



2011

**A Decade of Supply Chain Security
and Innovation**

U.S. Customs and Border Protection

**Office of International Trade
Partnership Programs**

Florence Constant

Chief, Partnership Programs Branch

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Overview of Presentation

- What is Importer Self-Assessment (ISA)
- Benefits
- Internal Controls
- Requirements for Participation
- ISA Application Review Meeting
- How to be ISA Ready
- ISA Stats

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Importer Self-Assessment Program

- Is a voluntary approach to trade compliance
- Is a partnership between CBP and importers to maintain a high level of trade compliance
- Recognizes compliant importers who are willing to assume responsibilities for self-assessment in exchange for less CBP oversight

The ISA program was announced by the Deputy Commissioner of U.S. Customs and Border Protection via General Notice in the Federal Register on June 17, 2002 (67 FR 41298).

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ISA Benefits

Exemption from comprehensive audits

- Focused Assessments
- Drawback and FTZ audits (if included in ISA application)

Less CBP intrusion

- Trade Facilitation – less cargo exams
- Less post release inquiries (CF-28, CF-29)

Coverage available for multiple business units

Greater business certainty

- More accurate and compliant transactions
- Company control over the process

Receipt of ITRAC Data

- Quarterly submissions

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ISA Benefits

Mitigating Factors

- Penalties or Liquidated Damages

Enhanced Prior Disclosure

- If CBP becomes aware of errors in which there is an indication of a violation of 19 U.S.C. 1592 or 1593a, CBP will provide a written notice to the importer of such errors and allow 30 days from the date of the notification for the importer to file a prior disclosure pursuant to 19 CFR 162.74

Account Management

- Proactive action
- Reports with analysis
- Intervention in the event of issue
- Familiar with your company's business model

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Internal Control Is...

- A series of actions and activities that occur throughout an entity's operations and on an ongoing basis.
- An integral part of each system that management uses to regulate/guide operations.
- Part of an entities infrastructure to help manager run the entity and achieve their goals on an ongoing basis.

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Five Components of Internal Control *

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information & Communication
5. Monitoring

**From the Internal Control Integrated Framework guidance issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).*

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COSO Framework



- **Control Environment**—The control environment sets the tone of an organization, influencing the control consciousness of its people
- **Risk Assessment**—Every entity faces a variety of risks from external and internal sources that must be assessed both at the entity and the activity level
 - **Control Activities**—These policies and procedures help ensure management directives are carried out
 - **Information and Communication**—Pertinent information must be identified, captured and communicated in a form and timeframe that supports all other control components
 - **Monitoring**—Internal control systems need to be monitored—a process that assesses the quality of the system's performance over time

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ISA Requirements for Participation

Pre-requisite:

- U.S. resident importer with at least two years of importing history
- Current member of C-TPAT

Complete an ISA application and agree to:

- Comply with all applicable Customs laws and regulations
- Develop, document and implement internal controls
- Perform self testing based on risk assessment
- Submit an annual notification letter to include required information

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ISA Application Package

- Memorandum of Understanding
 - Outlines CBP/Trade roles and responsibilities
 - Original submitted to CBP
 - Signed by an officer or senior official
 - Co-signed by CBP/Assistant Commissioner once approved

- ISA Questionnaire w/attachments
 - Ascertain if their are documented and implemented internal controls
 - Helps (CBP and Importer) determine ISA readiness
 - Provide all requested support documents
 - Customs manual
 - Desktop procedures
 - Self-testing plan
 - Organization chart

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ISA Application Review Meeting

The objective of an ISA Application Review Meeting (ARM) is to assess the applicant's readiness to assume the responsibilities of the ISA program through an evaluation of its internal control for achieving compliance with CBP laws and regulations.

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Application Review Meeting

- 1-3-Day Visit
- Importer Trade Activity (I-TRAC) Data
 - Import transactions from October 1, 2002
- Importer demonstrates its system of internal control over CBP transactions
 - 5 Components of Effective Internal Controls
 - Review of automated systems
 - Walk-Through (1-5) sample entries
 - Explain ISA Self-Testing Plan (based on risk)
 - Tour (Optional)

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Application Approval Process

ISA Review Board

- Independent group representing the Offices of International Trade, Field Operations, Immigration and Customs Enforcement, and Regulations and Rulings.
- Makes determination on participation in ISA program.
- Generally meets monthly

If ISA Ready

- CBP/Assistant Commissioner co-signs MOU
- ISA Plaque and acceptance letter sent to applicant
- Benefits begin

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How to be ISA Ready

- **Management's Commitment**
 - Statement of corporate policy that addresses CBP matters
 - Foundation for all other standards/components of internal control that significantly influences the quality of internal controls

- **Develop Formal Policies & Procedures**
 - Identify and address all risk factors
 - Develop control mechanisms to address risk factors
 - Continuously evaluate effectiveness of policies & procedures
 - Identify and report ineffective/inefficient controls mechanism to management
 - Define accountability and controls in job descriptions

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How to be ISA Ready

- **Create a Compliance Group/Team/Person**
 - Visible to top level management (Tax or Legal Division)
 - Provide an awareness to supply chain structure

- **Foster open communication channels between all departments that may be involved in the CBP process.**

- **Partner with CBP**
 - CSI, ISA, FAST, C-TPAT, ACE, PMS

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How to be ISA Ready

- Conduct internal control reviews
 - Assess the effectiveness of your internal controls at least once a year
 - Internal or external audit to review each business unit
 - Ensure that controls are continuously implemented
 - Make necessary adjustment for areas that are not effective
 - Adjust testing in response to change of risk
 - Adjust control mechanism in response to change in risk

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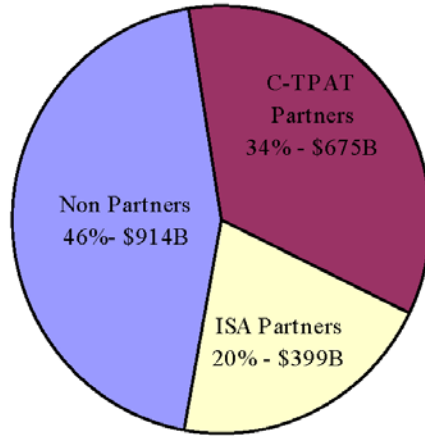
How to be ISA Ready

- Establish or Promote Ongoing Training
 - Ensure employees receive appropriate training & guidance to effectively discharge their responsibilities
 - Disseminate CBP information timely (up, down, across organization)
 - R & D
 - Purchasing
 - Shipping & Receiving
 - Accounting
 - Brokers
- Utilize the National Account Manager (if one is assigned)
 - Consultation on ISA readiness
 - SME in trade issues
 - Go to person – liaison CBP/trade

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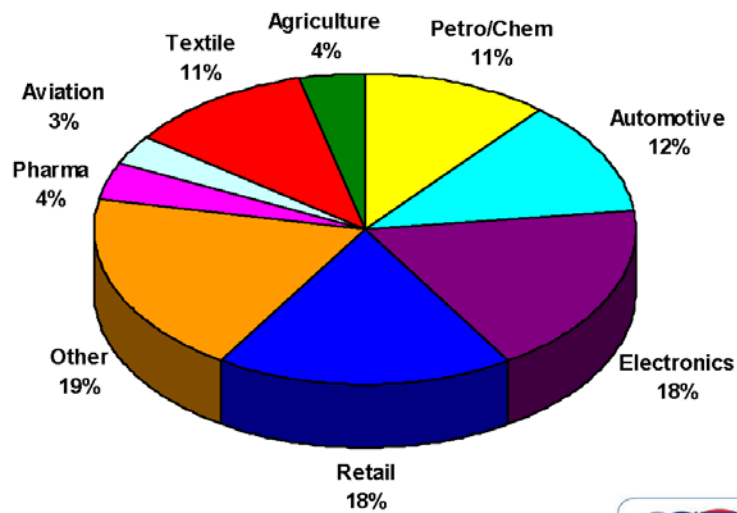
ISA Value



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ISA By Industry



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For More Information...

- Florence Constant
 - Chief – Partnership Programs Branch
 - (202) 863-6537
 - florence.constant@dhs.gov or tppb-isa@dhs.gov

- www.cbp.gov
 - Trade tab
 - Trade Programs (on the left)
 - Scroll down - Importer Self-Assessment Program
 - Select – ISA Handbook*

**ISA Handbook is in the process of being updated and refined*

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U.S. Customs and Border Protection

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Overview of Presentation

- ISA Updates
 - OIG Review Recommendations
 - Strengthens the integrity of ISA program
 - ANL Enhancements
 - ISA Continuation Review Meeting

- Broadening the Scope of the ISA Program
 - Partner with OGA (FDA, EPA, etc.)
 - Promote Development of ISA/IPR, ISA/PS
 - ISA Going Forward

- ISA Membership Open Discussion
 - Suggestions for benefits
 - Suggestions for strengthening the ISA program

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Reason for Recent Modifications

- Office of Inspector General Audit of ISA Program
 - Results:
 - CBP has not:
 - established performance measures
 - verified effectiveness of applicant's internal control
 - exercised effective oversight of participant compliance with program requirements

 - Recommendation
 - Improve the effectiveness of the ISA program

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ISA Enhancements

Developed formal policies & procedures for uniformity

Streamline and expedite ISA application process

- HQ and field office reduce cycle time from application to approval
- Formalized guidance for uniformity

Enhanced ANL reporting requirements

- Key elements that must be reported in the ANL
- Immediate review and response to ANL
- Assigned a National Account Manager to all ISA members

Conducting port outreach to provide guidance to port personnel on how to handle ISA accounts

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ISA Handbook Updates

ANL reporting requirements (key elements)

- Organization and Personnel Changes
- Changes in import activity
- Results of Risk Assessment
- Summary of self testing results and action taken
- Summary of disclosure and/or post entry amendments

Internal - Timely processing and response to ANL

- National Account Manager – feedback on all ANL
- Formal letter from HQ of results

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ISA Handbook Updates

- Specific Guidance on Processing CF-28 & 29
 - Port outreach – Current ISA related issues/guidance
 - Availability of ISA accounts information
 - Support from senior management

- Added Guidance: How to Design Self-testing Plan
 - Issues to consider
 - Example scenario

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ISA Handbook Updates

- ISA Continuation Review Meeting (I-3)
 - Usually one day site visit
 - Specific objective
 - Self-testing
 - Internal controls are adjusted based on risk assessments
 - Continue to meet the requirements specified in the MOU

- ISA/Product Safety (ISA/PS) is an Addendum to the ISA Handbook

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ISA Going Forward

Strengthen the integrity of the program

- Work closer with members to enhance program benefits

Additional Benefits

- Expedite Cargo Processing
- Annual ISA Members Only Seminar

Develop partnership with other government agencies

- FDA, EPA, others(?)

Enhance the ISA/Product Safety program

- Additional Benefits by industry

Automation – ISA data included in the C-TPAT Portal

- Access to data (internal and external)

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COSO Framework

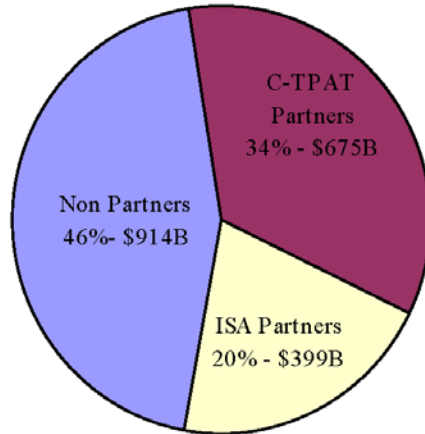


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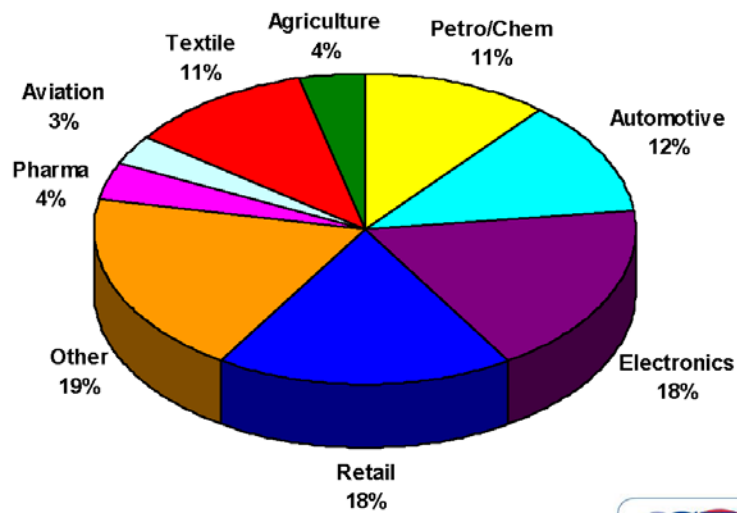
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ISA Members Feedback...

- Suggestions for additional ISA benefits
- Suggestions on Continuation Review Meeting Interval
- What is working and what is not with the ISA Program
- Suggestions on OGAs to partner with and potential benefits
- Other...

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附件 17 Partnering with Other Government Agencies



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CBP Trade Facilitation Initiatives

- Established the Import Safety and Interagency Requirements Division
- The primary goal of the division is to facilitate communications and to strengthen partnerships between CBP, other government agencies and the trade to ensure unsafe products do not enter the commerce of the United States.
- The division is composed of the following branches:
 - Import Safety
 - Interagency Requirements
 - International Trade Data Systems

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Import Safety Branch

- Lead/Coordinator of the CBP Import Safety Working Group to address Import Safety related issues/policy/procedures/special operations implementation within CBP offices
- CBP coordinator for the Border Interagency Executive Council. The Council consists of Executive level participants from key Import Safety Agencies.
 - Provides forum for interagency coordination on Import Safety matters.
- Designated as the CBP liaison to other government agencies for import safety issues.
- Maintain CBP lead for key Presidential Import Safety initiatives such as the Food Safety Working Group.
- Work with other Import Safety Agencies to develop consistent enforcement measures to deter imports of unsafe product.

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Interagency Requirements Branch

- Designated as the CBP liaison to other government agencies for commercial and compliance issues
- Assists other government agencies with the efficient implementation of their requests
- Reviews draft legislation of other government agencies to ensure consistency with CBP policies and procedures
- Maintains a leadership position regarding the various government agency impacts on trade policy within CBP's automated environment
- Reviews and negotiates content of government agency Concept of Operations (CONOPS) documents within CBP's automated environment
- Assists agencies with process improvement plans building upon ACE/ITDS concepts

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International Trade Data Systems Branch

- Established by CBP to facilitate creation of the Automated Commercial Environment (ACE) as the Single Window
- Assists with government agency CONOPS implementation planning and execution
- Participates in and provides guidance to the CBP Senior Leadership and the ITDS Board of Directors
- Establishes trade policy parameters for government agency involvement in the trade process

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Import Safety Priority Trade Issue (PTI)

- Prevent unsafe products from entering the U.S Commerce
- Create nationwide uniformity on the detention, seizure, destruction and/or other required enforcement measures to control any potential import safety concern
- Create an automated system with a “single window” concept, permitting information gathering and sharing among participating agencies
- Coordinate and communicate intra-agency and inter-agency risk assessment, targeting and response to import safety concerns
- Collaborate with the trade community to further develop import safety initiatives and maintain them aware of upcoming changes.

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CBP Joint Initiatives

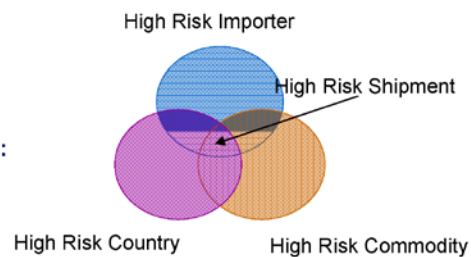
- Interagency Meetings
- Priority Trade Issue Meetings
- ACE/ITDS
 - CBP ITDS Concept of Operations
 - Imaging initiative
 - PGA Message Set
 - Web Service Interoperability
- Co-location of Field Personnel at Ports of Entry
- Partnership Programs: Importer Self Assessment – Product Safety Pilot (ISA-PS)
- Information Sharing: CTAC

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Trade Targeting

- **CBP targeting:**
 - Passenger
 - Cargo (Security & Trade)
- **Trade targeting levels:**
 - National Level
 - Port Level
- **Trade targeting environments:**
 - Pre-arrival and cargo for admissibility
 - Pre-arrival and post-release for non-admissibility
- **National trade targeting by Priority Trade Issues:**
 - AD/CVD
 - Intellectual Property Rights
 - Import Safety
 - Revenue
 - Textiles
 - Trade Agreements
- **National trade targeting for “Import Safety” occurs at the Commercial Targeting and Analysis Center:**
 - Collocation of Participating Government Agencies (PGAs) with an interest in Import Safety.
 - Develop National Operations.
 - Systems access through Memorandums of Understanding (MOUs).



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Import Safety CTAC

- The Import Safety CTAC reflects the three core principles announced by President Obama's Food Safety Working Group in July 2009: Prevention, Surveillance and Response.
- The CTAC is located in Washington, D.C., and was designed to streamline and enhance federal efforts to address import safety concerns.
- Officially opened October 1, 2009.
- CTAC serves as a fusion center for CBP and Participating Government Agencies to combine resources and share targeting and analysis expertise and tools to achieve our common missions of protecting the American public from harm caused by unsafe imported goods.



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Current Inter-Agency Partners

- Animal and Plant Health Inspection Service (USDA/APHIS)
- Consumer Product Safety Commission (CPSC)
- Customs and Border Protection (CBP)
- Food & Drug Administration (FDA)
- Food Safety Inspection Service (USDA/FSIS)
- Immigration & Customs Enforcement (ICE)
- Environmental Protection Agency (EPA) and the Department of Transportation (DOT) have also expressed interest and are examining CTAC participation



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Goals of the CTAC

- **Joint Targeting and Operations**
 - Share targeting tools, resources, data and expertise.
 - Duplicate requests for targeting/holds will be avoided because the Participating Government Agencies will be able to discuss their interests as they work beside one another.
- **Operational Contacts**
 - Strengthen interagency relationships at National and Port level.
- **Coordinated Procedures**
 - The co-location of those interested in targeting for import safety will facilitate the partnerships needed to share information, best practices, reduce redundancy of requests, and leverage the knowledge and experience of the group representatives.
- **International Representation**
 - Better understand partner agency needs.
 - Voice concerns of US trade enforcement agencies in international discussions.

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e-Allegations Submission

U.S. Customs and Border Protection has established an on-line procedure by which concerned individuals can report illegal import and export activity. By completing and submitting the form on the following page, you can help CBP prevent international trade violations.

If you have knowledge of a violation of United States trade law, please click the "Report Trade Violations" button after reading the Privacy Policy. You will be asked to fill out a short form explaining the infraction. Once you have submitted the form, a confirmation e-mail will be sent to the address you provided if you gave one.

You may also report trade violations by calling 1-800-BE-ALERT.

The Report Trade Violations button is to be used only to report illegal trade activity, such as quota circumvention or misclassification of imports, intellectual property rights infringement, and health and safety issues.

[Report Trade Violations](#)

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C-TPAT Initiatives

- **Harmonization With CBSA PIP Program**
 - Completing Pilot with 4 companies.
 - Harmonization 1.0 to roll out August 2011.
 - Portal 2.0 to be completed 2012
- **Providing Information About Member Status to Other Government Agencies**
 - Through Portal agreement and limited Portal access.
- **Industry Partnership Management System**
 - Program allowing communication between various agencies

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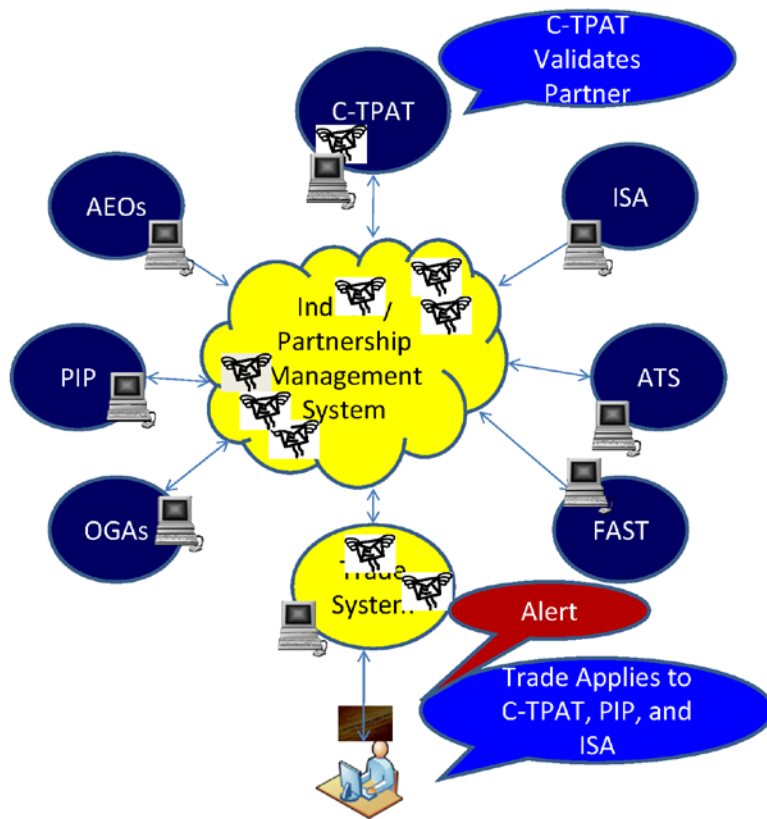


Industry Partnership Management System

- Computer Program Initiative For C-TPAT
- Has potential for greater communication between various programs

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