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## ***C-TPAT VALIDATIONS REVIEW IMPLEMENTATION OF SECURITY MEASURES***

Customs-Trade Partnership Against Terrorism (C-TPAT) is a voluntary program run by Customs in which companies implement measures to develop and enhance import security practices. Customs uses C-TPAT as a tool to assess risk in the supply chain, and to ensure accountability and oversight, allowing Customs to devote its resources to high risk shipments. In return for completing a security profile and pledging to cooperate with Customs in improving supply chain security, C-TPAT participants receive certain benefits from Customs akin to those given to low-risk importers (*See March 27, 2002 Pillsbury Winthrop Bulletin on C-TPAT*).

Over the past year, 1,126 importers have joined and taken advantage of the benefits of C-TPAT which accounts for 70 percent of imported cargo. Customs has recently completed “validations” of 15 C-TPAT pilot program companies and will begin the validation of another 15 in the next month. The validation process ensures that C-TPAT participants have implemented the security measures outlined in their security profile. Customs hopes to have 100 validations complete by November, 2003 and in support of this effort, Customs recently expanded its C-TPAT team from 10 to approximately 50 full time inspectors. A participant will be selected for validation within approximately three years of becoming a certified C-TPAT participant. Validation selection is based on risk management principles including:

- participant’s import volume,
- security related anomalies,
- strategic threat posed by geographic regions, or
- other risk related information.

Validation is also performed as a routine matter of oversight. Participants receive thirty days advance written notice together with any requests for supporting documentation. Customs field offices will not initiate validations nor will Customs conduct unannounced validations.

### ***Partnership Is the Guiding Principle of C-TPAT***

The validation process is conducted jointly by Customs and a representative of the C-TPAT participant. It focuses on the participant’s C-TPAT security profile and any related materials provided by the participant with the goal of ensuring the implementation and adherence to the supply chain security measures. However, Customs represents that validations are not audits; according to Customs, they are focused and concise evaluations that should last no longer than ten work days. The validation team evaluates the status and effectiveness of key security measures in the participant’s profile and makes security recommendations where appropriate. Throughout the validation process

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“best practices” are discussed in order to promote the goals of securing the international supply chain from being compromised. In addition, the validation process is supposed to provide an opportunity to build stronger ties with Customs.

Based on the participant’s C-TPAT security profile and the recommendations of the validation team, the validation findings and the team’s final report are documented and forwarded to the Director of C-TPAT for final revisions and distribution to the C-TPAT participant. Ideally, the report will affirm or increase a participant’s benefits. However, if corrective action is necessary to rectify identified vulnerabilities, some or all of the participant’s C-TPAT benefits may be deferred until corrective action is instituted. The Executive Director of the Border Security and Facilitation Section of Customs and Border Protection has the authority to increase or decrease benefits based on a validation results. Customs Headquarters will also oversee the validation of specific security elements.

#### **Security Procedures and Programs**

Customs considers the following self policing procedures and programs particularly important for importers and will likely consider each in any validation:

- **Procedural Security:** Procedures that protect against unmanifested material being introduced into the supply chain. Security controls that include the supervised movement of incoming/outgoing goods, accurate documenting and verifying of cargo against manifest documents, the detecting shortages/overages, and procedures for verifying seals on containers, trailers and railcars. Conducting random, unannounced security assessments on parts of the supply chain under your company's control.
- **Notification Protocol:** Procedures to notify Customs and other law enforcement agencies when unauthorized personnel, unmanifested materials, anomalies, tampering or illegal activities are detected or suspected.
- **Physical Security:** Buildings and rail yards that are constructed of materials which resist unlawful entry. Physical security that includes perimeter fences, locking devices on external and internal doors, windows, gates and fences, adequate throughout the facility, and the segregation and marking of international, domestic, high-value, and dangerous goods cargo within the warehouse by a safe, caged or otherwise fenced-in area.
- **Access Controls:** Controls that prohibit the unauthorized access to facilities and conveyances. Procedures that challenge unauthorized/unidentified persons and controls that include positive identification of all employees, visitors, and vendors.
- **Personnel Security:** Employment screening and careful interviewing of prospective employees including periodic background checks and application verifications.
- **Education and Training Awareness:** A security awareness program that educates employees in maintaining cargo integrity, determining and addressing unauthorized access,

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recognizing internal conspiracies and offering incentives for active employee participation in security controls.

- **Manifest Procedures:** Ensuring that manifests are complete, legible, accurate and submitted in a timely manner to Customs.
- **Conveyance Security:** Conveyance integrity that is maintained to protect against the introduction of unauthorized personnel and material. Security that includes the physical search of all accessible areas, including both internal/external compartments and panels.

Current C-TPAT participants should review their procedures to ensure that the above issues are adequately addressed and should be prepared to present the operational procedures to Customs when the validation is conducted. Importers who have not participated in C-TPAT because of enforcement concerns should reconsider this position in light of the additional information Customs released with regard to the validation process. In addition, Customs is still discussing internally whether failure to participate in C-TPAT will result in importers being targeted for demonstrating a lack of reasonable care under the Customs Modernization Act.

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