

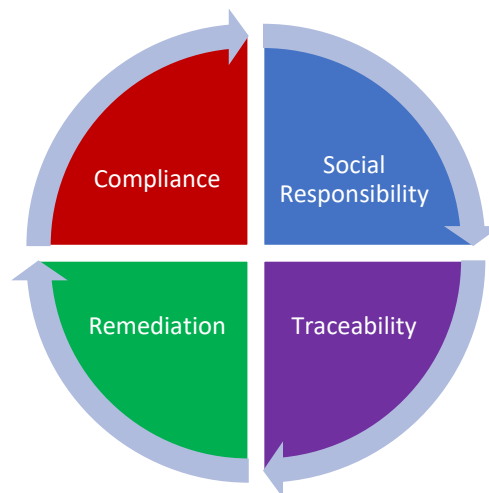


## Preparing for an Audit-Partnership in Responsible Trade

### Background

U.S. Customs and Border Protection (CBP) is responsible for preventing the entry of prohibited goods into the U.S. market. CBP encourages stakeholders in the trade community to closely examine their supply chains to ensure goods imported into the U.S. meet all statutory and regulatory requirements.

CBP created this best practice framework to provide the importing community general guidance on four core areas in which the trade should target its due diligence: **Compliance**, **Social Responsibility**, **Traceability** and **Remediation**.



### Framework Basics

The four core areas of this Framework are defined below.

1. Compliance: Adherence to statutes and import regulations;
2. Social Responsibility: Implementation of a transparent and comprehensive social audit program consistent with the importer's reasonable care obligations;
3. Traceability: Implementation of a traceability program which includes an independent third-party audit mechanism and the ability to establish the source of imported products;
4. Remediation: Remediation of any identified risk indicators that goods may be prohibited from importation into the U.S.

## Framework Implementation

Organizations have an obligation to be aware of their supply chain activities and are encouraged to consider implementing the following practices that may aid in identifying the risks of importing prohibited goods in their supply chains. Asking and answering the following questions may be helpful in assisting importers in the exercise of reasonable care.<sup>1</sup>

### Compliance

1. Have you taken reliable measures to ensure imported goods are consistent with all requisite statutes and regulations?
2. Have you established reliable procedures to ensure you are not importing goods in violation of any statutes and regulations including any active CBP withhold release order or finding?
3. Have you obtained a "ruling" from CBP regarding the admissibility of your goods and if so, have you established reliable procedures to ensure that you followed the ruling and brought it to CBP's attention?
4. Have you developed a reliable program or procedure to maintain and produce any required [customs entry documentation](#) and supporting information?

### Social Responsibility

1. Do you have a comprehensive and transparent social compliance system in place? Have you reviewed the Department of Labor's "[SourceRight](#)" webpage?
2. Have you established a reliable procedure of having a third-party auditor familiar with evaluating social risks conduct periodic audits of your supply chain?

### Traceability

1. Do you know how your goods are made, from raw materials to finished goods, by whom and where?
2. Have you established a reliable procedure of conducting periodic internal audits of your supply chain?
3. Have you established a reliable procedure of having a third-party auditor conduct periodic audits of each of the elements of your supply chain to validate being able to identify the risks of importing prohibited goods in your supply chain?
4. Do you vet new suppliers/vendors for through questionnaires or some other means for the risk of introducing prohibited goods into your supply chain? When adding a new supplier in your supply chain, do you have a third-party audit take place prior to initiating supply?
5. Has the third-party auditor provided an affidavit or certificate stating its (i.e., the third-party auditor's) independence from you and your suppliers (other than the audit engagement itself)?
6. Do your contracts with suppliers include terms that disallow the use of prohibited goods, a time frame by which to take corrective action if compliance issues are identified, and the consequences if corrective action is not taken, such as the termination of the contractual relationship?

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<sup>1</sup> [What Every Member of the Trade Community Should Know: Reasonable Care, An Informed Compliance Publication](#). U.S. Customs and Border Protection (September 2017).

## Remediation

1. Can you demonstrate that you obtained a credible third-party audit and that you provided unfettered access to documentation, facilities, and personnel?
2. Have all identified compliance issues been identified in your Corrective Action Plan?
3. Do you have evidence that all identified compliance issues have been corrected in your Corrective Action Plan?
4. Was a remediation implementation verified by the same third-party auditor?