

Transitioning From a Focused Assessment Into the Importer Self-Assessment Program

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U.S. Customs and
Border Protection

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The ISA Program



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ISA Program Description

The ISA Program is:

- A joint government-business initiative designed to build cooperative relationships that strengthen trade compliance
- Based on the premise that strong internal control will achieve the highest level of compliance with CBP laws and regulations



ISA Program Requirements

The importer must:

- Be a U.S. or Canadian resident importer
- Obtain Customs-Trade Partnership Against Terrorism (C-TPAT) Program membership*
- Submit an ISA application to:

U.S. Customs and Border Protection
Office of International Trade
Chief Partnership Programs Branch
1400 L Street, N.W.
Washington, D.C. 20229-1143

* Importers not C-TPAT certified will need to apply at <https://ctpat.cbp.dhs.gov>



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ISA Program Benefits

Importers accepted into the ISA Program receive certain benefits:

- Entitled to receive entry summary trade data (ITRAC Data), including analysis support
- Consultation, guidance, and training - if requested and as CBP resources permit
- The importer will not be subject to future FA Audits (however, may be subject to single issue audits)
- Assignment of a National Account Manager (NAM)
- Expedited cargo release



ISA Program Benefits (cont.)

- Expedited internal advice/consultation from Regulations & Rulings, Office of International Trade
- Priority consideration for applications to participate in the Centers of Excellence and Expertise tests
- With regard to prior disclosures, if CBP becomes aware of errors that indicate a violation of 19 U.S.C. 1592 or 1593a, CBP will
 - Provide written notice of such errors
 - Allow 30 days from the date of notification for the importer to file a prior disclosure pursuant to 19 CFR 162.74



ISA Program Benefits (cont.)

- In the event that civil penalties or liquidated damages are assessed against an importer, the importer's participation in the ISA Program may be considered a mitigating factor
- Additional benefits may be tailored to industry needs



FA Transition to the ISA Program



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Explanation of FA Transition to the ISA Program

An importer may be eligible to transition into the ISA Program without further CBP review upon *successful completion* of an FA Audit

- Based on the premise that Regulatory Audit has determined that the importer represents an acceptable risk to CBP for all of the audit areas that were reviewed during the FA
- Enrolling in the ISA Program is voluntary and importers must still apply



Streamlined Application Process

CBP has streamlined the ISA application process for qualified companies:

- C-TPAT applications in conjunction with FA transition to the ISA Program will be expedited (e.g., reviewed within 30 – 45 days vs. the normal 90-day timeframe)
- Qualified companies will not undergo the Application Review Meeting (ARM) typically conducted for ISA applicants in the normal ISA application evaluation process
 - Importer has already undergone a more rigorous review under the FA



Application Requirements

Applications must:

- Be filed within 12 months from the date of the FA Audit Report
- Include an ISA Memorandum of Understanding (MOU) listing the IR numbers that were included in the FA
 - The MOU must be signed by an officer of the company
- Include a written, risk-based self-testing plan



A Few Words About Self-Testing

- In general, periodic testing helps to:
 - Identify internal control weaknesses
 - Evaluate performance
 - Make changes when needed
- Self-testing is the means by which an importer monitors:
 - The efficiency and effectiveness of operations
 - Compliance with laws and regulations

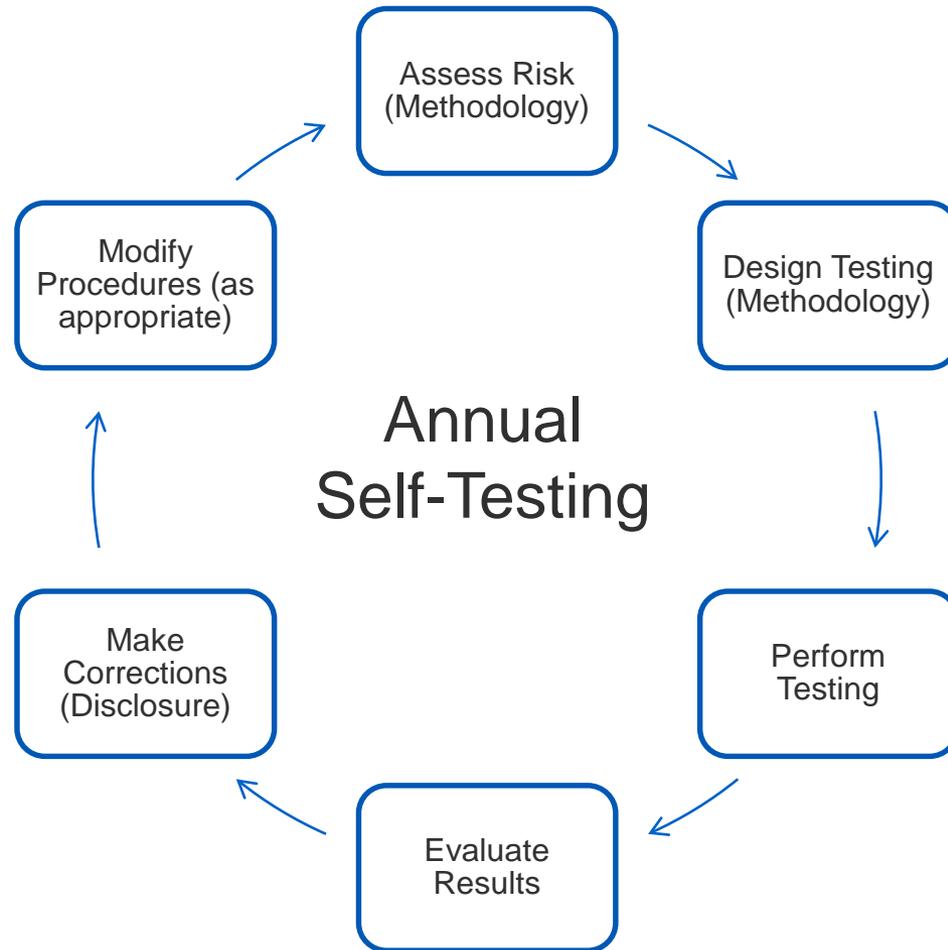


A Few Words About Self-Testing (cont.)

- An importer develops and implements a self-testing plan
- The assessment of risk that was conducted during the FA may provide a good starting point
- However, an importer should determine if there were any changes in the business environment or import activities subsequent to the FA and assess the effect of any changes; for instance:
 - Changes in the organizational structure such as mergers, acquisitions, and other restructuring activities could impact the types of products being imported and/or the amount of resources available to perform CBP-related activities



A Few Words About Self-Testing (cont.)



Developing a Risk-Based Self-Testing Plan

The written, risk-based self-testing plan should include:

- The ***risk assessment methodology*** to be used by the company
- The ***self-testing methodology*** to be used by the company that explains:
 - The frequency of self-testing activities (i.e., monthly, quarterly, etc.)
 - The number of sample items to be tested
- The name and contact information (e.g., phone number, email address) for the person who will review the self-testing results



Risk Assessment Methodology

The risk assessment methodology should:

- Identify the specific risks relative to the imported merchandise; for instance, the risks that items may impose loss or harm to
 - The industry (e.g., subject to AD/CVD)
 - The trade (e.g., subject to IPR)
 - The public (e.g., health and safety concerns)
 - CBP (e.g., loss of revenue)



Risk Assessment Methodology

(cont.)

- Identify the procedures that are in place that provide reasonable assurance for complying with the specific CBP laws/regulations
 - Requires an understanding of the company's business process and key concepts pertaining to internal control (e.g., COSO framework)
- Identify changes that may impact (alter) the overall effectiveness of those procedures; for instance
 - Changes in technology or information systems could impact control activities that use the data/information produced by them



Risk Assessment Methodology

(cont.)

- Refer to the ISA Handbook
 - Appendix G, Section 2 has guidance about performing a risk assessment
 - Appendix I has guidance about risk factors that may be considered



Self-Testing Methodology

- The end-game is to monitor the internal control over compliance with CBP laws and regulations (e.g., COSO refers to this as *monitoring activities*)
- Self-testing should be used to assess performance over time
- Results of the testing should be evaluated
 - Causes should be determined for all significant noncompliances
 - Changes should be made to the correct control deficiencies
 - Determination should be made as to whether there are other affected entries and prior disclosure filed when necessary



Self-Testing Methodology (cont.)

- May use checklists, questionnaires, sampling plans
- May be conducted as ongoing evaluations (e.g., comparisons, reconciliations)
- May be conducted as separate evaluations (e.g., review control design and direct testing of the control activity)
- May include tests of controls and compliance testing



Self-Testing Methodology (cont.)

- Self-testing methodology should be logical and appropriate
 - Clearly describe test objectives and identify the criteria that will be used to evaluate performance and/or compliance
 - Identify:
 - Who will perform the testing procedures
 - When testing will be performed (e.g., frequency)
 - What records, data, or documentation will be obtained
 - How the results will summarized and reported
- ISA self-testing results must be maintained for three years from the date of the test and must be provided to CBP upon request



Post Acceptance Requirements

- ISA participants must comply with the requirements in the ISA Handbook
- Companies that are transitioned into the ISA Program must submit an **annual notification letter** to CBP
 - Within 30 days of the two year anniversary date that the Assistant Commissioner, Office of International Trade, signed the ISA MOU (date accepted into ISA Program)
 - Thereafter, the annual notification letter is due every 12 months



Annual Notification Letter

- Importer assures CBP that the company continues to meet the ISA Program requirements
- Importer informs CBP of any business modifications that may have a potential impact on the company's customs operations
- Must be in writing and, at a minimum, should include the following information:
 - Summary of organizational changes
 - Summary of personnel changes which may affect import compliance
 - Summary of import activity changes



Annual Notification Letter (cont.)

Should include (cont.):

- Summary of internal control policy or procedure adjustments or changes
- Summary of risk assessment results
- Summary of periodic testing results
- Summary of post-entry amendments and/or disclosures



Procedures For Discontinuance

- ISA program participation may be discontinued for any of the following reasons:
 - Failure to follow the terms of the MOU
 - Failure to exercise reasonable care in the execution of the obligations under the program
 - Failure to abide by applicable laws and regulations
- CBP will provide a written notice proposing the discontinuance with a description of the facts



CBP Resources and Contact Information

- For more information, please visit <http://www.cbp.gov/trade/isa/importer-self-assessment>
- Contact CBP Partnership Programs Branch at tppb-isa@dhs.gov



Questions





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