

ABRIDGED SUMMARY OF REPORT OF THE COMMITTEE TO INVESTIGATE OPERATIONAL IRREGULARITIES AT CUSTOMS, EXCISE & PREVENTIVE SERVICE

1. AUTHORITY

On the 13th of July, 2007, the Minister of Finance & Economic Planning set up a four-member Committee under the Chairmanship of Justice Samuel Glenn Baddoo, retired Justice of the Supreme Court to investigate reported cases of extortion of money and other operational irregularities at the Customs, Excise and Preventive Service (C.E.P.S.).

2. MEMBERS OF THE COMMITTEE

The other members of the Committee are:-

- Mr. E.M. Owusu-Ansah, Chartered Accountant
- Mrs. Dorothy Afriyie-Ansah, Principal State Attorney
- Mr. Michael Ayesu, Ministry of Finance & Economic Planning
- Mrs. Yvonne Atakora-Obuobisa, Principal State Attorney - Counsel for the Committee.

3. PROCEDURE BEFORE THE COMMITTEE

This Committee was a fact-finding Committee. Therefore anyone who appeared before the Committee was considered a witness for the Committee. For that reason, every witness was called a Committee Witness.

4. SITTING

The Committee had 41 public sittings and took evidence from 52 witnesses. The Committee also visited the Tema Harbour, the Container Terminals, and some Bonded warehouses in the course of the sittings.

5. SOME KEY FINDINGS & RECOMMENDATIONS

a) CONDUCT OF THE AUCTION SALES

The Committee found as a fact that the Auction Sales by the Auction Team were a charade, a pretence, and a huge joke. This practice clearly indicates corruption, as

well as abuse of the auction process which ultimately results in huge losses of revenue to the country.

Recommendations

The Committee therefore recommends that the Central Auction team should be abolished. In its place we recommend that an ad-hoc Committee should be set up by the Commissioner of C.E.P.S. with a mandate to conduct the auction for a specific period as and when goods are gazetted for auction. The Committee will further be required to comply with the rules governing auction sales and to enforce, especially the penalty which is imposed on whoever comes out as the highest bidder but refuses to purchase the goods.

A couple of officers have been found culpable and recommended to face disciplinary action according to the Service Conditions of CEPS.

b) ESTABLISHMENT OF A "SEARCH UNIT" AT CUSTOMS

The Committee found that it was necessary to have a Search Unit at the Head office as pertains at the Lands Commission, where the general public can make a search to find out if the relevant duty and taxes have been paid on a vehicle which had been imported into the country. This would enable purchasers of vehicles to ascertain whether they are buying genuine vehicles or not.

c) UNCLAIMED CARGO LIST - U.C.L.

The Committee found that the goods which are sold at the auction are unclaimed or uncleared cargo. The State Warehouse Unit of CEPS is responsible for the list of the Uncleared Cargo, but the Unit waits for the Shipping lines to release the list of uncleared cargo. It takes the shipping lines a long time to compile the list of uncleared cargo. Thus the uncleared cargo remains for a long period at the Ports creating so much congestion.

The Committee found that it is possible for CEPS itself to generate the list of Uncleared Cargo on daily basis from the G.C. Net.

Recommendations

The Committee therefore recommends that Customs should not wait for the Shipping lines to furnish it with uncleared cargo list, but must generate its own list on daily basis from the G.C. Net and use it as a basis to request the shipping lines to identify

the location of the goods or containers. This would speed up the processing of the U.C.L. for auction.

d) DRIVER VEHICLE & LICENCING AUTHORITY (D.V.L.A.)

Evidence was led before the Committee that many vehicles imported into the country were registered without the appropriate duty and taxes paid on them. About 13,000 vehicles have been registered with fake documents as at this moment.

The D.V.L.A. has therefore set up a Task Force to seize all uncustomed vehicles and in pursuit of this exercise, the D.V.L.A. has seized 103 vehicles and has sent them all to the C.E.P.S. with covering letters.

The tracking and seizing of uncustomed vehicles is also being vigorously pursued by a Task Force headed by Kwabena Ahekorah in the R.A.G.B.

Recommendations

It is recommended that this task Force should be strengthened and motivated, to carry on this exercise of seizing uncustomed vehicles. It will send the message to all and sundry, clear and loud, that one has to be careful when purchasing a vehicle.

The Committee recommends that the D.V.L.A. should be connected to G.C. Net in all its branches, so that before any imported vehicle is registered its officers can ascertain whether appropriate duty has been paid or not. It is also recommended that R.A.G.B. should be responsible for the installation of the G.C.Net at the offices of the D.V.L.A.

The Committee also recommended that there should be close collaborations between the D.V.L.A. and Customs, so that uncustomed vehicles can be tracked down.

e) THE GOLD CARD

The R.A.G.B., has put in place a facility known as the Gold Card. This facility enables large tax complaint companies to clear its goods expeditiously from the Ports, without going through all the hassle accompanying normal clearance from the Ports.

Evidence which came before the Committee showed that the number of companies enjoying this facility as granted by C.E.P.S. is over 144, and of greater concern is the fact that this number included individuals.

The Committee found that though the objective is laudable in principle; it is likely to be abused, as evidenced by the increased in the number and the inclusion of individuals.

Recommendations

The Committee recommends that the R.A.G.B., in conjunction with the Commissioner of CEPS, should review the list of the holders of the Gold Card. The criteria for granting the Gold Card as originally planned by the Board should be strictly complied with. Any addition to the list must be approved by the R.A.G.B. and not CEPS.

f) MOBILE PHONES

Evidence was led before the Committee that thousands of mobile phones and accessories brought into the country were smuggled in, especially through the airport, without the payment of appropriate duty.

Recommendations

It is recommended that during such arrivals, an Independent Security should monitor the situation and curb this menace.

The Committee also recommends that the Commissioner of C.E.P.S. should visit some of the shops that sell mobile phones and examine their documents as to whether or not they have paid any duty on the phones and accessories they 'Sell.

g) ARREST OF CUSTOMS OFFICER

While we were sitting, a witness appeared before us, who claimed that a Customs officer by name Mr. ELLIS AGBENYE asked him to give him some money on account of goods he had cleared from the Port.

The Committee was appalled by such brazen effrontery and therefore detailed a security Agent to monitor the transaction. The Customs officer did meet the witness and collected the sum of ₦1.0 million from him. He was arrested immediately and has been put before the Court for prosecution.

The Committee found that the image of CEPS in the eyes of public is very low judging from the testimony of the witnesses who appeared before us.

Recommendations

The Committee recommends that serious efforts should be made by all stakeholders to repair this image because of the strategic, significant role CEPS plays in the life of the nation.

h) BONDED WAREHOUSE

The evidence that was adduced before the Committee in respect of the Bonded Warehouses, showed that some companies are using the facilities and privileges of Warehousing to stock pile their goods, and therefore unduly delay payment of revenue to the nation.

Recommendations

The Committee therefore recommends such companies should not be permitted to ware house any more commodities in the country unless it has discharged its obligations as demanded by the Commissioner of C.E.P.S.

i) PETITIONERS

The Committee received several petitions from some members of the public, complaining about the conduct of some Customs officials. But when they were invited to come and testify before the Committee, they refused to appear.

The Committee regrets the inability of such persons, especially two Counsels, to appear before it and assist the work of the Committee by their wise counsel and experience.

j) SMUGGLING

Evidence was led before the Committee to show that much revenue is being lost to the country by the activities of smugglers. Evidence shows that smuggling is being carried out with impunity these days. Truck loads of smuggled goods, especially rice, are openly sold in the market places and no one intervenes.

Wax prints from China and other countries are openly sold on the market.

Mobile phones are openly sold in the shops when no duty has been paid on them.

Recommendations

The Committee recommends that the Commissioner and his men should mount a vigorous campaign against smuggling and Government should also provide the logistics that will facilitate this campaign.

h) **CEPS PROCEDURES, RULES & REGULATION**

C.E.P.S Law & Regulations and current Department Instruments were found to be elaborate as it covers all the operational areas of CEPS. It needs however, to be updated to incorporate the use of the G.C. Net. The Disciplinary measures outlined in the Service Conditions of C.E.P.S. are adequate and only have to be enforced rigorously

6. **CONCLUSION**

We hope the recommendations we have made will assist in the generation of revenue for the country and assist the C.E.P.S. in the discharge of its statutory obligations.

We thank the Minister of Finance and Economic Planning for giving us this opportunity to be of service to the nation.