue Service (Enabling) Act No. 6 of 2017. The M.C.R.S. is mandated by law and otherwise to collect assigned revenues by way of the several specified Taxes and Fees, and to provide such other assigned service for the Government of Montserrat. The stated key objective is to administer taxes and Customs controls fairly and efficiently. The M.C.R.S. collects over 80% of the GOM'S locally generated revenues. [See more in Part 3.] The M.C.R.S.'s stated key objective is to administer taxes and Customs controls fairly and efficiently. See Part Three for further discussion of the Customs Division's revenues, and how they contribute to the M.C.R.S.'s revenues, and the G.O.M.'s Local Revenues.

1.10 Many stakeholders affect/are involved in the Division's operations. The Division interacts with, and depends on support/resources from, many other stakeholders. These include the MOFEM, the Ministry of Agriculture, the Ministry of Health, the Airport (which has for many years been a Department within the Ministry of Communications & Works, which is now called Ministry of B.U.I.L.T.), other Departments of the G.O.M., CARICOM (which sets the regional Common External Tariffs for all Member States, favouring intra-regional trade) (for example, see reference [12]), the Royal Montserrat Police Service – law enforcement, Immigration Officers, and the Montserrat Port Authority. Beyond the public sector, stakeholders include carriers, shipping agents, airline agents, private Customs brokers, individual customers, exporters, and commercial entities that operate as import-driven traders (e.g., supermarkets, sellers of vehicles, department stores, hardware stores, construction / plumbing / electrical suppliers).

Our Audit Report

1.11 Scope of this report. During this study, we focused on the main areas of the Customs Division's responsibilities: imports/exports through the airport; imports at Port Little Bay; imports through the Post Office; and exports via Port Plymouth. The customs operations include both passengers and cargo (inbound and outbound) at all of Montserrat's ports. Together with the (Police) Marine Unit, the Division patrols Montserrat's coastline and large maritime territory, including surveillance of ships, and authority to search any vessel within the island's offshore zones.

1.12 Structure of this report. The following parts of this report examine:

- **Part Two:** Montserrat's trade-related processes and Customs-related processes; and
- **Part Three:** The Customs Division's operations and management.

1.13 The U.K. National Audit Office's contribution to the audit. This Performance Audit was the second major study in partnership between the National Audit Office of Montserrat and the U.K. National Audit Office. In February, 2024, during the Planning Stage, Paul Wright-Anderson, Senior Audit Manager, visited Montserrat. In August, 2024, during the Fieldwork Stage, Thomas White, Senior Audit Manager, and Robert Sabbarton, Senior Analyst, visited Montserrat. Since March, 2025, during the Reporting Stage, they assisted with the drafting of this audit-report.

Part Two: Montserrat's Border & Customs Processes

2.1 This part of the report looks at the process for how goods are imported into, and exported from, Montserrat. Over the years, all four of Montserrat's ports have handled trade in goods, both inbound and outbound, and trade in international services/travel/tourism, both inbound and outbound, as well as related passengers' baggage and cargo. Even in the largely abandoned Exclusion Zone, the Plymouth Pier still functions for exports of goods, and, occasionally, handles international visitors/tourists arriving by ferry-boat when the main Little Bay Port experiences dangerous waves and tides and is either inaccessible or unsafe for disembarkation.

The Basic Customs, Trade, & Border Processes

2.2 The Montserrat Customs and Revenue Service (M.C.R.S.) sets out its Customs processes in its *Customs Procedures Manual* (issued in year 2014). This was revised in year 2024, but the basic Customs process was largely the same as previously. There are four routes for importing goods into Montserrat, but the basic Customs process is the same for all of them. [See also Appendix 3.]

- (a) Traders or brokers are required to notify the Division of all imports to Montserrat, 24 hours prior to arrival, if they are being carried on a vessel greater than 100 tons. For all imported goods, a manifest must be submitted via ASYCUDA, and the goods must be processed through Customs on arrival.
- (b) A Customs Officer will attend the vessel or aircraft and inspect all documents pertaining to the movement of goods. Once approved, goods are tallied and moved for inspection.
- (c) Once they have been inspected and any related fees paid, goods are released from Customs' control. Any shipment worth more than E.C.\$1,500 needs to be processed through a broker. Only shipments of less than E.C.\$1,500 and no more than 3 entry-lines are eligible for simplified entry procedures. In the latter case, Customs Officers assist small customers; otherwise, clients must get the help of a customs broker.

2.3 Figure 7 shows how the volume and frequency of imports, the staff involved, and the checks that are performed vary with the route. [See Appendix 3.]

The Efficiency and Effectiveness of the M.C.R.S.'s Customs Operations

2.4 Our review of the efficiency and effectiveness of the M.C.R.S.'s Customs operations covered the following areas: process efficiency; staff working hours; and technology and I.T. systems. Our assessments are based on expert knowledge and comparison with international trade-facilitation standards and indicators for what an efficient Customs process looks like: for example, those developed by the Organisation for Economic Cooperation and Development (O.E.C.D.). (See Figure 3 below.)

Figure 3: Summary of the O.E.C.D.'s trade-facilitation indicators

Indicator	Area / Dimension	Examples of criteria for assessing performance
1	Information availability	Publishing of Customs and trade-related regulations and information provided to traders
2	Involvement of the trade community	Degree of consultation with stakeholders
3	Advance rulings	The awareness of the rules to be applied to specific goods, such as valuations
4	Appeal procedures	The processes for appealing rulings for trade and Customs matters
5	Fees and charges	Information published on fees and charges, how often they are reviewed
6	Documents	The acceptance of copies of forms (so there is no need to duplicate them), the number of documents involved, time allowed to prepare documents
7	Automation	The percentage of declarations cleared electronically, the presence of risk management systems to identify high risk goods, the ability of IT systems able to exchange electronic records
8	Procedures	Average clearance times, the percentage of goods undergoing physical examination
9	Internal agency co-operation	Cooperation with other government departments involved in managing cross-border trade, such as coordination of inspections
10	External agency co-operation	Cooperation with other countries
11	Governance and impartiality	Internal audit mechanisms applied for border agencies, code of conduct established

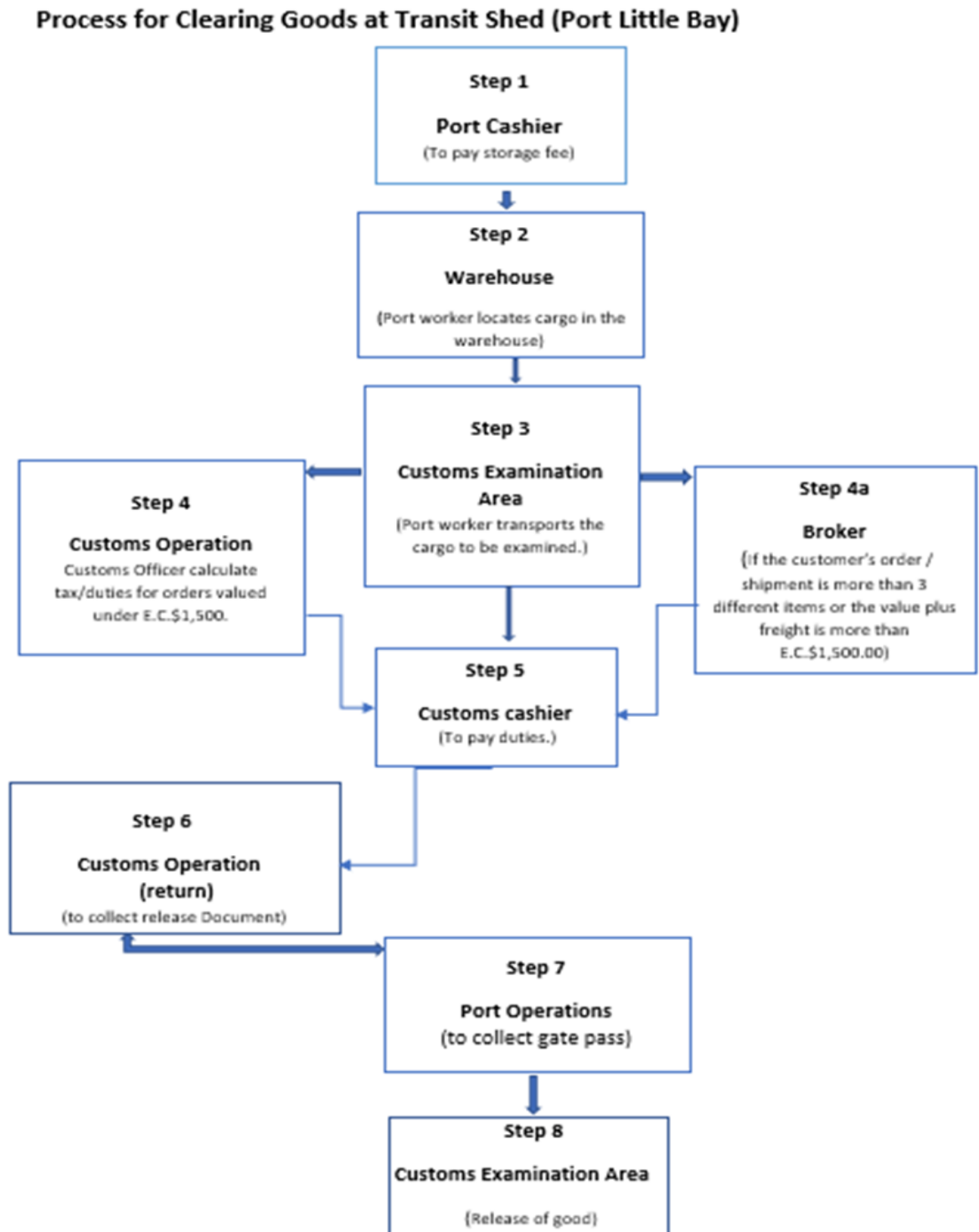
Source: The National Audit Office's review of O.E.C.D. documents.

Efficiency of Processes

2.5 We inspected all of Montserrat's ports and each of the Division's facilities while they were operating. The Division does not collect data about the time taken to process Customs-applications or about the actual waiting times experienced by customers. We found, however, that, while they did enable the required services to be provided, these facilities and processes were not always optimised to maximise speed, convenience, and efficiency for customers. For example:

- **The Customs process is not streamlined.** For example, traders using the Little Bay Port must go to multiple desks to complete administrative tasks, such as paying fees. (See Figure 9 below). The Division provides some guidance online, but the process for releasing cargo could be confusing to newcomers. Stakeholders that we interviewed or surveyed expressed a number of concerns: e.g., [a] the tedious process of clearing imported goods; [b] the numerous Customs tariff-rates and product-codes; [c] instances that some Customs officers appeared to be struggling to navigate the cumbersome system of tariffs and the very large number of product-codes; [d] the difficulties in ascertaining which of several possible/relevant codes/categories should be applied (e.g., where an imported item is a combination of items); [e] the widely varying rates of import-taxes which are set by Cabinet; and [f] the lack of a clear or logical rationale for how tax-rates were calculated and for differentials of rates between similar types of items.
- **Inefficient documentations and procedures:** The Division has a set of documents required for imports and for exports prior to their release from the ports/airport/Post Office. However, there is evidentially no periodic review of the procedures and documentation requirements. For example, the current import and export procedures do not allow for online payments and/or prepayment of duties, taxes, fees and charges that are collected upon importation and exportation. Also, the number of documents required to clear cargo has been the same over the years, and the policy requiring an importer to seek a broker for items valued over E.C.\$1,500 has been set for over a decade, and has not been adjusted by the Government of Montserrat to align with the current dollar-values/inflation-rates. However, the Division emphasised that it provides this as a free service for the majority of small clients (primarily individuals), and that it is not obligated to offer brokerage.
- **A Canine Unit is no longer in place.** For many years, the Royal Montserrat Police Service and the M.C.R.S./Customs Division had the benefits of an active Canine Unit. However, after the last service-dog died circa year 2021, the Canine Unit ceased to function and, to date, has not been revived. This is another example of essential or customary capabilities of Customs/Immigration authorities at international ports/airports, but lacking in Montserrat.

Figure 4: Process for Clearing Goods at Transit Shed (Port Little Bay)



- **No Cold-Chain Warehouse:** The transit shed at Port Little Bay is not entirely fit for purpose. While there are storage areas for dry cargo and for vehicles, to date, the Port Authority does not have the facility to house containers with perishable goods. Our research and site visits revealed that the Port does not have sufficient electrical plugs and charging stations to connect cold shipping containers; therefore, the business owners must take cold containers to their property immediately upon arrival, after being sealed by Customs Officers. Cold containers must remain sealed at the customers' property until Customs Officers are available to unseal the containers after regular business hours [see paragraphs 2.10 to 2.13], as priority is given to the containers that are unpacked and checked at the Port (dry containers).
- **Involvement of multiple other stakeholders and overlapping requirements.** Some categories of imports must be cleared with other Departments of the G.O.M., such as the Ministry of Agriculture, or the Ministry of Health, which can also add delays. Surveyed stakeholders often expressed frustration with the overlapping requirements of various departments for one process or transaction. Problems or delays with getting the approval of any one of these participating authorities could prolong the overall process of importation and obstruct the clients' clearance and receipt of goods in Montserrat.
- **Facilities are not customised to support the process.** For example, at the airport, we discovered that the storage-area for unaccompanied freight could be accessed only through the passengers' arrival hall, and people who go to the airport to collect unaccompanied freight had to wait until the hall was empty before being allowed to enter the customs area to receive their cargo. Another example that we observed during our site-visits and process walk-throughs is that the Customs desk at the Post Office was in the middle of an open-plan room and, to maintain customers' privacy, Customs officers can serve only one individual at a time.
- **Customers' process-experience varies widely.** Example #1: Some traders reported that they can directly contact senior Customs Division officials via mobile phone to expedite the customs process and to make complaints, but this option does not exist for all traders. Example #2: The Customs Officers are trained to carry out searches and other aspects of the job. However, calculating the right tariffs to pay can be a complex task for some officers, and customers shared that the officers did not always calculate correctly the duties that customers are required to pay for imported goods, resulting in errors. [See 3.18]
- **Stakeholders reported several areas of dissatisfaction.** Persons that we interviewed during this study reported several types of complaints: e.g., [a] the length of processes; [b] the fees charged for the Division's services and for the Port's services; [c] the number of forms to fill physically in spite of having ASYCUDA, email and other electronic forms of doing things; [d] the level of import taxes; and [e] the number of steps in the Customs Division's and Port Authority/Airport importation related processes.

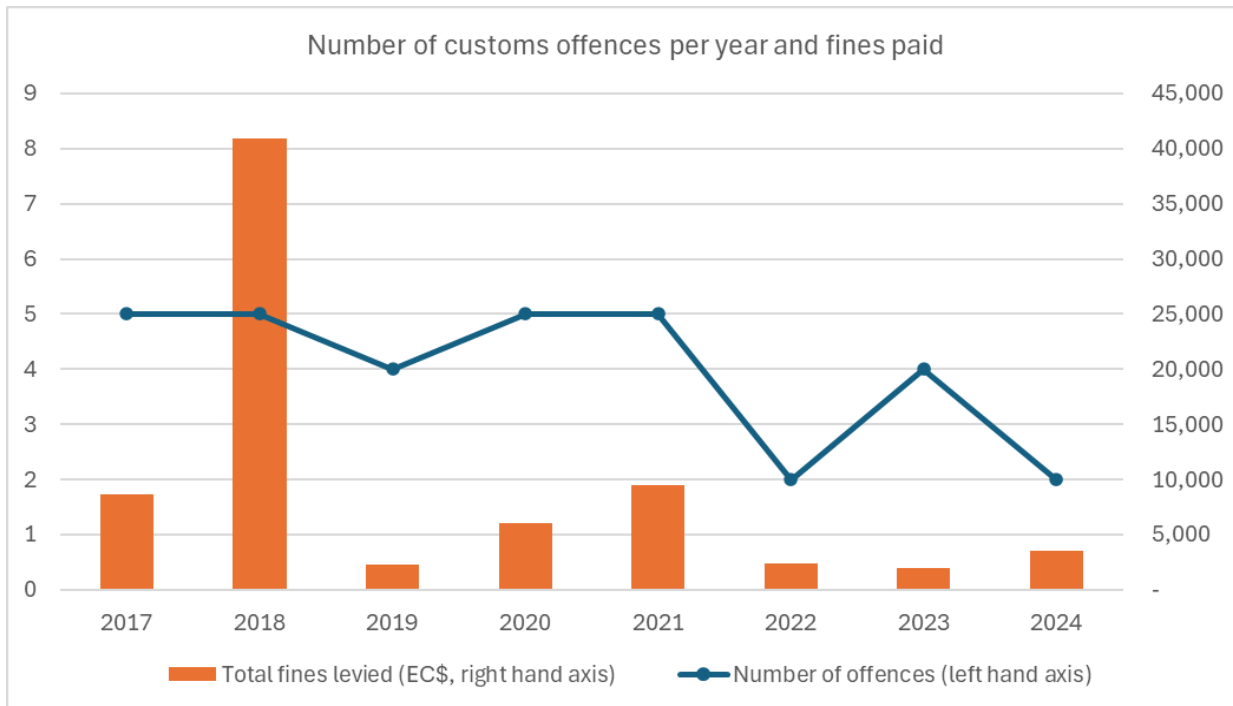
2.6 The Customs Division has a framework of risk-categories. According to the *Customs Procedures Manual* (year 2014), imported goods can be sorted into four categories:

- **Green** – low-risk goods that can be released by Customs Officers with no physical examination, unless subject to a random search or if the importer or agent has requested an examination for verification purposes.
- **Blue** – low-risk goods that can be released by Customs Officers without examination, but which will be subject to post-audit review of the relevant documents.
- **Yellow** – medium-risk goods where documentation should be examined to identify any discrepancies. Any discrepancy can result in a physical examination by Customs Officers.
- **Red** – possible high-risk goods that should be subjected to a full physical examination before being released.

2.7 Despite having this framework, Customs searches are not risk-based. The Division physically examines all shipments of goods arriving, despite its own customs procedures Manual stating that the Division will, based on carrier and manifest information, assign a risk-category to imports to determine how much they will be examined on arrival. Cargo allocated to the Green lane or to the Blue lane should be released and removed without examination. However, the division reported that, owing to a lack of technology, equipment and staff resource, all goods are assigned to the Red lane and are physically examined by Customs Officers before release. Stakeholders also suggested to us that too many goods are being searched. Montserrat does not run a formal trusted-trader scheme whereby large and/or frequent traders can provide evidence that their operations are legal, secure, and compliant with regulations in exchange for reduced checks at the border. Customs Officers can use their judgement to determine the level of examination performed, based on their experience and knowledge, and Customs Officers told us that they can reduce checks for regular traders that they know. In particular, we confirmed that the number of high-volume and frequent importers (primarily supermarkets) is small and that these are long-established businesses that are well known to Customs Officers.

2.8 Inadequate data-collection and monitoring. The Division does not collect data on the number of searches conducted each day, or how long they take. The only statistics available on the outcomes of these searches are the numbers of related offences confirmed by a court of law. Examples of offences include (a) false declarations of valuations of goods imported; and (b) fraudulent misrepresentations of the types or quantities of goods imported. Between year 2017 and year 2024, 32 offences were identified and prosecuted (an average of four per year) and E.C.\$75,300 of fines paid. [See Figure 5 below.] Generally, we found that the Division is not using its I.T. systems to generate management information to improve how it manages its daily operations. [See more details in the latter half of Part 3.]

Figure 5: Number of Customs-related offences by year and by fines paid.



NOTES

Source: Data from the M.C.R.S./Customs Division

2.9 Low level of reported offences. The Division believes that the low levels of offences detected reflect high levels of compliance by importers. The reported data (see Figure 5 above) represent a very high level of importers’ compliance with Montserrat’s Customs requirements. The reasons for this low level of reported offences are a combination of the following findings:

- Major importers and Customs brokers in Montserrat know the rules and have a very high level of compliance with them.
- The Customs Officers do not record all of their searches.
- The Division cannot detect all contraband items as it does not have the tools and technologies to scan thoroughly all arriving passengers, all cargo, and all shipping containers.

- Not all offences are recorded and reported, as some infractions are minor, or reflect genuine errors, rather than intentional crimes.

Customs Officers' Working Hours

2.10 The Division's after-hours service. The Customs (After Hours Work) Act, which was last revised in January, 2019, states that usual office-hours for Customs Officers are 8:00 a.m. to noon and 1:00 p.m. to 4:00 p.m. on weekdays. By contrast, in a 24/7 world of travel, cargo-ships arrive and depart at widely varying times, and many ships, boats, and yachts arrive/depart outside usual office-hours. Customs brokers' hours can also be different from the working hours of Customs officers, thus further reducing the time available for transactions to be completed. In particular, we observed that Customs Officers at the Airport have normal full work-days, but the airline/shipping agents and their representatives do not handle customers at the Airport except between 10:00 a.m. and 2:00 p.m., thus greatly reducing the window of service to the public, and inconveniencing customers.

2.11 The Division's after-hour fees & revenues. Outside of Customs Officers' usual working hours, the Division provides an after-hours service whereby customers can, for a fee, [a] request services at the Port after hours, [b] conduct examination and verification services outside the Port (e.g., at the premises of supermarkets or home-owner), and [c] request that Custom Officers attend to other vessels, such as pleasure craft. Available data show that the biggest demand for this service was by major importers unloading containers at their premises away from the Port. Customers' requests have to be made 24 hours in advance and delivered in writing and in person to the Senior Customs Officer at the Port. Fee-rates vary with the specific services requested, but start at E.C.\$50 per hour per officer for minimum of two officers, for a minimum charge of two hours, and fees collected are paid to the Treasury Department. In the fiscal year 2021/2022, the Division collected a total of E.C.\$338,000 in such fees, split between E.C.\$228,000 to support mining operations (for exports) at the Port Plymouth and E.C.\$110,000 for other after-hours activity (mainly imports). For context, the M.C.R.S.'s total wages bill, including both the Division and the Inland Revenue Division, was E.C.\$1,993,300 in the fiscal year 2021/2022.

2.12 Customers' views of the Customs after-hours service. Some stakeholders that we surveyed, including a few business owners and Customs brokers, expressed some dissatisfaction with the level of fees and some aspects of the handling of this process. In particular, they noted that they felt that it was unfair to them, in some instances, that the M.C.R.S.'s fees are based [a] on a minimum of two hours, regardless of the actual time taken to examine a customer's shipment/container, and [b] for a minimum of two Customs Officers, regardless of the size of the shipment.

2.13 Major importers reported several advantages of the Customs after-hours service. By contrast with some small clients' views, there was overall a very positive view of the after-hours Customs service by the major importers (especially supermarkets handling perishable items), who represent most of the year-round volume and value of imports into Montserrat. In particular, it saved time, cost, and labour by allowing large importers to receive inbound shipping containers directly to their premises for unloading just once in the presence of the officers. If they had to unload containers at the Port, there would be a large additional cost of time and labour to unpack items for inspection, then to reload items onto private transportation, and/or to have to unpack items a second time at their premises. We were informed that another important benefit of having Customs officers present is that any items found to be missing or damaged in the shipment could be independently witnessed and certified. This, in turn, supports importers' claims against insurance-providers, shipping companies, airlines, and overseas suppliers.

Technology and I.T. Systems

2.14 Lack of scanners. Scanners are used to screen cargo and luggage and to detect prohibited items and substances that are restricted on planes and within a country. The Division does not own any security scanning equipment. Of the four (4) points of entry, only one (John A. Osborne Airport) has a Security Scanner, which is a property of the Airport, and is used only for out-going flights. For all other routes of entry and exit, all Customs searches are done manually. These manual searches pose a high risk to security, and especially during peak seasons of the year, such as during the St. Patricks Festival and the Christmas Festival. During the festive seasons, over 2,000 passengers arrive on the island within one month and with a minimum of two items of luggage per person. This high volume of passenger and luggage means the already limited Customs Officers are not likely to search all passengers and luggage thoroughly and completely. The same can be concluded for the increased number of barrels arriving on the island during the Christmas season. This lack of equipment also directly impacts passengers who will have long waiting periods before getting the release of their baggage/cargo. There is also the risk of Customs Officers handling hazardous items.

2.15 Unmet requests for scanners. The Division stated that it requires new scanners, including for barrels, cargo, passengers, and luggage at the port. In year 2023, the department submitted to the MOFEM a request for funding for two scanners (one for pallets and cargo and one for baggage and parcels). This request highlighted two main benefits: [a] quicker and more efficient searches (as the scanning results would tell officers where to look); and [b] more chances to identify undeclared, restricted, or prohibited items. The application made by the MCRS to MOFEM was not fully developed and was reported to be incomplete. The application needed more data to support cost-benefit analysis or to quantify potential benefits. This would include, how the new scanners might help the division to meet new demand for import-services and expected larger numbers of international passengers, Customs Trade Facilitation

thanks to the enhanced capacity created by the Little Bay Port refurbishment project. The MOFEM confirmed that it received the application and was considering this request.

2.16 Customs Division's other needs for equipment. Aside from scanners, the Division needs other technologies and equipment to carry out its duties. We observed that these items are not available, and, where available, are not always working or being used. For example:

- At the Plymouth pier, scales are embedded in the road to allow cargo weights to be measured (so that royalties owed to the G.O.M. can be calculated) without stopping the truck. However, these scales were not operational during our visit in August, 2024. Instead of actual weighing of loads, Customs Officers manually calculated estimated loads based on the capacity of the trucks passing the Customs office at the entrance to the pier. The Customs Division clarified that these scales were installed and tested by the Port Authority, but never commissioned.
- Also, we found that, at Port Plymouth, the security-cameras in place to detect unauthorised activity are monitored during regular working hours only.
- At the airport, the computers at the baggage-search areas were not working during our visit in August, 2024. Customs Officers had to leave the baggage search area to go to a separate office to get any information needed, such as customs related forms or guidance for specific items. The Customs Division said that it had reported this issue to the Government's I.T. Department several times, but that it had not been addressed.

2.17 The Division has useful I.T. systems. The main I.T. system used for Customs processing is the Automated System for Customs Data (ASYCUDA World), software developed by the United Nations Conference on Trade and Development (UNCTAD). This system is an integrated Customs management-system for facilitating international trade and transportation operations and is used widely by other countries and territories. This system, which links with the Montserrat Port Authority's own systems, allows traders to provide information digitally before their shipments' arrival. This allows Customs Officers to review cargo-manifest information, to identify and to collect fees, and to produce performance-management information on Customs processing. In March, 2024, the Division commenced using the Customs Administration Data System (CADS), a system developed by the Caribbean Customs Law Enforcement Council (CCLEC).

2.18 The Division's I.T. systems duplicate, rather than replace, manual processes. The Customs Division could make much more use of its I.T. systems to replace manual processes. We observed several instances where paper-based systems remained in use despite the presence of I.T. systems. In other instances, the Customs Division was not making full use of the capabilities and the opportunities that its systems provide. For example:

- **Extensive use of paper.** We observed many Customs activities still being recorded on paper.

In its Action Plan for years 2023 to 2026, the Division identified the need to digitise its records and forms used in the Customs clearance process. We observed several instances where I.T. systems existed alongside manual processes and paper-based systems, rather than replacing them. For example, at the airport, flight-data were recorded in a large paper logbook and also uploaded digitally to the CADS. At the Division's headquarters, we observed that various physical logbooks continue to be updated and stored by the staff. Officers reported [a] that many Customs brokers prefer to use paper-forms and [b] that retaining paper-forms improves resilience by facilitating business-continuity in emergencies.

- **Lack of back-up power and energy-storage.** Persons that we surveyed also reported the adverse impact of Montserrat's frequent interruptions of electricity-service and interruptions of connectivity while trying to use ASYCUDA. Without adequate (or any) emergency backup power-sources or energy/battery storage, Customs offices away from the Government Headquarters at Brades are constantly at risk of these interruptions of utility-services.

Recommendations

2.19 Improve efficiency. The Division should review its processes to reduce and to simplify the steps that importers have to go through, and the data that they provide, and how, to identify inefficiencies and to reduce duplication. The Division should collect data just once, and only if there is a business need, and reduce its reliance on paper-based systems and outdated manual processes. The Division should commit to a programme of continuous improvement to ensure that processes are continually measured, monitored, reviewed, assessed, and updated.

2.20 Improve H.R. management for better service to customers/businesses. The Customs Division should develop a workforce-strategy that supports its revised Customs Manual and better matches its organisational resources with the needs, expectations, ebbs and flows of international passengers, local importing customers, and patterns of business at all ports/airport. The strategy should consider customers' and businesses' demands, international competitiveness, working hours, rostering arrangements, flexible working, and skills and capability needs. This could be based on a review of the value added by all of the posts that are currently deployed.

2.21 Improve performance management. The Customs Division should collect digital records of all its activities, including time and cost of completion and outcomes achieved, to provide it with a full suite of organisational performance measures and targets that it can use to manage its performance and to drive improvement. These measures should be based on international trade- facilitation indicators. This also includes measuring, monitoring, and optimising its online presence and all the electronic channels for communication, processing of trade/passengers, and payments.

2.22 Improve planning & business cases. The Customs Division should carry out a full analysis of the impact of the upgrades to the Little Bay Port, on likely increases in the demand for Customs services. The Division should also integrate its workforce strategy, its employees' training and development programmes, its I.T. strategy, and its long-term planning and budgeting in tandem with the national plans for major projects, programmes, and policies that are intended to result in economic growth, rebuilding of the population on Montserrat, and expansion of local businesses.

2.23 Procure required equipment/resources. The Customs Division should update its strategic planning and budgeting for the resources that are required to optimise its operations and service to customers. In turn, it should strengthen its efforts and the supporting data to justify funding requests: e.g., [a] the upgrading of existing Customs-related equipment/tools, [b] the procurement of new items that it needs to bring the Division in line with 21st Century standards and customers' expectations, [c] the replacement of items that are no longer suitable or functioning and [d] incorporating renewable energy and power-storage in all of its operations.

2.24 Use a risk-based approach. Prioritise and reduce the number of manual searches of cargo and passengers, based on knowledge and lessons from Customs Officers' experience, historical patterns, relevant data, and assessed compliance-risks. This would reduce staffing costs and limit the waiting times for customers if most passengers/cargo do not require searching.

2.25 Improve interdepartmental co-operation and co-ordination. The Customs Division should document its requests/requirements that necessitate external stakeholders' participation. It should then advance proposals through the MOFEM and the Cabinet to achieve a whole-of-Government approach to improving Customs operations, customer-service, and trade-facilitation. Example #1: getting the timely support of DITES in resolving the reported I.T. issues. Example #2: getting the cooperation of the Ministry of B.U.I.L.T. to achieve long overdue upgrades at the airport to provide/restore a dedicated area for Customs and cargo, enabling full-day service to the public. Example #3: having the scales at the Plymouth pier commissioned and put into full operation for the mutual and complementary benefits of the Port Authority and the Customs Division, while improving the accuracy of data collected for national statistics.

2.26 Reactivate the Canine Unit. The Division should also seek the return of the historically successful Canine Unit in partnership with the Royal Montserrat Police Service; this would greatly improve both the speed and the effectiveness of searches both of passengers and of cargo. For example, specially trained sniffer-dogs are particularly adept at identifying illegal drugs that manual/human searches might fail to detect. Another advantage of a Canine Unit is that it can also quickly scan buildings, ships, boats, large volumes of cargo, and large numbers of passengers: e.g., when the ferry-boat's passengers disembark during the busiest periods of the year (Christmas and Montserrat Festival in December and St. Patrick's Festival during March).

Part Three: The Customs Division's Organisation

3.1 This part of the report will consider how the Customs Division is performing as an organisation. It covers oversight and accountability, performance management, workforce-related issues, and approaches to stakeholders' engagement.

Oversight and Accountability

3.2 Boards/Committees exist in law, but are dormant in practice. The relevant law for the M.C.R.S., including the Customs Division, provides for two external bodies: The Tax Advisory Board and the M.C.R.S. Commissioners. [See End Notes #1 for details.] Both our previous Performance Audit of the Inland Revenue Division of the M.C.R.S. and this current study of the Customs Division found that these bodies had rarely met/functioned and were largely dormant over the past decade.

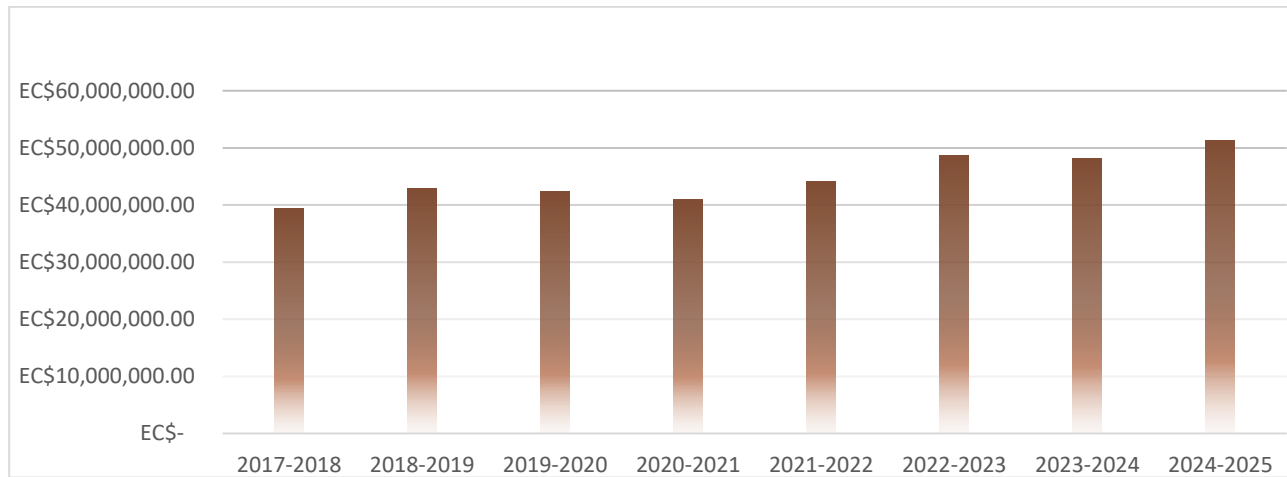
Uses of Performance-Related Data and Targets

3.3 The M.C.R.S. & Customs Division have targets and objectives. The M.C.R.S. Operational Plan 2022/2023 states that the M.C.R.S. is "mandated to account for over 80% of locally generated revenue by way of Taxes Levies and Fees and to ensure compliance with related laws." That document specifies a target for the fiscal year 2022/2023 to process Customs documents within an average time of 25 minutes. In its Quarterly Strategy and Fiscal Performance Report for the last quarter of fiscal year 2023/2024, the report indicated that all Customs-clearance requests for cargo had been processed within 30 minutes in fiscal year 2023/2024. The Quarterly Strategy & Fiscal Performance Report states that there is a target to reduce anomalies in the reconciling of Customs collections, to fewer than 5 per year. One anomaly was reported in the fiscal year 2023/2024: this represented a potential tax-revenue loss.

3.4 The Division contributed to increases in G.O.M.'s local revenues. During fiscal years 2017/2018 to 2022/2023, the G.O.M.'s Local Revenues increased from \$47.2 million to \$57.8 million, an average growth of \$2.1 million per year. Over this period, the M.C.R.S.'s revenues increased from \$39.4 million to \$48.7 million. [See **Figure 6.**] Hence, the M.C.R.S. contributed \$9.3 million to the overall \$10.6 million rise in Local Revenues during that period. Meanwhile, the Customs Division's revenues increased from \$18.6 million (fiscal year 2017/2018) to \$23 million (fiscal year 2022/2023). However, the G.O.M.'s greater national objective of achieving more financial self-reliance, by greatly increasing the ratio of its Local Revenues (including Customs revenues and M.C.R.S.'s revenues) to its

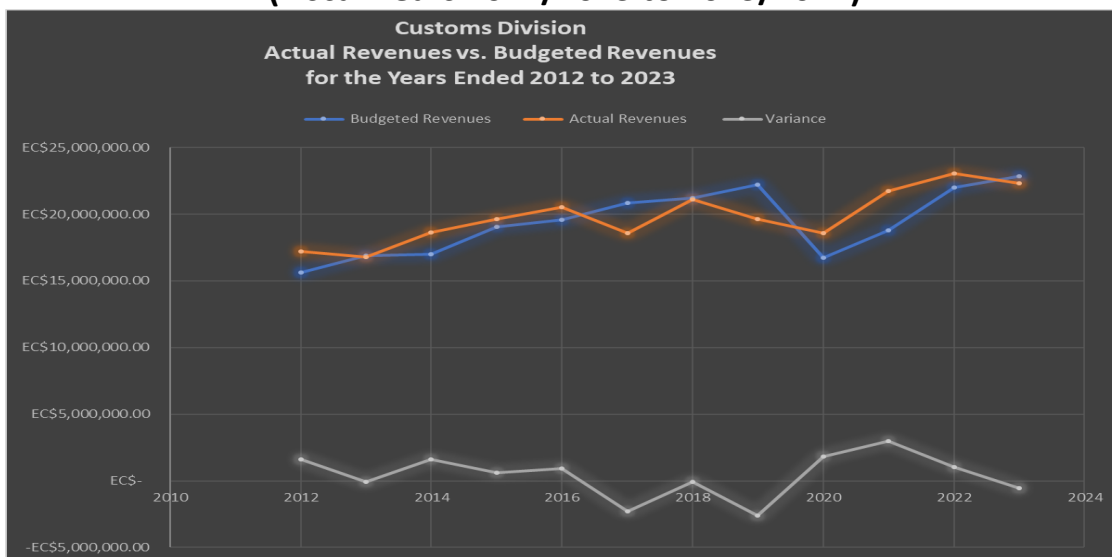
total revenues, was not achieved. In all years reviewed, most of the G.O.M.'s revenues came from British Government aid and external grants.

Figure 6: The M.C.R.S.'s Total Revenues: Years 2017/2018 to 2024/2025



3.5 The Division met/slightly exceeded budgeted revenues. There was wide fluctuation of actual total revenues, with some years underperforming expectations (e.g., 2013/2014, 2017/2018, 2018/2019, 2019/2020, and 2023/2024), while other years met or exceeded expectations. [See Figure 7.] Overall, over the past 13 years (for the period of 2012/2013 to 2024/2025), we found that the average net variance was positive. For the 13 years, the total expected revenues were \$256.58 million, whilst the total actual revenues were \$262.29 million, creating a cumulative positive variance of \$5.71 million. Per year, the actual outcome was an average of \$0.4 million per year above budgeted revenues, or approximately 2% above budget.

Figure 7: The Customs Division's 12-Year Performance against Budgeted Revenues (Fiscal Years 2012/2013 to 2023/2024)



3.6 No robust performance measurement framework. It is not clear how the M.C.R.S. sets the level for these targets, or how performance is assessed against them. It told us that it does not collect data solely on how its Customs Division performs against organisational targets. The M.C.R.S. said that its I.T. systems cannot provide evidence of the achievement of the time-to-process Customs target. The M.C.R.S., as a reporting Department within the MOFEM, measures performance against its targets primarily by comparing its actual collections of local taxes with its budgeted revenues for each fiscal Quarter/year. This purely financial (or high-level accounting) approach ignores or excludes multiple other benchmarks and metrics for effectively evaluating the Customs Division.

3.7 The Division does not meet several international customs standards. According to the O.E.C.D., Customs-facilitation best practices require collecting a suite of data on Customs-related activities, including:

- (a) The percentage of goods (perishable and non-perishable) undergoing physical inspections.
- (b) Collection and publication of Customs officers' average clearance-times.
- (c) Using a risk-management system to allow Customs officers to identify, and to focus their efforts on, high-risk consignments. The Customs service of Jamaica, for example, uses ASYCUDA to process manifest-information to identify low-risk goods that can be released without any physical searching of these goods.

According to the World Bank in the *World Customs Journal*, a Customs Time-Release Study (T.R.S.), the key and most critical component of Customs and trade-facilitation study is the measure of the time between the arrival and release of cargo. It further stated that these baseline data are used to determine the efficiency of the Customs clearance and streamline the process. The United States Agency for International Development (USAID), in that study, also pointed out that a T.R.S. is [1] an effective diagnostic tool for identifying inefficiencies in the Customs clearance-process, and [2] also helpful in determining necessary infrastructure, policy-enhancements, and process-improvements, as it assesses the time elapsed at each stop in the cargo-release process.

There are international standards for trade-facilitation data-collection. While the ASYCUDA system supports the production of such data, the Division told us that it does not produce these data as it does not have sufficient employees and skills to do evaluation and management tasks. However, we concluded that there would be value in the Customs Division's, at the least, carrying out periodic reviews of performance using such data. The Division has not established any regular lessons-learning activities or continuous-improvement processes.

Workforce Strategy and Capabilities

3.8 Staffing levels. As at March 01st, 2025, the M.C.R.S. had a staff of 57 employees. Of these, there are 25 employee posts in the Customs Division. In terms of front-line Customs Officers, filled posts at the Division increased from 17 in year 2014 to 20 in years 2019 and 2023. A simple analysis of imported volumes of goods versus the numbers of Customs Officers actively available in posts suggests that pressures on the Division should be declining. [See Figure 8 below.] The physical volume of imports in year 2023, for instance, was much lower than it was in year 2014, while the value of imports was only slightly higher; meanwhile, the number of Customs Officers who were available for duty increased by three (17%).

Figure 8: Volumes of imports compared with the number of active Customs Officers: 10-year trends (year 2014 to year 2023)



NOTES

- [1] The index for Customs values is stated in cash terms.
- [2] The indicated number of Customs Officers is the number of employee-posts, but the positions were not filled at all times. Hence, effective on-duty capacity was often (well) below the indicated staffing levels.

Sources: [a] H.R. Data from the M.C.R.S./Customs Division (MOFEM); [b] Import-data from the Montserrat Statistics Department; [c] Auditors' analyses.

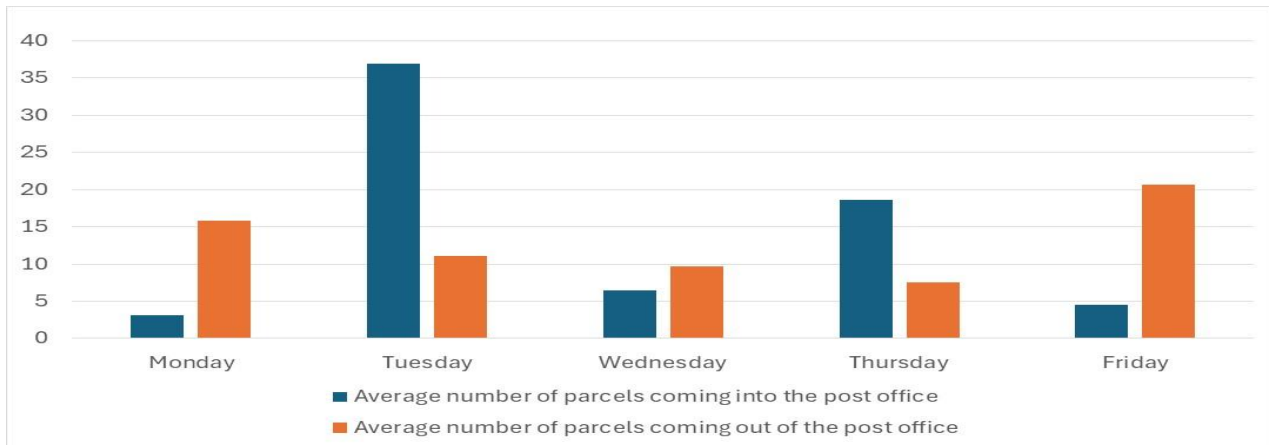
3.9 The impact of vacancies and absences. The Division, however, does not currently possess a full complement of staff. In February, 2024, the Division had three unfilled posts and several other officers were unavailable: e.g., on study-leave; off the island for training courses; or on long-term sickness-leave. Two temporary employees were in place, but there were still some unfilled roles. This demonstrates the importance of the Division’s strategically applying a flexible staffing model to ensure that it can still fulfil its highest-priority functions. However, the Division does not have a documented workforce-allocation model that it can use to allocate officers based on organisational objectives, or to meet surges in demand. Although there is no formal employee-allocation model, Customs officials told us that they do reallocate employees when there is a perceived need: for example, extra Customs Officers are deployed to the Little Bay Port during the annual Christmas Barrel Concession Programme to help to process hundreds of residents’ seasonal barrels of imports.

3.10 Inefficiencies in Deployment. We found that there are several areas where employees were allocated inefficiently. For example:

(a) Customs Officers at the Post Office. Two officers are employed each working day at Montserrat’s Central Post Office, to carry out searches and to collect duties on parcels collected by residents. We noted that this fixed allocation of the Customs Division’s staff does not match the demand for Customs services. For example, our analysis of workflow at the Post Office for 130 working days between the 31st of January, 2024, and the 31st of July, 2024, showed [a] that there were 25 working days where no parcels were collected by customers, and [b] that there were 31 other days when only 5 or fewer parcels were distributed. Of the total packages collected by clients, 56% of parcels were received on either Monday or Friday. [See Figure 9 below.] The facilities at the Post Office also do not allow the two officers there to deal with two or more customers at the same time: there is no separate areas for Customs searches; hence, customers must be seen one at a time to maintain privacy.

These inefficiencies add to the delays experienced by customers. The Division told us that there used to be a more flexible rotation of officers when the General Post Office was located on the same compound as the M.C.R.S. Headquarters at the Government Headquarters in Brades. In that collocation, it was easy for an officer to walk across the compound to the nearby Post Office on demand if a customer at the Post Office came to claim a package. However, over the past 2 years, the need for two officers to be full-time at the General Post Office, arose after the relocation of the General Post Office to a more distant location at Cudjoe Head.

**Figure 9: Daily volumes of parcels into and out of the Montserrat Post Office:
January 31st, 2024, to July 31st, 2024.**



NOTES

- [1] Analysis of 130 days; this does include public holidays.
- [2] The graph above shows the average number of packages arriving at the Post Office per day, and the average numbers for when they were issued to recipients.

Source: U.K. N.A.O.'s and M.N.A.O.'s analysis of Montserrat's Post Office data.

(b) Customs Officers assigned to Post-Audits. Two officers are routinely deployed to double-check paper Customs records against digital records in ASYCUDA. This is to ensure [a] that data such as commodity-codes and ports of entry have been entered accurately, [b] that duties have been calculated correctly, and [c] to identify where any further payments, or refunds, are required. The Division does not keep data about the amount of time spent on this post-audit work. We were told that the assigned officers are not deployed full time to do it, but that the intention is to confirm that documents for all Customs/import-related transactions are checked, regardless of value or risk. In addition, the Division does not keep records of which transactions it has checked; records are kept only where an error has been identified. Our analysis of five years of data between year 2018 and year 2023 showed that post-audit work had identified 359 errors of underpayments, where traders had not paid all the import-taxes that they owed, worth a total of E.C.\$111,150. This is less than the cost of employing two senior officers to do Post-Audit functions. During the same period, post-audit work also identified 20 errors where traders had paid more money than required and refunds were made, worth a total E.C.\$14,696. We found that there are delays plus backlogs in vetting and post-auditing, resulting in difficulties in pursuing customers who under-paid on taxes. [See more in 3.18].

(c) Customs Officers at the Little Bay Port. Eight Customs Officers are stationed at the Little Bay Port during working hours and to provide the after-hours service. The passenger-ferry service is currently not operating and it has been unavailable for most of the past four years since it was suspended in September, 2020, following the dramatic curtailment of international travel and tourism during the COVID-19 pandemic. During the first 5 months of year 2024, available data showed that between 13 and 18 cargo vessels, 2 to 3 tankers, and 9 to 14 barges docked at the Port each month. In total, between 25 and 33 vessels docked each month, or 0.8 to 1.1 vessels per day. Some of the Port's users indicated to us that staff-rotas did not seem to be efficient: for example, the observed pattern that many Customs officers are taking their lunch-break at the same time.

3.11 Employees' tenure & turnover. Current employees of the Division have been in their posts for an average of 12 years and 9 months as at March 2025. Senior officers (Comptroller, Deputy Comptroller, Senior Customs Officer/Customs Officer IV, and Customs Officer III) are more experienced, spending an average 24 years and 3 months at the Customs Division. Customs Officers I, Clerks, and trainees have spent less time in post, an average of just 2 years and 8 months.

3.12 Employees' education and training. Customs Officers are usually sent to St. Kitts or to Dominica to complete 8 to 12 weeks of basic Customs Officer training courses. Officers were complimentary about the quality of training that they received, and described how it improved their skills and confidence. However, during the COVID-19 pandemic, these courses were suspended, meaning that several of the newer Customs Officers had not completed their training, and a backlog was created. The Division reported that these gaps are among the several challenges that it has faced as longstanding issues with having to rely on the centralised external recruitment through the H.R.M.U., and often not getting the quality of new employees that it requires.

3.13 Expansion of the Little Bay Port. In year 2019, the Government of Montserrat started a project to expand the Little Bay Port. The project is currently under construction and the Programme Management Office has advised us, as of April, 2025, that it is stalled, but that it is scheduled to be completed by the year 2027 if current negotiations between the G.O.M. and the contractor will be concluded satisfactorily. This includes meeting the contractor's request for additional funding to complete the project. Regular ferry-services have not resumed to date and there have been challenges in finding a suitable service-provider for a long-term contract. In recent years, only short-term ferry-services have been available (especially during the peak tourism-season of March alongside the weeks-long St. Patrick's Festival).

3.14 Increased demand for Customs services. The Division has not completed a detailed analysis of the impact of these plans and projects on trade-volumes and numbers of passengers and, in turn, the demand for Customs services. However, the expansion of the Port will likely lead to an increase in the numbers of vessels docking at Little Bay (including larger cruise-ships and more frequent visits by ships. In year 2016, the Customs management submitted a business case to the MOFEM for

funding to allow the M.C.R.S./Customs Division to hire six additional Customs Officers. The MOFEM told us that the business-case did not meet its requirements for business-cases and that it had invited the Customs Division to revise its bid. The Division has not revised the business-case and the MOFEM has, therefore, never reconsidered the request.

The Division's Engagement with Stakeholders

3.15 Online guidance. The M.C.R.S. and the Customs Division have made efforts in recent years to provide online guidance to brokers, importers, and the public. This includes its new website and the many forms that have been made available to customers online, as well as specific guidance about Customs processes and procedures. However, most of the online content remains static, and even the forms that we reviewed were not all fully electronic and fillable online, but still required printing and manual completion. This is another example of the M.C.R.S.'s investment in I.T., but then it is not realising the full efficiency, effectiveness, and customer-centric benefits of the technology.

3.16 Data on website-visits and number of interactions. Initially, the Customs Division was not measuring, monitoring, analysing or using data related to its online presence. In addition, the website does not provide information on import and export procedures/penalties for breaching, procedural rules for appeals, neither does it publish the agreements with any country or countries: for example, the Common External Tariff Agreement among CARICOM Member States. **Update:** As we were concluding this report, we received a summary of website statistics confirming that the M.C.R.S.'s website is active and, as of March 31st, 2025, has gained nearly 5,500 visitors since its launch in October, 2023. However, almost all of the visitors' activities and downloads focused on the Inland Revenue Division: of a cumulative total of 2,881 downloads over those 18 months, only 189 (6.56% of downloads) were related to the Customs Division (i.e., tariff-codes).

3.17 Reporting issues and resolving complaints. The Customs Division has not done any survey of customers' feedback or of users' experience with international travel/tourism/transportation, with the Division's Officers, processes, procedures, or with general matters related to importation of goods into Montserrat. Multiple channels of information, communication, and payments are available, but most of the interaction between the division and the public/customers is in person and entails paper-forms and manual processes. Some persons use the telephone, email, or WhatsApp to communicate with the officers that they know. Long-time business-owners and Customs Brokers were most likely to have these direct personal contacts with senior officers of the within the division, and used these connections to address complaints, disputes, and matters arising.

3.18 Delays plus backlog in vetting and post-auditing adversely affect relations with customers. The Division has a backlog in its vetting/post-audit of transactions with customers. For the years that we reviewed, available data indicated lags of several months to a year, resulting in

difficulties in pursuing customers who were found to have either under-paid or overpaid import-taxes. Those clients reached so long after transactions had been completed were also dissatisfied with the process and those stakeholders that we surveyed reported to us their experiences with these kinds of delays in Customs-related processes and procedures. It is especially difficult for small traders and individual clients to pay overdue amounts when they believed that they had already paid all that was due and that their transactions were completed long ago. Subsequent late assessments of extra charges affect consumers' costs of imports and reduce the budgeted revenues and/or profits of small businesses related to imported goods.

3.19 The M.C.R.S. Commissioners and the Tax Advisory Board remain unknown to stakeholders. Both in our previous Performance Audit of the Inland Revenue Division of the M.C.R.S., and in this current study of the Customs Division, persons surveyed had no knowledge of the existence or roles of the M.C.R.S. Commissioners, nor of those of the Tax Advisory Board. In part, this reflects the absence of a programme of public outreach by either body, and also a lack of consistent effort by the M.C.R.S. itself to inform stakeholders about the existence, the purpose, and the expected benefits of these two bodies. Accordingly, nobody that we interviewed or surveyed, including long time business owners and experienced Customs brokers, had any experience in dealing with either of these two committees for objections against assessments or for resolving disputes on amounts demanded by Customs Officers. Instead, persons who reported areas of dissatisfaction with Customs Officers and/or with the process/procedures of importing goods into Montserrat, indicated that they had relied on informal channels of communication to try to resolve their issues. There was a general reluctance to pursue legal means of recourse or to use formal mechanisms of reporting complaints or resolving disputes.

Recommendations

3.20 Optimise communication & online presence. The Customs Division should review its current approaches to stakeholder-engagement, expand its use of various media for communication, and seek to improve its engagement with stakeholders, including importers, brokers, airlines, shipping agents, and the public. In particular, the division should harness the feedback and insights from website metrics and data analytics to improve the scope and scale of usage of each channel, and the client-experience and usefulness of online channels, electronic payments, electronic information and Customs/import-related forms. In addition, the division, should formulate and implement an integrated multi-channel Communications Strategy to cross-fertilise channels, and to maximise the benefits of the resources invested in each type of channel: e.g., radio-programmes, in-person outreach sessions, educational sessions/videos, website, payment-portals, social media, et cetera. These measures will improve relations with stakeholders, and increase the volume and value of each channel, contributing to more trade, travel, business, and investment to and from Montserrat.

3.21 Strengthen regional partnerships, training, & knowledge-sharing. The M.C.R.S. and the Customs Division should make fuller use of regional resources, including wider use of bilateral and multilateral collaboration within the O.E.C.S., with other U.K. Overseas Territories, with the CARICOM Secretariat and neighbours, and with CARIFORUM partners. For example, more regular joint training programmes will reduce the costs per person/country. Likewise, more frequent use of work attachments and internships will increase cross border exchanges of knowledge, experience, and skills, while exposing Customs Officers, Immigration Officers, and other trade/tourism/travel-related officers, to international best practices, enhanced customer service, and more effective trade facilitation practices.

3.22 Enhance the functioning and visibility of Boards and Committees. The M.C.R.S. and the Customs Division should review the approach to selecting and appointing persons to Boards, Committees, and any other bodies that are related to Customs, trade, tourism, travel, ports/airports, public health, and any other stakeholders that affect Montserrat's international trade and border-experiences both for locals and visitors. Engage relevant Ministries, Departments, and other stakeholders more effectively in jointly improving the processes and procedures related to and/or affecting trade, travel, and tourism in Montserrat. Improve the marketing and public outreach of, and related to, Boards, Committees, and other relevant bodies so that all stakeholders become aware of their existence, informed of their purposes, and empowered to access their benefits.

3.23 Discontinue the delayed vetting of old transactions and revert to timely Post-Auditing. To reduce the inefficiencies of the current practices, and to minimise the costs and the inconveniences to clients and small businesses, the Customs Division should immediately pause the practice of vetting old transactions long after the fact. Instead, the Division should refocus its vetting and post-audit on the current transactions and keep abreast of current business, thereby avoiding continued additions to the never-ending months-long backlog. As time and resources permit, the remaining backlog can also be reduced.

Overall Audit Conclusion

The Custom Division of the M.C.R.S. operates at all ports of entry on Montserrat, with responsibility for all cross-border flows of goods and passengers, including all vessels found within Montserrat's maritime territory. Over the years, the Customs Division has contributed to large increases in the G.O.M.'s tax-revenues related to imports, exports, and international travel. Nevertheless, we found that price-inflation, and not real growth, has driven increased import-revenues since year 2021, and there have been significant declines in the volume of imports and exports, and much reduced numbers of passengers, visitors, and tourists. These trends indicate that recent years' increases in import-revenues are not sustainable, and that Montserrat's international competitiveness has declined.

The Division's facilities and technology, I.T. systems, risk-management, staff-deployments, and working arrangements can all be improved significantly. Vacancies and absences of employee further reduce the Division's actual capacity well below approved headcounts. Meanwhile, the Division has only a limited view of its organisational performance, and the demands for its services. The noted deficiencies are limiting its contribution to an improved customer-experience, both for importers and for visitors/tourists, and are impairing trade-facilitation.

End Notes #1: Governance of M.C.R.S. / Customs Division

Oversight arrangements. Historically, the M.C.R.S. was formed as a new Department within the portfolio of the Ministry of Finance and Economic Development by combining two previously separate entities: The Inland Revenue Department and The Customs & Excise Department. Each entity is managed by a specialist Comptroller and a Deputy Comptroller assisted by various supervisors and managers of functional units. In turn, the two Divisional Comptrollers report to the Director-General of the M.C.R.S., who is accountable to the Financial Secretary (F.S.) and to the Minister of Finance (who is also the Premier and a member of the Cabinet). Both the F.S. and the Minister of Finance are also Members of the Legislative Assembly of Montserrat.

In respect of the Customs Division, the Montserrat Customs and Revenue Services (Enabling) Act, 2017, makes provision for a Tax Advisory Board. This board, as mandated, comprises:

- (a) The Director of the M.C.R.S. as the ex-officio Chairperson,
- (b) The Financial Secretary (M.O.F.E.M.) or his/her designate,
- (c) The Comptroller of Customs and Excise,
- (d) The Comptroller of Inland revenue, and (e) Three members appointed on the advice of the G.O.M.'s Cabinet.

There are clear lines of reporting and accountability as the members report to, and are held accountable by, the M.C.R.S. Director General. Some of the functions of the Tax advisory Board include:

- (a) Review tax-policy proposals;
- (b) Provide advice to the Government on tax policies, systems and procedures and their impact on taxes, taxpayers and the general public;
- (c) Advise on the risks to the efficient, effective, and economic collection of revenue by the M.C.R.S., and necessary advice on the appropriate risks mitigation measures to be put in place; and
- (d) Provide support and advice to the Government to ensure the Government's compliance with standards of best practice in international taxation.

There is also provision for a committee called the M.C.R.S. Commissioners. This designed to be an independent committee that receives complaints from aggrieved customers of the Inland Revenue Division or the Customs and Excise Division, and to adjudicate on clients' appeals on tax-assessments and other matters related to their dealings with any aspect of the M.C.R.S. or its two Divisions.

Over the period of our study, these bodies were not functional. There were no appointed members to carry out these relevant functions and to provide the well-needed support for the Customs Division.

Appendix 1: Trends in Duties & Consumption Taxes on Imported Goods

Figure 1.1: Import Duty Revenues: Budgeted versus Actual (years 2012 to 2023)

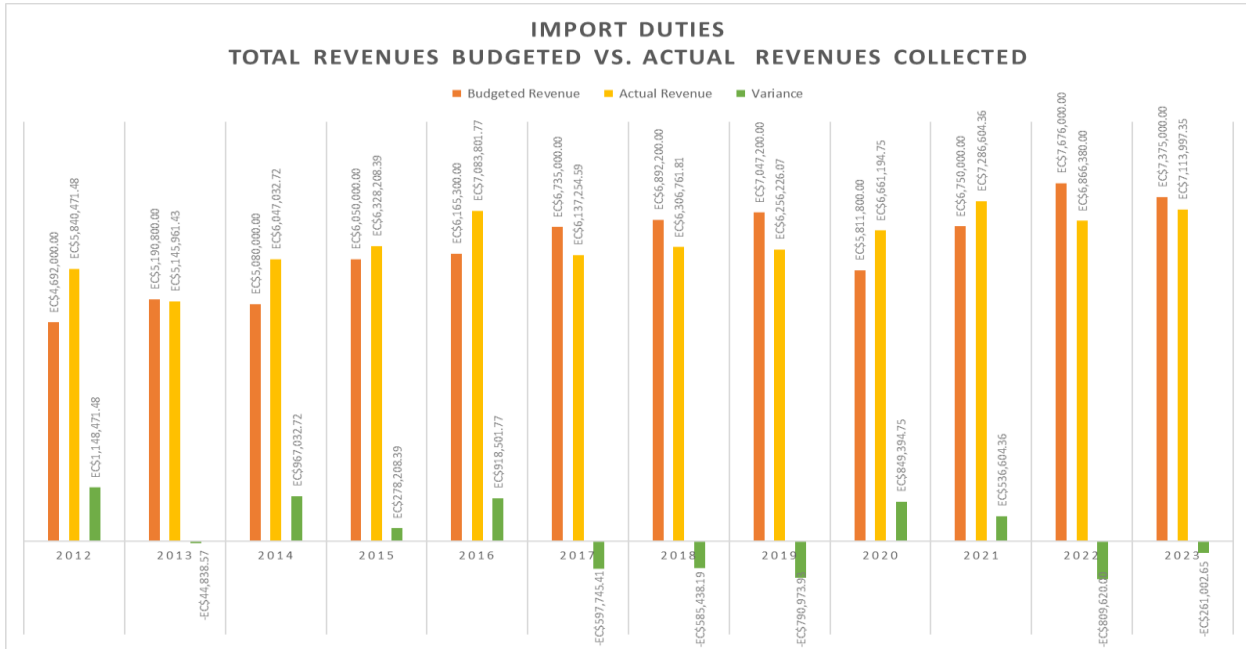
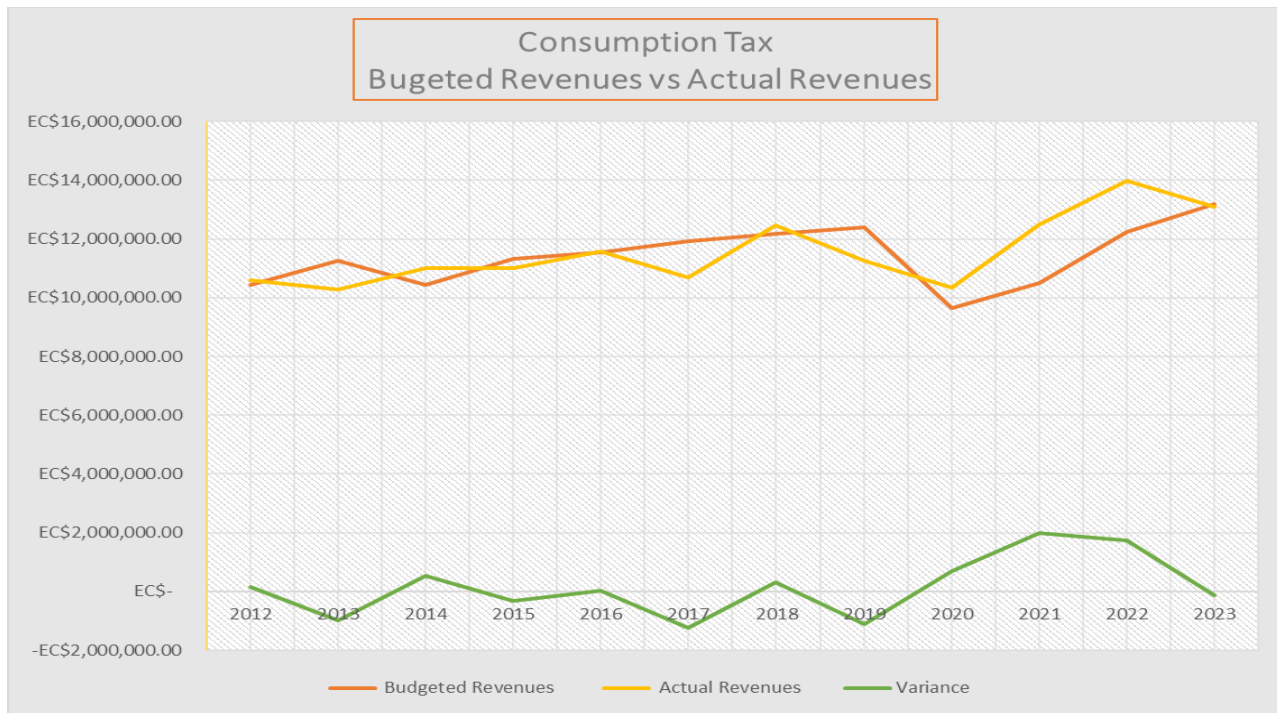


Figure 1.2: Customs Division’s Consumption Tax Revenues from Imports: Budgeted vs. Actual (years 2012 to 2023)



Appendix 2: Key trends in Montserrat’s economy affecting trade

Figure 1.3: Summary of yearly changes in real G.D.P. (economic growth) & annual domestic price-levels (inflation) (years 2003 to 2023).

<p>G.D.P. Growth: The economy experienced moderate growth in most years with average growth-rates over varying periods:</p> <ul style="list-style-type: none"> • 20-year average: 2.5% • 10-year average: 2.7% • 5-year average: 4.1% 	<p>RISING PRICES: Average domestic price-inflation rates have been very low over the past 10 years as shown below:</p> <ul style="list-style-type: none"> • 20-year average: 1.6% • 10-year average: 0.2% • 5-year average: 0.3%
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Source: 10th Actuarial Review, Montserrat Social Security Fund.

Figure 1.4: Mapping of Major Trends/Factors Driving Montserrat’s International Trade & Customs.

TRENDS/ FACTORS	NATIONAL IMPACTS	INT’L TRADE IMPACTS	IMPACTS ON CUSTOMS	IMPACTS ON CUSTOMS	IMPACTS ON CUSTOMS
Declining population	Fewer consumers	Fewer travellers and importers	Reduced flow of clients’ imported goods	Fewer outbound and returning passengers	Reduced bases for revenues
Declining Youth Segment of the population	Fewer young adults entering the workforce	Reduced demand for imports	Shrinking pool of candidates for junior posts	Fewer qualified young workers available Gaps between the education and experience of applicants and what is optimal	Higher costs of on-boarding and training Lower average productivity Negative impact on quality of client-service
Aging population (median age is now over 40 years and rising with each Census)	More retirees than persons under 18 years old Shrinking working-age population	Reduced consumption Reduced demand for imports	Senior officers are at or nearing retirement-age	Adverse implications for succession-planning and for the retention of talent	Loss of institutional memory as the most experienced officers retire &/or exit early

Higher import-prices	Higher cost of living Higher cost of business Higher cost of Government	Reduced consumption Reduced demand for imports	Needed equipment, vehicles, fuel, parts, etc., cost more	Higher costs for business-cases Higher costs for new spending-requests	Higher operating costs Need for higher budgetary ceilings over time
High dependence on Imports	High risks to national security, food-security, & energy-security	High cost of delays in shipping High cost of disruptions of supply-chains	Some items are not available when needed Delays in procurement	Difficulties in maintaining existing equipment, vehicles, and technologies	Difficulties in replacing old items and/or procuring new ones
Inadequate access to, and infrastructure at, Montserrat's ports	Bigger ships must go elsewhere Much reduced cruise-ship business Bad weather and sea-conditions often prevent docking Severe limits for handling cold-storage shipping containers	Reduced business Reduced tourism Import/export volumes well below potential Diminishing international competitive-ness Very High trans-shipment costs	Lack of renewable energy and backup storage Frequent interruptions of electricity from imported fuels	Fewer passengers, visitors, and tourists Reduced/slower flows of imports Discourages the growth of imports/exports	Reduced revenues High risks to systems/data Frequent Interruptions of services Underuse of electronic systems High cost of time, labour, & materials from using manual processes and paper

Montserrat's international trade/travel/tourism have had major declines. Customs operations include all cross-border flows of passengers and their cargo/luggage/baggage. After the pre-pandemic peak of approximately 21,000 visitors, Montserrat recorded sharp declines in all categories of international travel/tourism: e.g., ferry-boat passengers; airline arrivals; excursionists; visitors; long-stay visitors; cruise-passengers. [See Figure 4.] Five years later, numbers of

travellers/tourists to/from Montserrat remain far below (-38%) pre-pandemic levels. Furthermore, the trend worsened last year, as international arrivals were 12% below those of year 2023. By contrast, Caribbean tourism grew strongly in the same period (years 2019 to 2024), with regional performance in years 2023 and 2024 surpassing the pre-pandemic levels. (See reference [9].)

Figure 1.5: Trends in Montserrat’s International Travel/Tourism: Numbers and categories of persons arriving at the borders by air or by sea (years 2019 to 2024).

Categories of Passenger	Grand Total of Number of Persons/Arrivals							1-YEAR	1-YEAR	5-YEAR	5-YEAR
	Year	Year	Year	Year	Year	Year	Year	CHANGE (no.)	CHANGE (%)	TREND (no.)	TREND (%)
	2018	2019	2020	2021	2022	2023	2024	2024 v. 2023	2024 v. 2023	2024 v. 2019	2024 v. 2019
<u>Total International Visitors</u>	18,338	20,976	8,300	1,597	5,906	14,845	13,041	-1,804	-12%	-7,935	-38%
<i>Air</i>	4,690	4,326	1,981	1,597	4,695	5,653	6,682	1,029	18%	2,356	54%
<i>Sea</i>	13,648	16,650	6,319	0	1,211	9,192	6,359	-2,833	-31%	-10,291	-62%
<u>Visitors (Tourists & Excursionists)</u>	12,429	12,502	4,869	1,597	4,713	8,320	9,296	976	12%	-3,206	-26%
<i>Air</i>	4,690	4,326	1,981	1,597	4,695	5,653	6,682	1,029	18%	2,356	54%
<i>Sea</i>	7,739	8,176	2,888	0	18	2,667	2,614	-53	-2%	-5,562	-68%
<u>Tourists</u>	10,232	10,402	4,544	1,591	4,613	7,720	8,779	1,059	14%	-1,623	-16%
<i>Air</i>	4,416	3,996	1,909	1,591	4,595	5,394	6,377	983	18%	2,381	60%
<i>Sea</i>	5,816	6,406	2,635	0	18	2,326	2,402	76	3%	-4,004	-63%
<u>Excursionists</u>	2,197	2,100	325	6	100	600	517	-83	-14%	-1,583	-75%
<i>Air</i>	274	330	72	6	100	259	305	46	18%	-25	-8%
<i>Sea</i>	1,923	1,770	253	0	0	341	212	-129	-38%	-1,558	-88%
<u>Ferry Day Trippers</u>	0	0	0	0	0	840	771	-69	-8%	771	n/a
<i>Sea</i>	0	0	0	0	0	840	771	-69	-8%	771	n/a
<u>Cruise Passenger</u>	4,294	6,821	2,805	0	887	3,163	988	-2,175	-69%	-5,833	-86%
<i>Sea</i>	4,294	6,821	2,805	0	887	3,163	988	-2,175	-69%	-5,833	-86%
<u>Yacht Passenger</u>	1,615	1,653	626	0	306	2,522	1,986	-536	-21%	333	20%
<i>Sea</i>	1,615	1,653	626	0	306	2,522	1,986	-536	-21%	333	20%

Sources: [a] Data from Montserrat’s national Statistics Department (MOFEM); [b] Auditors’ analysis.

Appendix 3: Details of the Customs Processes at Montserrat’s Ports

Figure 1.6

Customs processes for the main trade-routes managed by the Customs Division

Route	Frequency and volume of operation	M.C.R.S. staff onsite	Hours of operation	Customs facilities	Checks performed	Technology and I.T. used
Airport Imports and exports	Average of 4.5 scheduled flights a day in and out between year 2014 and year 2023 (not including years 2020 and 2021, which were extra-ordinary periods of almost no travel / tourism, during the COVID-19 pandemic) In year 2024, there was an average of six flights a day.	3 Customs Officers	2 shifts (6:00 a.m. to 12:00 p.m. and 12:00 p.m. to 6:00 p.m.). There is no after-hours regime for airport traffic.	Arrival hall with office for Customs officials and two baggage search areas. There is a separate storage area for un-accompanied freight. This can be accessed only when no flights are being processed.	All baggage and unaccompanied freight are physically examined.	Baggage scanner for exit only The Customs Administrative Database (C.A.D.S) and ASYCUDA are software systems that provide advanced passenger-information and they are also used to record arrivals
Cargo port in Little Bay Imports	In the first 5 months of year 2024 between 24 and 35 vessels docked each month. In year 2023,	8 Customs Officers	8:00 a.m. to 4:00 p.m. Agents can request an after-hours service (with 24 hours' notice)	Dedicated search areas Stations for refrigerated cars for perishable goods	On arrival officers check number and type of items. Searches may be carried out where they have intelligence	Scanners for hand baggage and barrels only ASYCUDA and C.A.D.S. used to record Customs data

	18,600 tonnes of cargo were imported, with a value of EC\$128.1 million				Goods searched again when picked up Food imports are inspected by an officer from the Ministry for Agriculture	Sail Clear system used for private yachts
Post Office Imports	Mail delivered roughly once a week to post office. Customers come in to pick up parcels during the work week (see Figure X)	2 Customs Officers	Main post office open 9:00 a.m. to 3:00 p.m.	Customs officers have desks in main office. Parcels are stored in a walk-in cupboard.	Customs searches of mail take place at office desk. Individuals come in one at a time and present items to be opened to Customs officer	No scanners Packages recorded on ASYCUDA
Plymouth (mining exports) Exports	In year 2023, 3.7 million tonnes of crude materials were exported, valued at EC\$14.5 million.	2 Customs Officers	8:30 a.m. to 8:00 p.m.	Customs officers work in portacabin	Officers check the weight of aggregates being exported to allow duties to be calculated. Officers do this by noting how often trucks unload Ad-hoc searches of barges	Security cameras present, which are manned during office hours in the M.C.R.S.'s headquarters Digital scales for trucks were installed on the road at the entry to the Plymouth Port (but these scales were not working)

Sources: [a] Analysis of M.C.R.S./Customs Division's documents and [b] the auditors' inspections of facilities, and observations of processes, at the airport, at the two seaports, and at the General Post Office.

Appendix 4: MANAGEMENT RESPONSES

Audit Recommendations & Follow-up Actions

**Re: Performance Review of Montserrat's Customs & Trade-Facilitation
September, 2025**

**FORMAL REQUESTS FOR MANAGEMENT RESPONSES WERE ISSUED
FOR THE ATTENTION OF:**

Accounting Officers / Senior Responsible Officers:

The Financial Secretary, MOFEM (Ministry of Finance & Economic Develop.)

The Director-General, M.C.R.S. (a Department of the MOFEM)

The Comptroller of Customs (Customs Division of the M.C.R.S.)

The Deputy Comptroller of Customs (Customs Division of the M.C.R.S.)

CC:

The Minister of Finance, MOFEM / Member of the Cabinet

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
	PART TWO: MONTSERRAT'S CUSTOMS PROCESSES AND CLIENTS' TRADE / BORDER EXPERIENCES				
<p>Efficiency of Processes</p> <p>Section 2.5: [A] The Customs process is not streamlined. [B] Inefficient documentations and procedures [C] No Cold-Chain Warehouse [D] Involvement of multiple other stakeholders and overlapping requirements. [E] Facilities are not customised to support the process.</p>	<p>Recommendation 2.19</p> <p>Improve efficiency.</p> <p>The Customs Division should review its processes:</p> <p>[A] to reduce and to simplify the steps that importers have to go through, and</p> <p>[B] to reduce and to simplify the data that importers provide, and how,</p> <p>[C] to identify inefficiencies and to reduce duplication.</p>	<p>[A] Yes, Partly</p> <p>[B] No (dependency)</p> <p>[C] Yes</p>	<p><i>Management notes that Section 2.5 combines several matters, including steps mandated by law, separation-of-duties controls, and activities performed by other stakeholders at the Port/Airport.</i></p> <p><i>Customs therefore cannot unilaterally remove all steps described; however, we agree to review the Customs-controlled elements of the clearance process to reduce duplication, clarify requirements, and improve customer experience.</i></p> <p><i>Customs will complete a process map of end-to-end clearance (Port and Airport), identify where the same data is requested more than once, and implement internal changes within Customs' authority (e.g.,</i></p>	<p><i>Port Authority has adjusted elements of the layout to improve flow (Port Authority).</i></p> <p><i>Customs has prepared/participated in proposals for infrastructure/process improvements</i></p> <p><i>and has engaged MOFEM/Cabinet on costed options where required (Customs/MOFEM).</i></p>	<p><i>31 July 2026 (process mapping + internal Customs changes); dependent items: subject to MOFEM/Cabinet/Port Authority timelines.</i></p>

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
<p>[F] Customers' process-experience varies widely.</p> <p>[G] Stakeholders reported several areas of dissatisfaction.</p> <p>2.8 Inadequate data-collection and monitoring.</p> <p>2.9 Low level of reported offences.</p>			<p><i>standardised checklists, clearer guidance to importers/brokers, streamlined internal hand-offs).</i></p> <p><i>Items requiring policy decisions, facility redesign, staffing, or other agencies' action will be documented and submitted via MOFEM for whole-of-Government decision and implementation.</i></p>		
<p>Technology and I.T. Systems</p> <p>2.14 Lack of scanners.</p> <p>2.16 Customs Division's other needs for equipment.</p> <p>2.18 The Customs Division's I.T. systems duplicate,</p>	<p>Recommendation 2.19 continued:</p> <p>The Division should collect data just once, and only if there is a business need,</p> <p>and reduce its reliance on paper-based systems and outdated manual processes.</p>	<p>Yes (in principle), with dependencies</p>	<p><i>Customs agrees with the objective of collecting information once where possible and reducing reliance on paper.</i></p> <p><i>However, some data capture and documentation are required for regulatory compliance and audit trail purposes, and current system and equipment constraints limit full digitisation, especially storage capacity.</i></p>	<p><i>Requests have been submitted to DITES for ICT support and/or equipment to support digitisation and reduce paper reliance (Customs/DITES).</i></p> <p><i>ASYCUDA processes and legislative updates are being progressed where applicable (Customs/MOFEM).</i></p>	<p>31 July 2026 for data-field review and internal standardisation; digitisation/equipment implementation dependent on approvals and procurement timelines.</p>

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
<p>rather than replace, manual processes.</p> <p>2.18 [a] Extensive use of paper.</p> <p>2.18 [b] Lack of back-up power or energy-storage.</p>			<p><i>Customs will conduct a data-field review to identify duplicate capture, standardise data requirements, and work with DITES/ASYCUDA support to reduce re-keying and improve electronic records management.</i></p> <p><i>The transition away from paper will be phased and is dependent on ICT support, equipment (e.g., scanners), and business continuity measures (e.g., power backup).</i></p>		
	<p>Recommendation 2.19 continued:</p> <p>The Division should commit to a programme of continuous improvement</p> <p>to ensure that processes are continually: [a] measured, [b] monitored, [c] reviewed, [d]</p>	Yes	<p><i>Customs will also adopt a simple continuous-improvement cycle to periodically review and update procedures.</i></p>		31 July 2026 for data-field review and internal standardisation; digitisation/equipment implementation dependent on approvals and procurement timelines.

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
	assessed, and [e] updated.				
	<p>Recommendation 2.20</p> <p>Improve H.R. management for better service to customers/businesses.</p> <p>The Customs Division should develop a workforce-strategy [A] that supports its revised Customs Manual and [B] better matches its organisational resources with the needs, expectations, ebbs and flows of international passengers, local importing customers, and patterns of</p>	Yes/Partly	<p><i>Customs supports improved workforce planning and deployment to strengthen service delivery.</i></p> <p><i>A workforce strategy is being pursued to improve efficiency and service standards, including aligning posts to the approved organisation structure and ensuring the right skills are placed in the right functions.</i></p> <p><i>Where elements require establishment changes, approvals, or recruitment processes outside Customs' direct control, Customs will progress these through the established Government HR and MOFEM processes.</i></p>	<p><i>Posts have been advertised/processed and adjustments made to better align positions to the organisational chart and operational needs (Customs/HR).</i></p>	Officers should be in post as of February 1 st , 2026.

<i>Findings</i>	<i>Recommendations</i>	<i>Agreed</i>	<i>Management Response</i>	<i>Actions Undertaken To Date & Responsibility</i>	<i>Date of Planned Implementation</i>
	<p>business at all ports/airport.</p> <p>The strategy should consider:</p> <p>[I] customers' and businesses' demands,</p> <p>[II] international competitiveness,</p> <p>[III] working hours, rostering arrangements,</p> <p>[IV] flexible working, and</p> <p>[V] skills and capability needs.</p> <p>This could be based on a review of the value added by all of the posts that are currently deployed.</p>				
	<p>Recommendation 2.21</p>	<p><i>Yes—subject to resourcing</i></p>	<p><i>Customs agrees that performance management</i></p>		<p><i>31 August 2026</i></p>

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
	<p>Improve performance-management.</p> <p>The Customs Division should collect digital records of all its activities:</p> <p>[A] including time and cost of completion and</p> <p>[B] outcomes achieved,</p> <p>to provide it with a full suite of organisational performance measures and targets that it can use to manage its performance and to drive improvement.</p> <p>These measures should be based on international trade-facilitation indicators.</p> <p>This also includes measuring,</p>	<p><i>and system upgrades</i></p>	<p><i>should be strengthened to improve communication, processing of trade/passengers, and payments.</i></p> <p><i>Implementation will require (i) adequate staffing to sustain monitoring and follow-up, and (ii) system upgrades to support timely reporting and performance tracking.</i></p> <p><i>Customs will formalise performance measures for key service areas, strengthen supervisory review and reporting routines, and pursue the required staffing and systems support through HR/DITES/MOFEM.</i></p>	<p><i>Requests were submitted to HR for additional staffing support.</i></p> <p><i>System upgrade requirements have been identified</i></p> <p><i>and will be advanced through the relevant approval and funding channels (Customs/HR/DITES/MOFEM).</i></p>	<p><i>(strategy refresh and prioritised business cases), subject to availability of national plans.</i></p>

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
	<p>monitoring, and optimising:</p> <p>[a] its online presence and</p> <p>[b] all the electronic channels for communication,</p> <p>[c] processing of trade/passengers, and</p> <p>[d] payments.</p>				
	<p>Recommendation 2.22</p> <p>Improve planning & business-cases.</p> <p>The Customs Division should carry out a full analysis of the impact of the upgrades to the Little Bay Port, on likely increases in the demand for Customs services.</p>	Yes	<p><i>Customs agrees.</i></p> <p><i>Strategies and plans have been developed over time; these will be refreshed and supported by clearer business cases aligned to national priorities once updated national plans are issued.</i></p> <p><i>Customs will update its divisional strategy and develop business cases for priority improvements,</i></p>	<p><i>Awaiting updated national plans to finalise alignment and refresh divisional strategy (Customs/MOFEM).</i></p>	<p><i>31 August, 2026</i></p> <p><i>(strategy refresh and prioritised business cases), subject to availability of national plans.</i></p>

<i>Findings</i>	<i>Recommendations</i>	<i>Agreed</i>	<i>Management Response</i>	<i>Actions Undertaken To Date & Responsibility</i>	<i>Date of Planned Implementation</i>
	<p>The Division should also integrate:</p> <p>[A] its workforce strategy,</p> <p>[B] its employees' training and development programmes,</p> <p>[C] its I.T. strategy, and</p> <p>[D] its long-term planning and budgeting in tandem with the national plans for major projects, programmes, and policies that are intended to result in economic growth, rebuilding of the population on Montserrat, and expansion of local</p>		<p><i>while noting that some initiatives depend on whole-of-Government priorities and approvals.</i></p>		

<i>Findings</i>	<i>Recommendations</i>	<i>Agreed</i>	<i>Management Response</i>	<i>Actions Undertaken To Date & Responsibility</i>	<i>Date of Planned Implementation</i>
	businesses.				
	<p>Recommendation 2.23</p> <p>Procure required equipment / resources.</p> <p>The Customs Division should update its strategic planning and budgeting for the resources that are required to optimise its operations and service to customers.</p> <p>In turn, it should strengthen its efforts and the supporting data to justify funding requests:</p> <p>e.g., [a] the upgrading of existing Customs-related equipment/tools,</p>	Yes	<p><i>Customs agrees and has advanced business cases for improved equipment and resources.</i></p> <p><i>Procurement will be progressed through established Government processes.</i></p> <p><i>Items such as renewable energy/power storage require broader Government policy and funding decisions;</i></p> <p><i>Customs will support by identifying operational requirements and proposing options.</i></p>	<p><i>Bids/requests were submitted to the relevant Ministries for updated equipment (Customs/MOFEM/Procurement).</i></p>	<p><i>31 December, 2026</i></p> <p><i>(procurement—subject to approvals and funding)</i></p>

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
	<p>[b] the procurement of new items that it needs to bring the Division in line with 21st Century standards and customers' expectations,</p> <p>[c] the replacement of items that are no longer suitable or functioning and</p> <p>[d] incorporating renewable energy and power-storage in all of its operations.</p>				
<p>2.7 Despite having this framework, Customs searches are not risk-based. The Division physically examines all shipments of goods arriving, despite its own Customs</p>	<p>Recommendation 2.24</p> <p>Use a risk-based approach.</p> <p>Prioritise and reduce the number of manual searches of cargo and passengers,</p>	<p><i>Yes (with clarification)</i></p>	<p><i>Customs applies a risk-categorisation framework; however, examinations are sometimes requested by importers/brokers for insurance or verification purposes,</i></p>	<p><i>Customs will update examination recording procedures and begin tracking examination reasons (risk versus customers' requests) (Customs).</i></p>	<p><i>31 March, 2026 (updated recording + tracking implemented).</i></p>

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<p>Procedures Manual stating that the Division will, based on carrier and manifest information, assign a risk-category to imports to determine how much they will be examined on arrival. Cargo allocated to the Green lane or to the Blue lane should be released and removed without examination. However, the division reported that, owing to a lack of technology, equipment and staff resource, all goods are assigned to the Red lane and are physically examined by Customs Officers</p>	<p>based on:</p> <p>[A] knowledge and</p> <p>[B] lessons from Customs Officers' experience,</p> <p>[C] historical patterns,</p> <p>[D] relevant data, and</p> <p>[E] assessed compliance-risks.</p> <p>This would reduce staffing costs and limit the waiting times for customers if most passengers/cargo do not require searching.</p>		<p><i>which increases the number of physical inspections beyond risk-selected examinations.</i></p> <p><i>Customs will strengthen the recording and reporting of examinations to distinguish:</i></p> <p><i>(i) risk-selected searches from</i> <i>(ii) customer-requested examinations,</i></p> <p><i>and will refine targeting and supervisory review to ensure that the risk-based approach is consistently applied and evidenced.</i></p>		

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before release. Stakeholders also suggested to us that too many goods are being searched.					
<p>2.5 [a] The Customs process is not streamlined.</p> <p>[b] Inefficient documentations and procedures.</p> <p>[d] Involvement of multiple other stakeholders and overlapping requirements.</p> <p>[e] Facilities are not customised to support the process.</p> <p>[g] Stakeholders reported several areas of dissatisfaction.</p> <p>2.10 The Division's after-hours service.</p> <p>2.14 Lack of scanners.</p>	<p>Recommendation 2.25</p> <p>Improve interdepartmental co-operation and co-ordination.</p> <p>The Customs Division should document its requests/requirements that necessitate external stakeholders' participation.</p> <p>It should then advance proposals through the MOFEM and the Cabinet to achieve a whole-of-Government approach to improving Customs operations, customer-</p>	<p><i>Yes (in principle), dependent on other agencies</i></p>	<p><i>Customs agrees that interdepartmental coordination is required for improved trade facilitation and accurate national statistics.</i></p> <p><i>While many interactions currently occur via email and ad hoc coordination, Customs supports a more structured whole-of-Government approach.</i></p> <p><i>Customs will document and formalise coordination requirements (e.g., agreed points of contact, response timelines, data standards)</i></p> <p><i>and will advance these proposals through MOFEM/Cabinet as appropriate.</i></p>	<p><i>Customs has made requests to external stakeholders for operational support and information sharing;</i></p> <p><i>Customs will now formalise and track these requests and escalations through MOFEM (Customs/MOFEM).</i></p>	<p><i>30 Sep 2026</i></p> <p><i>(coordination proposals documented and submitted);</i></p> <p><i>implementation ongoing subject to stakeholders' adoption.</i></p>

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
<p>2.15 Unmet requests for scanners.</p> <p>2.16 Customs Division's other needs for equipment.</p>	<p>service, and trade-facilitation.</p> <p>Example #1: getting the timely support of DITES in resolving the reported I.T. issues.</p> <p>Example #2: getting the cooperation of the Ministry of B.U.I.L.T. to achieve long overdue upgrades at the airport to provide/restore a dedicated area for Customs and cargo, enabling full-day service to the public.</p> <p>Example #3: having the scales at the Plymouth pier commissioned and put into full operation for the mutual and complementary benefits of the Port Authority and the Customs Division,</p>		<p><i>Implementation will require commitment and resourcing across stakeholder agencies.</i></p>		

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	while improving the accuracy of data collected for national statistics.				
<p>Excerpt from 2.5: A Canine Unit is no longer in place.</p> <p>For many years, the Royal Montserrat Police Service and the M.C.R.S./Customs Division had the benefits of an active Canine Unit.</p> <p>However, after the last service-dog died circa year 2021, the Canine Unit ceased to function and, to date, has not been revived.</p>	<p>Recommendation 2.26</p> <p>Reactivate the Canine Unit.</p> <p>The Customs Division should also seek the return of the historically successful Canine Unit in partnership with the Royal Montserrat Police Service;</p> <p>this would greatly improve both the speed and the effectiveness of searches both of passengers and of cargo.</p> <p>For example, specially trained sniffer-dogs</p>	Yes	<p><i>Customs agrees that reactivating a Canine Unit (in partnership with the Royal Montserrat Police Service) would strengthen border security and improve the speed and effectiveness of searches of passengers and cargo, particularly during peak travel periods.</i></p> <p><i>However, reactivation has significant start-up and recurring cost implications, including acquisition of a suitable detector dog, initial and ongoing training/certification for both dog and handler, specialized kenneling and transport arrangements, handler allowances/overtime coverage (including after-hours operations), veterinary care, food and supplies,</i></p>	<p><i>Customs has begun compiling requirements and cost components for reactivation (start-up and recurring), including training and certification needs, equipment / facility requirements, and operational staffing implications.</i></p> <p><i>Customs will engage RMPS to confirm:</i></p> <p><i>[a] the preferred partnership model,</i></p> <p><i>[b] roles/responsibilities, and</i></p> <p><i>[c] the most feasible training pathway,</i></p> <p><i>and will progress a costed business case through the MOFEM.</i></p>	<p><i>Costed proposal/business case to be completed and submitted by 30 September 2026.</i></p> <p><i>Target implementation subject to Cabinet approval, procurement, and ongoing budget allocation (anticipated FY 2027/2028).</i></p> <p><i>Considering that FY 2026/2027 starts in 2 months and the budget is most likely already negotiated and set, I think the more realistic target implementation date is FY 2027/2028. My opinion.</i></p>

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<p>This is another example of essential or customary capabilities of Customs/Immigration authorities at international ports/airports, but lacking in Montserrat.</p>	<p>are particularly adept at identifying illegal drugs that manual/human searches might fail to detect.</p> <p>Another advantage of a Canine Unit is that it can also quickly scan buildings, ships, boats, large volumes of cargo, and large numbers of passengers: e.g., when the ferry-boat's passengers disembark during the busiest periods of the year (Christmas and Montserrat Festival in December and St. Patrick's Festival during March).</p>		<p><i>insurance/liability coverage, and eventual replacement planning.</i></p> <p><i>As such, implementation is dependent on securing sustainable, ongoing budget support (not only one-off funding) and agreeing a cross-agency operating model and responsibilities with RMPS.</i></p> <p><i>Customs will support the development of a costed proposal and implementation plan for submission via MOFEM for Cabinet/budget consideration.</i></p>		<p><i>Timelines can be adjusted if alternate funding agencies are recommended.</i></p>
	<p>PART THREE: CUSTOMS DIVISION'S STRUCTURE, RESOURCING,</p>				

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	CAPACITY, AND CHALLENGES				
<p>Oversight and accountability 3.2 Boards/Committees exist in law, but are dormant in practice.</p> <p>3.19 The M.C.R.S. Commissioners and the Tax Advisory Board remain unknown to stakeholders.</p> <p>Ex. Sum. 10. The Customs Division falls short of several international standards and many indicators.</p>	<p>Recommendation 3.22</p> <p>Enhance the functioning and visibility of Boards and Committees.</p> <p>The M.C.R.S. and the Customs Division should review the approach to selecting and appointing persons to Boards, Committees,</p> <p>and any other bodies that are related to Customs, trade, tourism, travel, ports/airports, public health, and any other stakeholders that affect Montserrat's international trade</p>		<p><i>See attached response from MOFEM.</i></p>		

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	<p>and border-experiences both for locals and visitors.</p> <p>Engage relevant Ministries, Departments, and other stakeholders more effectively in jointly improving the processes and procedures related to and/or affecting trade, travel, and tourism in Montserrat.</p> <p>Improve the marketing and public outreach of and related to Boards, Committees, and other relevant bodies so that all stakeholders:</p> <p>[A] Become aware of their existence,</p>				

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	<p>[B] Become informed of their purposes, and</p> <p>[c] Become empowered to access their benefits.</p> <p>As previously recommended to the M.C.R.S./Inland Revenue Division:</p> <p>The relevant stakeholders [e.g., Customs Division, the M.C.R.S., and the MOFEM] should individually and collectively review and improve each of the processes whereby candidates are nominated, selected, and inducted into Committees/Boards.</p> <p>It is then essential to good governance to ensure that every Committee/Board has</p>				

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	<p>clear mandates, benchmarks, targets, regular meetings, satisfactory attendance, satisfactory records, and documented outputs.</p> <p>It is also important to have regular quarterly reports to the relevant Ministry/Cabinet and annual reports to the public to ensure accountability and transparency at all levels.</p> <p>To achieve value for money, the MOFEM (which oversees the M.C.R.S. and the Customs Division) should urgently reassess the existing model of paying members regardless of whether:</p>				

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	<p>[a] they have meetings, or</p> <p>[b] attend meetings, or</p> <p>[c] meet statutory obligations and best practices,</p> <p>Including:</p> <p>[i] complete and timely record-keeping,</p> <p>[ii] secure document-storage, and</p> <p>[iii] all reporting requirements.</p> <p>It should then advise the Cabinet accordingly: e.g., whether to revise the terms of reference;</p> <p>e.g., whether and how to improve the existing model of</p>				

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	<p>appointments and remuneration;</p> <p>or whether to adopt an alternate 21st-century model focused on rewards for results achieved, quality of outcomes, client-satisfaction indices, and value added.</p> <p>An important aspect of governance is a robust framework for identifying, measuring, and managing risks.</p> <p>The MOFEM and each Committee should implement appropriate metrics and dashboards to track key variables: e.g., those relating to</p> <p>[a] financial management,</p>				

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	[b] environmental management, [c] sustainability, [d] supply-chains, [e] logistics, [f] social impacts, [g] economic trends, [h] the political environment, [i] compliance with relevant laws, regulations, and standards, [j] I.T. issues and opportunities, and [k] emerging trends, risks, and issues.				
The Division's Engagement with Stakeholders	Recommendation 3.20	<i>[3.16] yes</i>	<i>The Customs website and public information have been updated</i>	<i>Website updated; ongoing updates as gaps are identified</i>	<i>31 March, 2026</i>

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
<p>3.16 Data on website-visits and number of interactions.</p> <p>3.17 Reporting issues and resolving complaints.</p>	<p>Optimise communication & online presence.</p> <p>The Customs Division should:</p> <p>[A] review its current approaches to stakeholder-engagement,</p> <p>[B] expand its use of various media for communication, and</p> <p>[C] seek to improve its engagement with stakeholders, including importers, brokers, airlines, shipping agents, and the public.</p> <p>In particular, the Customs Division should harness the feedback and insights from website metrics and data-analytics</p>		<p><i>with commonly requested information.</i></p> <p><i>Customs will continue to improve clarity and completeness,</i></p> <p><i>including guidance for importers, travellers, fees, forms, and complaint channels,</i></p> <p><i>and will review content quarterly.</i></p>	<p><i>(Customs/DITES as applicable).</i></p>	<p><i>(next full content review),</i></p> <p><i>quarterly thereafter.</i></p>

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	<p>to improve the scope and scale of usage of each channel,</p> <p>and the client-experience and usefulness of:</p> <p>[A] online channels,</p> <p>[B] electronic payments,</p> <p>[C] electronic information and</p> <p>[D] Customs/import-related forms.</p> <p>In addition, the Customs Division should formulate and implement an integrated multi-channel Communications Strategy</p>				

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	<p>[I] to cross-fertilise channels,</p> <p>[II] and to maximise the benefits of the resources invested in each type of channel:</p> <p>e.g., radio-programmes,</p> <p>e.g., in-person outreach sessions,</p> <p>e.g., educational sessions/videos,</p> <p>e.g., website,</p> <p>e.g., payment-portals,</p> <p>e.g., social media, et cetera.</p> <p>These measures</p> <p>[a] will improve relations with stakeholders, and</p>				

Findings	Recommendations	Agreed	Management Response	Actions Undertaken To Date & Responsibility	Date of Planned Implementation
	<p>[b] increase the volume and value of each channel,</p> <p>[c] contributing to more trade, travel, business, and investment to and from Montserrat.</p>				
<p>3.7 The Division does not meet several international customs standards.</p> <p>3.12 Employees' education and training.</p>	<p>Recommendation 3.21</p> <p>Strengthen regional partnerships, training, & knowledge-sharing.</p> <p>The M.C.R.S. and the Customs Division should make fuller use of regional resources, including wider use of bilateral and multilateral collaboration:</p> <p>[A] within the O.E.C.S.,</p>	<p><i>Yes (in principle)</i></p>	<p><i>Customs supports strengthening regional partnerships and continuous training and knowledge sharing.</i></p> <p><i>The Division participates in CCLEC meetings and utilises CCLEC's training calendar and online training offerings, which provide development opportunities from Junior Basic through to management.</i></p> <p><i>Given Montserrat's small staffing complement and limited in-house training capacity, Customs relies on these regional and online options,</i></p>	<p><i>Attendance at CCLEC meetings;</i></p> <p><i>officers have participated in CCLEC online training;</i></p> <p><i>officers have attended the CCLEC Junior Basic Course in St. Kitts;</i></p> <p><i>attachments to Antigua facilitated for ASYCUDA and operational exposure.</i></p>	<p><i>Ongoing</i></p>

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	<p>[B] with other U.K. Overseas Territories,</p> <p>[C] with the CARICOM Secretariat and</p> <p>[D] its other bodies such as the CARICOM Competition Commission,</p> <p>and the CARICOM Council for Trade & Economic Development,</p> <p>[E] with other CARICOM neighbours, and</p> <p>[F] with CARIFORUM partners.</p> <p>For example, more regular joint training programmes will reduce the costs per person/country.</p> <p>Likewise, more frequent use of work-attachments and internships will</p>		<p><i>including sending officers to St. Kitts for the CCLEC Junior Basic Course.</i></p> <p><i>Customs has also facilitated attachments to Antigua for ASYCUDA training and for operational exposure to busier port environments (airport, seaport and container units).</i></p> <p><i>Management notes that Customs does not have responsibility for, or control over, the training and exposure of Immigration and other trade-related officers outside the Customs Division.</i></p>		

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	<p>increase cross-border exchanges of knowledge, experience, and skills,</p> <p>while exposing Customs Officers, Immigration Officers, and other trade/tourism/travel-related officers, to international best practices, enhanced customer-service, and more effective trade-facilitation practices.</p>				
<p>3.18 Delays plus backlog in vetting and post-auditing adversely affect relations with customers.</p> <p>2.9 Low level of reported offences.</p>	<p>Recommendation 3.23</p> <p>[1] Discontinue the delayed vetting of old transactions and</p> <p>[2] Revert to timely Post-Auditing.</p> <p>To reduce the inefficiencies of the current practices,</p> <p>and to minimise the costs and the</p>	Yes	<p><i>Customs agrees with the recommendation.</i></p> <p><i>The post-audit vetting function is now up to date and the backlog has been cleared.</i></p> <p><i>The backlog previously arose owing to staff shortages</i></p> <p><i>and the absence of a designated officer to consistently perform the function.</i></p>	<p><i>Backlog cleared;</i></p> <p><i>post-audit vetting brought up to date;</i></p> <p><i>responsibility for the function has been assigned / re-established to ensure continuity.</i></p>	<i>Implemented / Completed</i>

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	<p>inconveniences to clients and small businesses,</p> <p>the Customs Division should immediately pause the practice of vetting old transactions long after the fact.</p> <p>Instead, the Customs Division should refocus its vetting and post-audit on the current transactions and keep abreast of current business,</p> <p>thereby avoiding continued additions to the never-ending months-long backlog.</p> <p>As time and resources permit, the remaining backlog can also be reduced.</p>		<p><i>Management has since addressed the resourcing of this area</i></p> <p><i>and will continue monitoring to prevent recurrence.</i></p>		

