



Leaders and Partners in Worldwide Regulatory Compliance



# Best Practices in Import Compliance Management

Webinar  
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## PRESENTER:

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# Topics

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- ❖ tips, tricks, insights and examples of best practices
  - Tariff Classification
  - Valuation, including assists and other additions to value
  - Recordkeeping
  - Free Trade Agreements
  - Antidumping and Countervailing duty watch
  - PGA Data requirements
  - Risk Reviews and Quarterly Audits
  - Broker Management Controls



# Why Adopt “Best Practices”?

- ❖ Why adopt best practices for import compliance?
  - Failure to exercise reasonable care in an import transaction or maintain and produce records when required can result in--
    - MONETARY PENALTIES
    - LIQUIDATED DAMAGES
    - INCREASED CUSTOMS DUTIES/ OVER-PAYMENT OF DUTIES
    - DELAY IN RELEASE OF CARGO DUE TO INCREASED COMPLIANCE INSPECTIONS or OGA/ PGA CLEARANCE/RELEASE
    - Fewer CF-28 (request for information) and/or CF-29 (Notice of Action)

# Why Adopt “Best Practices”?



- ❖ Passage of NAFTA implementation Act in 1993
  - Changed how Customs does its job
  - Less emphasis on “entry by entry review”
  - More emphasis on “Account based reviews”
- ❖ Customs Creation of **Centers of Excellence and Expertise**
  - 10 Centers based on Industries
  - Centers now process all import transactions for Industry Importers
  - focus on Account Based Reviews of importer activity
- ❖ **The Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA)**



Trade

Basic Import and Export

> ACE and Automated Systems

Border Interagency Executive Council

> Programs and Administration

> Priority Trade Issues

> Rulings and Legal Decisions

> Stakeholder Engagement

> Trade Facilitation and Trade Enforcement Act

## Centers of Excellence and Expertise Directory

Below are the numbers to reach our Centers of Excellence and Expertise (Centers) organized by their trade focus. Please use this as a reference as it has the most up-to-date listing available.

The Centers have a sequence of team codes. In order to achieve a level of uniformity among all ten Centers and to provide for transparency, all Centers utilize the team codes in a similar manner. This provides consistency for the trade, the Centers, and the Ports.

Center
Agriculture & Prepared Products
Apparel, Footwear & Textiles
Automotive & Aerospace
Base Metals
Consumer Products & Mass Merchandising
Electronics
Industrial & Manufacturing Materials
Machinery
Petroleum, Natural Gas & Minerals
Pharmaceuticals, Health & Chemicals

Centers of Excellence and Expertise (CEE) transform the way CBP approaches trade operations and works with the international trade community. The Centers represent CBP's expanded focus on "Trade in the 21st Century" by aligning with modern business practices, focusing on industry-specific issues, and by providing tailored support to unique trading environments. The Centers were established to increase uniformity of practices across ports of entry, facilitate the timely resolution of trade compliance issues nationwide, and further strengthen critical agency knowledge on key industry practices.

- [Delegation Order Guidance for the Trade Community \(NEW!\)](#)
- [Centers Trade Process Document](#)

### Federal Register Notices

- [Centers of Excellence and Expertise Test; Modifications](#)
- [Modification and Expansion of CBP Centers of Excellence and Expertise Test to](#)

Electronics Center Directory

Pharmaceuticals, Health & Chemicals Center Directory

Petroleum, Natural Gas & Minerals Center Directory

Apparel, Footwear & Textiles Center Directory

Agriculture & Prepared Products Center Directory

Automotive & Aerospace Center Directory

Base Metals Center Directory

Consumer Products & Mass Merchandising Center Directory

Industrial & Manufacturing Materials Center Directory

Machinery Center Directory

Electronics Center Directory  
[CEE-Electronics@cbp.dhs.gov](mailto:CEE-Electronics@cbp.dhs.gov)  
(866) 295-7624 code 07

Center Director  
Elva Muneton  
(562) 366-5514 Pacific Time  
[Elva.M.Muneton@cbp.dhs.gov](mailto:Elva.M.Muneton@cbp.dhs.gov)

Team No.	Name	Position	Location/Port	E-mail	Telephone
	GRZESIK, JEFFREY	Assistant Center Director	New York	<a href="mailto:jeffrey.r.grzesik@cbp.dhs.gov">jeffrey.r.grzesik@cbp.dhs.gov</a>	718-487-
	HOGUE, CHRISTINE	Assistant Center Director	Los Angeles	<a href="mailto:christine.hogue@cbp.dhs.gov">christine.hogue@cbp.dhs.gov</a>	562-366-
	WOODSON, KATIE	Assistant Center Director	San Francisco	<a href="mailto:katie.woodson@cbp.dhs.gov">katie.woodson@cbp.dhs.gov</a>	415-782-
087	APREA, ALAN	Branch Chief	Los Angeles	<a href="mailto:alan.aprea@cbp.dhs.gov">alan.aprea@cbp.dhs.gov</a>	562-256-
017, 027	CRAWFORD, DELIA	Branch Chief	Los Angeles	<a href="mailto:delia.m.crawford@cbp.dhs.gov">delia.m.crawford@cbp.dhs.gov</a>	562-256-8771
007	GLENN, CYNTHIA	Branch Chief	Los Angeles	<a href="mailto:cynthia.glenn@cbp.dhs.gov">cynthia.glenn@cbp.dhs.gov</a>	562-256-8907
037, 047, 057, 067,	KAMAR, MAYA	Branch Chief	Los Angeles	<a href="mailto:maya.kamar@cbp.dhs.gov">maya.kamar@cbp.dhs.gov</a>	562-366-5462

## Centers of Excellence and Expertise





## DEPARTMENT OF HOMELAND SECURITY

## U.S. Customs and Border Protection

19 CFR Parts 4, 7, 10, 11, 12, 24, 54, 101, 102, 103, 113, 132, 133, 134, 141, 142, 143, 144, 145, 146, 147, 151, 152, 158, 159, 161–163, 173, 174, 176 and 181

[USCBP–2016–0075; CBP Dec. No. 16–26]

RIN 1651–AB02

## Regulatory Implementation of the Centers of Excellence and Expertise

AGENCY: U.S. Customs and Border Protection, DHS.

ACTION: Interim final rule.

**SUMMARY:** In 2012, U.S. Customs and Border Protection (CBP) developed a test to incrementally transition the operational trade functions that traditionally reside with port directors to the Centers of Excellence and Expertise (Centers). The purpose of the test was to broaden the ability of the Centers to make decisions by waiving certain identified regulations to the extent necessary to provide the Center directors, who manage the Centers, with the authority to make the decisions normally reserved for the port directors. At this time, CBP is prepared to end the test and establish the Centers as a permanent organizational component of the agency and to transition certain additional trade functions to the Centers. This rule amends the CBP regulations on an interim basis to

**ADDRESSES:** You may submit comments identified by *docket number*, by one of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments via docket number USCBP–2016–0075.
- *Mail:* Regulations and Rulings, Office of Trade, U.S. Customs and Border Protection, Attention: Trade and Commercial Regulations Branch, 90 K Street NE., 10th Floor, Washington, DC 20229–1177.

*Instructions:* All submissions received must include the agency name and docket number for this rulemaking. All comments received will be posted without change to <http://www.regulations.gov>, including any personal information provided. For detailed instructions on submitting comments and additional information on this rulemaking process, see the “Public Participation” heading of the **SUPPLEMENTARY INFORMATION** section of this document.

*Docket:* For access to the docket to read comments received, go to <http://www.regulations.gov>. Submitted comments may also be inspected on regular business days between the hours of 9 a.m. and 4:30 p.m. at Regulations and Rulings, Office of Trade, U.S. Customs and Border Protection, 90 K Street NE., 10th Floor, Washington, DC. Arrangements to inspect submitted comments should be made in advance by calling Mr. Joseph Clark at (202) 325–0118.

**FOR FURTHER INFORMATION CONTACT:** Lori Whitehurst, CBP Office of Field Operations by telephone (202) 344–2536

consider those comments and make any changes appropriate after consideration of those comments.

## Background

## Table of Contents

- I. Purpose and History of the Centers of Excellence and Expertise (Centers)
  - A. Purpose of the Centers
  - B. History of the Centers
- II. Finalization of the Centers of Excellence and Expertise Test
  - A. Purpose of the Centers
  - B. Definition for Center Director
  - C. Revised Definition for Port and Port of Entry
  - D. Definition for Port Director
  - E. Designation of Center Management Offices
  - F. Assignment of Importers to the Centers
  - G. Appeal of Center Assignment
  - H. Transitioning of Trade Functions to the Centers
    - I. Scope of Industries Covered by Each Center
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      2. Apparel, Footwear & Textiles Center
      3. Automotive & Aerospace Center
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      7. Industrial & Manufacturing Materials Center
      8. Machinery Center
      9. Petroleum, Natural Gas & Minerals Center
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- III. Explanation of Amendments
  - A. Part 4—Vessels in Foreign and Domestic Trades
  - B. Part 7—Customs Relations With Insular Possessions and Guantanamo Bay Naval Station
  - C. Part 10—Articles Conditionally Free

Centers are responsible for decisions and determinations in the following areas:

- Entry/Entry Summary processing including warehouse entries and withdrawals, FTZ entry summaries and other special entry procedures.
- Decisions and activities regarding country of origin marking, rules of origin, trademarks, copyrights, bonds,
- Classification, appraisalment (Valuation),
- Processing of liquidations, protests, petitions, recordkeeping, and financial and accounting matters

# CBP and the Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA)

<https://www.cbp.gov/trade/trade-enforcement/tftea>

- ❖ TFTEA requires CBP to adopt a renewed approach to trade facilitation and enforcement, focusing on key areas, such as:
  - Trade Enforcement
  - Automated Commercial Environment (ACE)
  - Antidumping and Countervailing Duties (AD/CVD)
  - Centers of Excellence and Expertise (Centers)
  - Enforce and Protect Act of 2015 (EAPA)
  - Forced Labor
  - Intellectual Property Rights (IPR)



# Why Adopt “Best Practices”?



## *Helping American workers and American businesses compete fairly with the rest of the world.*

The Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) was signed into law P.L. 114-125 on February 24, 2016. It is the first comprehensive authorization of U.S. Customs and Border Protection (CBP) since the Department of Homeland Security was created in 2003, with the overall objective to ensure a *fair and competitive trade environment*.

TFTEA supports CBP efforts to meet the demands and complexities of a rapidly evolving global supply chain.

### PROTECT



Protect U.S. Economic Security through Trade Enforcement

### COLLABORATE



Collaborate with the Private Sector through Direct Engagement

### STREAMLINE & MODERNIZE



Streamline and Modernize through Business Transformation



## TFTEA's Impact on CBP and the Trade Community

[Learn more](#) about the key objectives of TFTEA and how the legislation authorizes and enables CBP's enhanced trade facilitation and trade enforcement efforts



## Trade Enforcement

CBP has emphasized the proactive and strict enforcement of U.S. trade laws to protect national economic security, facilitate fair trade, support the health and safety of the American people, and ensure a level playing field for U.S. industry.

- **CBP Trade Enforcement Operational Approach** - Learn more about CBP's trade enforcement operational approach detailing how the organization DETECTS, DETERS, and DISRUPTS fraudulent behavior as a means of protecting America's economic security
- **CBP Trade Enforcement Bulletin** - The Quarterly CBP Trade Enforcement Bulletin (FY 2016, Quarter 3) highlights specific instances in which CBP enforces U.S. trade laws at and beyond our nation's borders through interagency partnership and collaboration
- **Press Release: CBP Creates Trade Enforcement Task Force** - The Trade Enforcement Task Force was created to focus its efforts on issues related to Forced Labor, AD/CVD laws, and the interdiction of illicitly imported goods



# Why Adopt “Best Practices”?

- ❖ Priority Trade Issues (PTIs) represent high-risk areas that can cause significant revenue loss, harm the U.S. economy, or threaten the health and safety of the American people
- ❖ CBP uses PTIs to drive [risk-informed](#) investment of CBP resources and enforcement and facilitation efforts, including the selection of audit candidates, special enforcement operations, outreach, and regulatory initiatives
- ❖ Current Priority Trade Initiatives:
  - Antidumping and Countervailing Duty (AD/CVD)
  - Import Safety (Consumer Product Safety/ FDA / EPA/ DOT, etc.)
  - Intellectual Property Rights (IPR)
  - Revenue (Duties and Fees)
  - Textiles/Wearing Apparel
  - Trade Agreements



# Why Adopt “Best Practices”?

## ❖ Customs Audits and 19 USC 1509

- Focused Assessments (FAs)
  - Large /medium volume importers
  - Importers of Trade Priority goods
- Single issue or Quick Review Audits (QRAs)
  - Referrals-- Account Managers / Import Specialists
  - National Targeting and Analysis Groups (NTAGs)
- **Audit Surveys (Something new)**
  - **Targets companies by industry or Trade Priority Area**
  - **Short – One or Two days focusing on single topic/ questionnaire issued**

# ADD/CVD



U.S. Customs and Border Protection      December 2014

AD/CVD UPDATE

**AD/CVD Enforcement Updates**      *United States*

**Selected Fiscal Year 2014 Highlights**      **Three Imp Single Tran for AD/CV**

- CBP collected \$508.5 million in AD/CVD cash deposits, a 12 percent increase from FY 2013.
- CBP conducted 78 audits of importers of AD/CVD commodities identifying AD/CVD discrepancies with a value of \$14.5 million, and plus \$10.1 million in disclosures, penalties and interest; CBP collected \$8.5 million. Commodities involved in the audits include aluminum extrusions, bearings, candles, nails, lock washers, pencils, plastic bags, ribbons, shrimp, solar cells, steel pipe, tires, tissue paper, uncovered innerspring mattress units, wooden bedroom furniture, and wood flooring.

CBP requests security to p suspicions th AD/CVD d and Novem China and Vietnam, im requests for concerns. T

In 2014, CBP conducted **78 audits** of importers of AD/CVD commodities

identified ADD/CVD discrepancies with a value of \$14.5 million, plus \$10.1 million in disclosures, penalties and interest.

## FY 2015 First Quarter – AD/CVD Audits

- **115 AD/CVD audits in process**
- Unreported Discrepant Value = \$21,968,843
- Increase resulted primarily from **audits** of importers of ADD/CVD commodities and CBP's **enhanced targeting program**.



# The Audit Survey Program

- ❖ Allows CBP to quickly and efficiently **obtain onsite information** about import activities relative to a **specific trade area** or issue without committing substantial time and resources required by a full audit.
- ❖ Though similar to audit risk assessment procedures, surveys do not constitute an “audit” in accordance with **Government Auditing Standards**.
- ❖ Allows RA to assign resources to only **risk based** companies for audit, increasing efficiencies for both CBP and the trade community in facilitating legitimate trade.
- ❖ **Lack of preparation** can result in a full-blown audit or other enforcement action.





# Why Adopt “Best Practices”?

- ❖ Statutory obligation (19 USC 1484) for importers to use “reasonable care” when importing and declaring goods
- ❖ Importer’s declaration (19 USC 1485)
  - Prices set forth in the invoice are true
  - All other statements in the invoice or other documents filed with the entry, or in the entry itself, are true and correct;
- ❖ Civil penalties for false statements and omissions (19 USC 1592)
- ❖ Liquidated Damages (1X to 3x value) for breach of import bond conditions
- ❖ Detention and seizure for imports made “contrary to law.”
- ❖ Large penalties for failure to produce required entry records, declarations, certifications and supporting documents



# Why Adopt “Best Practices”?

- ❖ Over 1,500 FA Audits Performed
  - \$90 Million in Loss of Revenue (excludes PDs & Penalties)
  - 57% of FA Concluded Unacceptable Compliance/ Practices
  - RA completed 1,053 audits from 2008 to 2010.
  - RA recommended collection of approximately \$154.2 million in additional revenue to CBP.
  - Average Revenue collected per audit \$158,000
- ❖ OIG-12-117, September 2012
- ❖ Top Areas with Unacceptable Compliance
  - Antidumping/Countervailing Duty reporting
  - Valuation
  - Duty Free Provisions (Preference Programs/ FTAs/ 9801-9802)
  - Classification

# Why Adopt “Best Practices”?



## ❖ Common Importer Errors Found By Customs

- Failure to report manufacturing assists
- Failure to report supplemental payments
- Failure to justify deduction of non-dutiable costs (CIF costs)
- Errors in tariff classification
- Lack of documentation to support 9801 claims for U.S. Goods Returned
- Lack of documentation to support claim of 9802 U.S. Goods Returned
- Lack of support for transaction value in related party transactions
- Failure to report or support claim for non-dutiable buying commissions
- Recordkeeping errors

What are  
“Best  
Practices”?

10 Steps to  
better  
trade  
compliance

The screenshot shows the official website of the Department of Homeland Security, specifically the U.S. Customs and Border Protection (CBP) section. The page title is "Best Practices of Compliance". It includes navigation links for "About CBP" and "Newsroom". The breadcrumb trail is "HOME >> DOCUMENT >> FORMS >> BEST PRACTICES". The page is dated "Last published: November 12, 2013" and has a tag for "Trade".

## U.S. Customs and Border Protection Best Practices Of Compliant Companies

1. → **Have management's commitment.** — *(Control Environment)*  
Demonstrate management's commitment to compliance.
  - → Establish a statement of corporate policy that addresses Customs and Border Protection (CBP) matters.
  - → Solicit a statement from the Board of Directors that assigns authority and responsibility to the customs group.
2. → **State compliance and cost goals.** — *(Risk Assessment)*  
Identify and analyze relevant risk and develop internal goals to manage the risk.
  - → Conduct post-entry reviews and compare these against established goals.
  - → Determine how risk areas should be managed.
  - → Resolve control weaknesses in a timely manner.
3. → **Develop formal policies.** — *(Control Activities)*  
Develop, implement and/or modify formal policies and procedures to ensure that management's goals and objectives are met.
  - → Verify the accuracy of the Internal Control Manual to ensure processes and procedures achieve prescribed goals and objectives.
  - → Modify controls that are ineffective or inefficient and report to management.
  - → Define accountability and controls in job descriptions.

¶

4. → **Establish training programs.** — (*Information & Communication*) ¶

Ensure that employees receive appropriate training and guidance to effectively discharge their responsibilities. ¶

¶

- → Convey pertinent information to the right people at the appropriate time. ¶
- → Disseminate CBP information via company's communication system (i.e. intranet, bulletin board, mail). ¶

¶

5. → **Conduct internal control reviews.** — (*Monitoring*) ¶

Conduct periodic process reviews to assess the performance quality of the internal controls. ¶

¶

- → Use external or internal audit to periodically review each business unit to confirm that corporate policies are implemented and mandate corrective action when necessary. ¶
- → Adjust testing in response to changing risk. ¶



¶

6. → **Create compliance group.** — (Information & Communication) ¶

↙

Establish a customs group. ¶

¶

- → Foster open communication channels between all departments that may be involved in the CBP processes. ¶
- → Establish control activities and self-testing processes to verify the accuracy of the company's internal control system since the quality of the information generated affects the ability of management to make decisions. ¶

¶

7. → **Access executives for needed resources.** — (Control Environment) ¶

Raises the importance of the Customs group and provides adequate authority for the group to interact with other departments as needed. ¶

¶

- → Organize the customs group so that it is visible to top-level management. (e.g. attaching to tax or legal department/division). ¶
- → Provide an awareness of supply chain structure. Many executives know their sales figures but do they know their key import statistics and suppliers? ¶

... ¶

¶

8. → **Develop compliance requirements for suppliers.** ... (Control Activities) ¶

Develop contract language on purchase agreements. ¶

¶

- → Develop and implement controls to help ensure that CBP transactions are valid, properly authorized and accurately processed. ¶
- → Request suppliers provide regulatory reporting information when applicable (NAFTA, GSP, etc.). ¶
- → Exercise reasonable care over operations performed by service providers. ... ¶

¶

9. → **Establish a record-keeping program.** ... (Control Activities) ¶

Establish a record-keeping program. ¶

¶

- → Maintain a record-keeping system that forms an audit trail from production control through payment to CBP entry. ¶
- → Provide supporting documentation for CBP transactions in a timely manner. ¶

¶

10. **Partner with Customs & Border Protection.** (Information & Communication) ¶

Enhance partnership by: ¶

¶

- → Participate in voluntary CBP programs such as: C-TPAT, CSI, ISA, FAST, ACE, etc. ¶

¶

***Italics (indicate the Five Components of Effective Internal Control -- Attached)*** ¶

¶

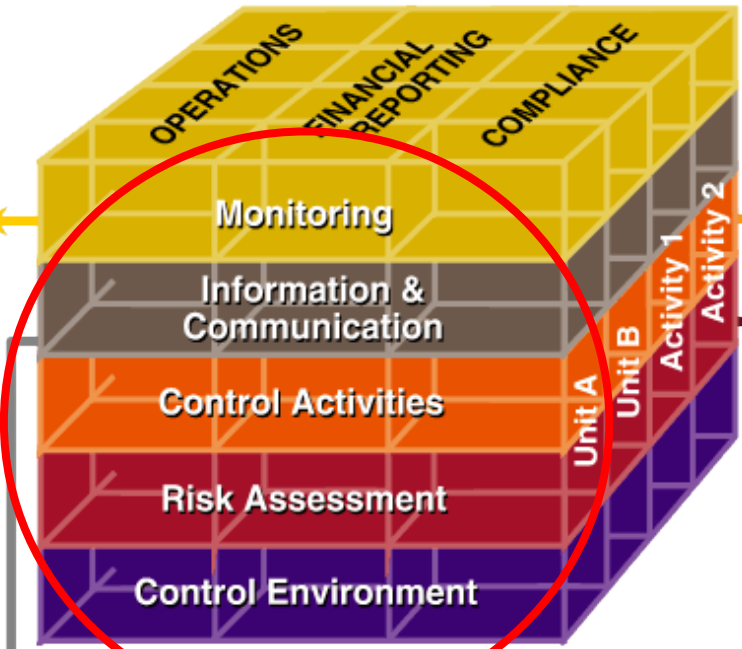
# The COSO Matrix

**Monitoring**

- Assessment of a control system's performance over time.
- Combination of ongoing and separate evaluations.
- Management and supervisory activities.
- Internal audit activities.

**Information and communication**

- Pertinent information identified, captured and communicated in a timely manner.
- Access to internal and externally generated information.
- Flow of information that allows for successful control actions from instructions on responsibilities to summary of findings for management action.



**Control activities**

- Policies/procedures that ensure management directives are carried out.
- Range of activities including approvals, authorizations, verifications, recommendations, performance reviews, asset security and segregation of duties.

**Control environment**

- Sets tone of organization-influencing control consciousness of its people.
- Factors include integrity, ethical values, competence, authority, responsibility.
- Foundation for all other components of control.

**Risk assessment**

- Risk assessment is the identification and analysis of relevant risks to achieving the entity's objectives-forming the basis for determining control activities.

# Best Practices of Customs Compliance: Where to Start



- ❖ Assessing your company's risk profile – Key factors
  - What activities should your internal controls cover?
    - Classification
    - Valuation
    - Quantity
    - Special classifications and duty preferences
    - Country of Origin
    - Antidumping / countervailing duty Orders
    - Other Governmental Import requirements (i.e., FDA, FCC, EPA, CPSC, etc.)
    - Special Recordkeeping or invoice requirements
    - Broker management (Use of new, multiple, or sub-contracted brokers)
    - Supplier /vendor management

# Where to Start?



Focused Assessment Program Exhibit 1

Focused Assessment Program Table of Contents

Focused Assessment Program Table of Contents		Exhibit	Subject
		5I	HTSUS 9802.00.90 – U.S. Formed and Cut Fabric Assembled in Mexico – Technical Information for Pre-Assessment Survey
		5J	Antidumping Duties and Countervailing Duties – Technical Information for Pre-Assessment Survey
			– Technical Information for Pre-Assessment
			Technical Information for Pre-Assessment
			n for Pre-Assessment Survey
			Technical Information for Pre-Assessment
			Act and Caribbean Basin Trade Partnership Assessment Survey
5A	Technical Information for Pre-Assessment Survey	5O	Andean Trade Preference Act – Technical Information for Pre-Assessment Survey
5B	PAS Internal Control Overview	5P	Products of Insular Possessions – Technical Information for Pre-Assessment Survey
5C	Transaction Value – Technical Information for Pre-Assessment Survey	5Q	Israel Free Trade Area – Technical Information for Pre-Assessment Survey
5D	Computed Value – Technical Information for Pre-Assessment Survey	5R	African Growth and Opportunity Act – Technical Information for Pre-Assessment Survey
5E	Classification – Technical Information for Pre-Assessment Survey	5S	Quantity – Technical Information for Pre-Assessment Survey
5F	HTSUS 9801.00.10 – U.S. Goods Returned – Technical Information for Pre-Assessment Survey	5T	Reconciliation – Technical Information for Pre-Assessment Survey
5G	HTSUS 9802.00.40 and HTSUS 9802.00.50 – Articles Exported for Repairs and Alterations – Technical Information for Pre-Assessment Survey	5U	Intellectual Property Rights – Technical Information for Pre-Assessment Survey
5H	HTSUS 9802.00.60 – Metal Articles Previously Exported for Processing – Technical Information for Pre-Assessment Survey	5V	NAFTA - Technical Information for Pre-Assessment Survey
	HTSUS 9802.00.80 – U.S. Articles Assembled Abroad – Technical Information for Pre-Assessment Survey		

Exh 3A Determining Review Areas based on Risk.pdf  
 Exh 3B Consideration of Internal Controls in a Customs Audit.pdf  
 Exh 3C Internal Control Summary by Component.pdf  
 Exh 3D Internal Control Management & Evaluation Tool.pdf



# Why Have Internal Controls?



- ❖ Internal controls over customs transactions are not mandated by any customs law or regulation
- ❖ Internal controls over customs transactions are not mandated by Sarbanes-Oxley
- ❖ The presence of good internal controls are a strong indicator to Customs that an importer is acting responsibly and is exercising reasonable care



# Why Have Internal Controls?

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- ❖ Many companies still do not have internal controls over customs transactions
- ❖ For those that do, a significant percentage have controls that are inadequate to ensure compliance objective



# Why Have Internal Controls?

- ❖ Internal Controls over customs transactions further the goal of any company.
  - Save time & money
    - duties & fees
    - Avoid penalties
    - faster release and clearance
    - Fewer request for documents
  - Help employees operate more efficiently

# What is “Internal Control”?

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## Definition

A process:

- Directed by management and implemented by company personnel
- designed to provide reasonable assurance that any given import transaction fully complies with U.S. import requirements.



# Scope of Internal Controls

- ❖ What activities should customs internal controls cover?
  - Classification
  - Valuation
  - Quantity
  - Special Classifications and duty preferences
  - Antidumping /Countervailing Duty Orders
  - Country of Origin
  - Entry Reconciliation
  - OGA requirements?

# DEVELOPING A CUSTOMS COMPLIANCE PROGRAM



## ❖ What does Customs want to see?

- Management committed to compliance with customs requirements
- Written procedures or process with assigned responsibilities
- Distribution of important Customs related information to affected company employees and Customs brokers.
- Periodic checks to verify accuracy.
- Regular training for responsible employees.



## ACTION STEPS TO DEVELOPING A CUSTOMS COMPLIANCE PROGRAM

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- Identify Customs programs use by your company
- Identify persons knowledgeable about products and programs and assemble compliance working group;
- Review regulations and legal requirements
- Determine what records must be maintained and/or procedures that must be followed
- Flow-chart company import & payment process



# Preparing your Internal Controls

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- ❖ Keep it simple!
- ❖ Don't reinvent the Wheel
- ❖ Say what you are going to do  
& Do what you say!
- ❖ Test and verify to make sure you have done  
what you said you were going to do!



# Preparing Internal Controls

- ❖ Controls should include
  - Statement of purpose (why is control necessary)
  - Identify parties responsible for carrying out internal controls
  - Description of procedure(s) to be followed
  - Explanation of verification process
  - Process for reporting & correcting errors, as appropriate using PSC or Prior Disclosure program
  - Additional references/ resources



# Preparing Internal Controls

- ❖ Develop Standards for Suppliers & Service Providers
  - Include compliance requirements in contracts, purchase agreements, and service contracts
  - Develop SOP with suppliers to ensure that Invoices have accurate descriptions and values
  - Develop SOP with brokers to ensure that Customs transactions are accurately processed.
  - Require suppliers provide regulatory reporting information when applicable (NAFTA, GSP, etc.).
  - Send suppliers and brokers a monthly or quarterly score card

# Common Internal Control Deficiencies



- ❖ No Internal Control Procedures (i.e. Classification database, post entry audits, broker guidelines, recordkeeping, etc.)
- ❖ Internal Control Procedures but not Documented
- ❖ Written IC Policies/Procedures are **non-specific to company** (Regulatory Requirements Only with no related desktop procedures)
- ❖ Not Documenting Instructions to and Communications with Broker
- ❖ No Post Entry Audit process to monitor/verify Broker's Work
- ❖ Not Maintaining or Updating Classification Database
- ❖ Broker not using Importer's Classification Database

# Common Internal Control Deficiencies



- ❖ Other Departments Not Communicating Potential CBP Related Information to the Import Department
- ❖ No Accounting General Ledger review to identify valuation errors (commissions, royalties, assists, etc)
- ❖ Not Tracking and/or Reporting Variances to CBP (Value, Quantity, etc.)
- ❖ Not Obtaining and Maintaining Proof of Eligibility for Special Trade Program Claims
- ❖ Lack of Knowledge or Specialized Training
- ❖ No CBP Reference Materials Available to Employees or Not Accessed/Used
- ❖ No Testing of Entries for Accuracy
- ❖ No Periodic Review and Adjustment of Internal Control Procedures



# Preparing Internal Controls: Risk Assessment



## ❖ Conduct a Self-Assessment

- Evaluate & test current processes
- Select and test sample customs entries
  - are they accurate?
  - Make sure testing is broad enough to cover all types of import transactions
- Sample accounts payable transactions for payments to suppliers of imported goods or for assists
- Look at exports for any assists (parts, components or equipment)

# Best Practices for Customs Compliance: The Risk Review



## ❖ Where to start – Gather Data and Information

A screenshot of the CBP.gov website. The header includes the CBP logo, the text "CBP.gov Securing America's Borders", and a search bar. Below the header is a navigation menu with links for "About CBP", "Newsroom", "Border Security", "Trade", "Travel", and "Careers". The main content area is titled "ACE Portal Application and Program Participation" and features a sign-up prompt: "Sign up today to take advantage of the latest ACE Secure Data Portal capabilities. Benefits of establishing a Portal account include the following: file manifests electronically; make periodic payments on an interest-free monthly basis; file and process formal consumption entries and informal entries, including Automated Broker Interface (ABI) Census Warning Overrides; view and respond to certain CBP forms through the ACE Portal; and file and process AD/CVD entries (also known as type 03 entries) and track the lifecycle of your AD/CVD cases. Participating in ACE not only provides these tangible benefits, but also supports the U.S. Department of Homeland Security's (DHS's) dual mission to facilitate legitimate trade and secure our nation's borders." Below this text is an email address: "For questions on applying to ACE, e-mail us at [ACENow@dhs.gov](mailto:ACENow@dhs.gov). This e-mail address is used only to facilitate establishing an ACE Account. If you are seeking employment opportunities within CBP or DHS, please visit the Careers section of the U.S. Customs and Border Protection website." The page also includes a sidebar with a search bar, a "section sitemap for ACE Portal Application and Program Participation", and "see also:" links to various resources like "in ACE: Modernization Information Systems" and "on cbp.gov".

### - **ACE Application Form**

- 11/03/2010

To submit an application for an ACE Portal Account, complete, electronically sign and e-mail the ACE application form directly to CBP. Note: Please read instructions at the beginning of the application.

For Accessibility Information: [OIT508CONTACT@cbp.dhs.gov](mailto:OIT508CONTACT@cbp.dhs.gov)

pdf - 1,328 KB.

### - **ACE Secure Data Portal Account Application Instructions**

- 06/23/2009

For Accessibility Information: [OIT508CONTACT@cbp.dhs.gov](mailto:OIT508CONTACT@cbp.dhs.gov)

pdf - 49 KB.

### - **ACE Secure Data Portal Account Application Demo**

- 07/09/2009

zip file - 12,290 KB

For Accessibility Information: [OIT508CONTACT@cbp.dhs.gov](mailto:OIT508CONTACT@cbp.dhs.gov)

# Preparing Internal Controls: Risk Assessment



- ❖ Obtain copy of import activity report from Customs
  - “Mine” data for information on
    - Exporters/manufacturers,
    - values,
    - tariff classifications
    - Special duty /preferences

## Best Practices of Customs Compliance: Core Elements

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### Identify risks and compliance goals

- Used structured sampling program for entry and financial transactions
- Identify errors and cause
- Share results with effected groups and
- Determine how errors can be eliminated
- Develop procedures that “**reasonably ensure**” compliance goals and objectives are met.

# Planning, developing, implementing your risk-based analytics



## ❖ Where to start? Taking a page from Customs' book!

- “Risk Assessment and Self-testing Plan” described in Appendix I to the 2011 ISA Handbook
  - CBP allows flexibility and does not dictate specific testing requirements
  - “[E]ach company must perform its own risk assessment, develop its own control procedures ... design its own self-testing program in order to monitor and mitigate risk and ensure that import transactions are accurate and compliant.”



# Preparing Internal Controls

- ❖ Each control should include
  - A statement of purpose (why control is necessary)
  - Define accountability and responsibility for reporting in internal control documents and job descriptions.
  - Description of procedure(s) to be followed
  - Explanation of verification process
  - Process for reporting & correcting errors, as appropriate using PSC or similar program





# Preparing your Internal Controls

- ❖ Each process should clearly explain . . .
  - Who does what?
  - What do they do?
  - When do they do it?
  - How do they do it?
  - How do they document that they did it?
  - Who checks that they did it?



# Preparing Internal Controls

- ❖ Identify your objective/goal
- ❖ Study:
  - Customs FA Guidelines
  - CBP Best Practices
  - CBP Model Internal Controls Manual
  - Consult experts for ideas/ Have them review your process/ procedures

## Best Practices of Customs Compliance: Core Elements

- Broker Data –
  - Broker On-Line Reporting Tools
  - Request Import Activity from Broker
  - Merge invoice or PO line data with entry line report

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Entry #	7501 line #	Import Date	Importer of Record	Export Ctry	Country of origin	Invoice Number	Part Number	Part Description	Invoice Qty	Entered value	Duty Due	Primary SPI	Primary Classification	MID Code
2	XXX-05286719	1	4/1/2011	12-345678900	MX	MX	12345-A	12345	Widget 1	200	352	0	MX	9018390040	MXCINDEL217APO
3	XXX-05286719	2	4/1/2011	12-345678900	MX	MX	12345-A	12346	Widget 2	6000	11192	0	MX	9018390040	MXCINDEL217APO
4	XXX-05286719	3	4/1/2011	12-345678900	MX	MX	12345-A	12347	Widget 3	2400	4593	0	MX	9018390040	MXCINDEL217APO
5	XXX-05286719	4	4/1/2011	12-345678900	MX	MX	12345-A	12348	Widget 4	3000	8372	0	MX	9018390040	MXCINDEL217APO
6	XXX-05286719	5	4/1/2011	12-345678900	MX	MX	12345-A	12349	Widget 5	1760	3764	0	MX	9018390040	MXCINDEL217APO
7	XXX-05286719	6	4/1/2011	12-345678900	MX	MX	12345-A	12350	Widget 6	3600	7931	0	MX	9018390040	MXCINDEL217APO
8	XXX-05286719	7	4/1/2011	12-345678900	MX	MX	12345-A	12351	Widget 7	2420	5480	0	MX	9018390040	MXCINDEL217APO
9	XXX-05286719	8	4/1/2011	12-345678900	MX	GB	12345-A	12352	Widget 8	600	2648	0		9019200000	MXCINDEL217APO
10	XXX-05286719	9	4/1/2011	12-345678900	MX	MX	12345-A	12353	Widget 9	2000	3428	0	MX	9018390040	MXCINDEL217APO
11	XXX-05286719	10	4/1/2011	12-345678900	MX	MX	12345-A	12354	Widget 10	3210	4933	152.9		3917330000	MXCINDEL217APO

# Best Practices of Customs Compliance: Core Elements

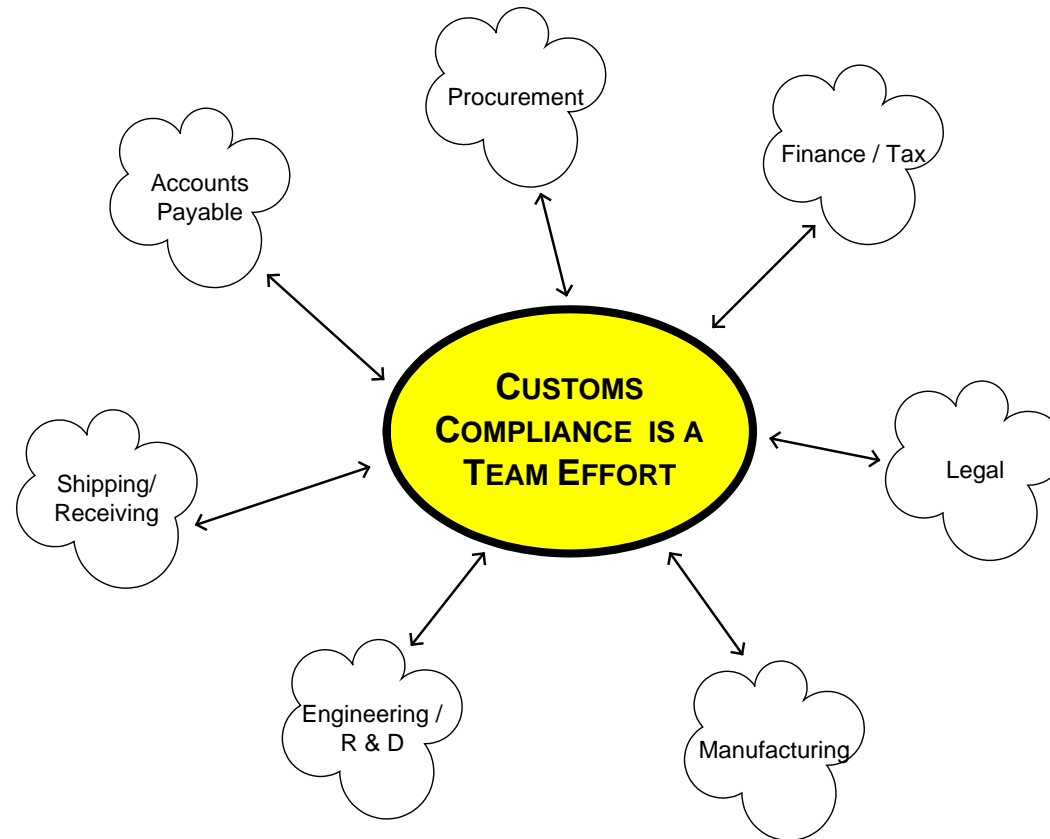
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## “HOW TO” DEVELOP A CUSTOMS COMPLIANCE PROGRAM

- Identify Customs programs use by your company
- Identify persons knowledgeable about products and programs and assemble compliance work group;
- Review regulations and legal requirements
- Determine what records must be maintained and/or procedures that must be followed
- Understand and flow-chart company import & payment process

# Get Everyone Involved!

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# Best Practices of Customs Compliance Elements




- ❖ Develop standards for suppliers & Service Providers
  - Include compliance requirements in contracts, purchase agreements, and service contracts
  - Develop SOP with suppliers to ensure that Invoices have accurate descriptions and values
  - Develop SOP with **brokers** to ensure that Customs transactions are accurately processed.
  - Require suppliers provide regulatory reporting information when applicable (NAFTA, GSP, etc.).
  - Send suppliers and brokers a monthly or quarterly score card



# Broker Controls



- SOPs or Business Rules direct the broker on how to act on your behalf
- These should be specific to the importer's business operations
- A few topics the SOP should include: 

*Process for filing an entry*

*Process for communicating entry issues*

*Process for Customs and OGA inquiries*

*Recordkeeping process*

- ❖ SOPs are in writing and sign by both parties
- ❖ Designate Single Contact Person at Broker and Importer for all entry and compliance related questions
- ❖ Brokers do not classify merchandise, disclaim AD/CVD hits, or claim FTA-duty free treatment w/notification and authorization of importer
- ❖ Brokers use only identified HTS information supplied by importer
- ❖ Review ACE reports for Broker Activities
- ❖ Monitor brokers and provide monthly or quarterly score card

# Red Flags For Class

The company has insufficiently documented, poorly defined, or no internal controls for accurately reporting classifications to Customs.

The company does not monitor or interact with the broker on classification issues.

The company relies on broker to handle classification issues, and there are poor or no company checks or balances over broker.

Company import staff lacks knowledge of classification requirements for products imported.

## Internal Control

Are internal controls over classification formally documented?

Are written policies and procedures approved by management?

Are written policies and procedures reviewed and updated periodically?

Do written internal control procedures assign classification of merchandise to a position rather than an individual?

Does the company have good interdepartmental communication about classification matters?

Is one department/individual primarily responsible for classifying imported merchandise?

Does the individual classifying merchandise have adequate knowledge and training?

Are internal controls over classification periodically tested?

Were the results of the periodic internal control tests documented?

If weaknesses were found during internal control testing, were corrective actions implemented?

Are Harmonized Tariff Schedule classifications maintained in a database that is provided to brokers?

Is Customs assistance sought in classifying merchandise (e.g., requesting binding rulings)?

Are suppliers required to print company-provided HTSUSs on invoices and/or packing lists?



## Internal Control

Is adequate descriptive information provided to the Import Department and/or broker by suppliers, engineers, the Purchasing Department, etc., to ensure proper classification?

Does management review the classification of new items on a periodic basis?

Does the company review or monitor entries to verify that correct classifications were used?

Are brokers required to have written company approval to make classification changes?

Did PAS testing verify that control procedures were being followed?

Did interviews with responsible persons support control procedures?

Does the company have internal control procedures to address specific issues identified in the profile?

**List company-specific procedures below (if applicable):**



# Best Practices For Classification

- ❖ Internal controls over classification are in writing and assign classification duties and tasks to a specific position.
- ❖ The company has assigned technical specialists or purchasing specialists to assist with classification
- ❖ Involves Purchasing/ buyers/ Engineers to determine classification for a new part before obtaining a purchase order
- ❖ Classification process is documented with supporting information
- ❖ The company maintains a database of classifications for its product line and requires the classification to be shown on invoices.



# Best Practices for Classification

- ❖ Company maintains current classification data base
- ❖ Maintains process controls over who can change or update
- ❖ Record of who classifies product, date and any change record of classification
- ❖ Includes Part no. description, classification, rationale, rulings etc.

No	Product description	Classification	HS codes considered	Classification rationale
16.	Assembly designed to be mounted into a cellular (mobile) phone, consisting of a plastic frame incorporating the following components :	8517.70	85.17, 85.43 and 90.31	GIRs 1 (Note 2 (b) to Section XVI) and 6



# Best Practices For Classification

- ❖ Company provides classification data base to brokers
- ❖ Company requires vendors to provide sufficient descriptions of merchandise on invoices.
- ❖ The company conducts and documents periodic reviews of entries of merchandise and uses the results to make corrections to entries and changes to its import operations as appropriate.
- ❖ The company requires periodic training for staff responsible for classifying merchandise.
- ❖ The company attends Customs informed compliance outreach and seminars or attends Customs-related seminars provided by private vendors.

# Preparing Internal Controls CLASSIFICATION



- ❖ Prepare and maintain a schedule of imported products with HTS classification, duty rates and other key information.
- ❖ Develop procedures to identify and classify new products before they are imported.
- ❖ Assign technical specialists or purchasing specialists to be responsible for or to assist with classification
- ❖ Provide Custom broker or filer with product/ classification schedule and updates.
- ❖ Maintain records on products with technical information or description, HTS provisions, and rulings reviewed that support classification.



# Best Practices For Classification



- To determine correct tariff classification review all relevant:
  - Headings
  - Section and Chapter Notes
  - GRI's
- Consult
  - ✓ Customs informed compliance publications
  - ✓ Explanatory Notes
  - ✓ Customs rulings and court cases
- If you still don't know the correct classification
  - ✓ Consult with a "Customs" expert
  - ✓ Obtain a Customs ruling



# Core Risk Areas

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## ❖ Valuation

- Payment records don't match invoices
- Supplemental payments or year end adjustments (Standard cost issues) are unreported
- Assists are unreported
- Royalty payments to third parties are unreported
- Interest payments are non-qualifying
- Commissions are unreported
- CIF costs undocumented
- Non-transaction value goods (samples, repairs and returns)





# Valuation Checklist

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- Price Actually Paid or Payable
- Packing
- Selling Commissions
- Assists (e.g., Materials/Component Parts, Tools, Dies, Molds, Merchandise Consumed, Engineering, Development, Art Work, Design Work, Plans)
- Royalties and License Fees
- Proceeds of Subsequent Resale
- Transportation Costs (e.g., International Freight, Foreign inland Freight)
- Transportation Rebates, Insurance
- Price Adjustments (Periodic and year end transfer price adjustments)



# Valuation Checklist

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- Price Increases
- Supplier Rebates and Allowances
- Indirect Payments to 3<sup>rd</sup> Parties that benefit seller
- Payment of Seller's Debt by Buyer (e.g., quota or materials)
- Price Reductions to Buyer to Settle debts (e.g., Reductions for Defective Merchandise)
- Purchases on Consignment
- Quota/Visa
- Currency Exchange Adjustments

# Preparing Internal Controls: Valuation



- ❖ Develop system to link payments to invoices and invoices to entries
  - Supplemental Payments
  - Additions to price--
    - Assists (parts, components, tools, etc.)
    - Royalty & License fees
    - Packing costs
    - Commissions



## Internal Controls: Valuation

- ❖ Learn how and where Vendor payments are recorded to G/L;
- ❖ Require A/P, finance, responsible for reporting to Customs Department
  - Key & or new suppliers/ vendors
  - monthly or quarterly vendor payment reports
  - Check payments against Customs invoices
  - Resolve discrepancies



## Internal Controls: Assists & Supplemental Payments

- ❖ Be a part of approval process to review Purchase Orders for assisttype products or new suppliers
- ❖ Require that Shipping / Export departments be responsible for reporting shipments to assemblers or manufacturers
- ❖ Train Purchasing, Engineering, etc., as to what assists are, and require that they be responsible for reporting on shipments or purchases



# Current Hot Topics in Customs Valuation

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## ➤ Key Resources

- Customs Valuation Law 19 USC 1401a
  - <http://www.law.cornell.edu/uscode/text/19/1401a>
- Customs Regulations 19 CFR 152
  - <http://www.law.cornell.edu/cfr/text/19/part-152>
  - <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=%2Findex.tpl>
- Customs Rulings
  - <http://rulings.cbp.gov/>



# Where to Begin Your Valuation Risk Assessment?

## ❖ Important Resources: Customs Publications

- Customs Valuation Encyclopedia of Rulings and Decisions
- Informed Compliance Publications
  - [Bona Fide Sales & Sales for Exportation to the United States](#)
  - [Buying & Selling Commissions](#)
  - [Customs Value](#)
  - [Determining the Acceptability of Transaction Value for Related Party Transactions](#)
  - Importation of Commercial Samples
  - [Proper Deductions for Freight & Other Costs](#)
  - [Exhibit 5B - Transaction Value - Technical Information for Pre-Assessment Survey \(TIPS\)](#)
  - [Exhibit 5T - Reconciliation - Technical Information for Pre-Assessment Survey \(TIPS\)](#)

# CBP's Technical Guide for AD and CVD



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U.S. Customs and Border Protection

About CBP Newsroom Travel Trade Border Security

HOME > TRADE > AUDITS/REGULATORY AUDIT > FOCUSED ASSESSMENT PROGRAM (FA)

Focused Assessment Program

Exhibit 1

## Focused Assessment Program Table of Contents

Exhibit	Subject
5I	HTSUS 9802.00.90 – U.S. Formed and Cut Fabric Assembled in Mexico – Technical Information for Pre-Assessment Survey
5J	Antidumping Duties and Countervailing Duties – Technical Information for Pre-Assessment Survey
5K-1	Foreign Trade Zones – Manufacturing – Technical Information for Pre-Assessment Survey
5K-2	Foreign Trade Zones – Petroleum – Technical Information for Pre-Assessment Survey
5L	Transshipment – Technical Information for Pre-Assessment Survey
5M	Generalized System of Preferences – Technical Information for Pre-Assessment Survey

Trade

Basic Import and Export

For The Trade Community

ACE and Automated Systems

Border Interagency Executive Council

Programs and Administration

Account Management

### Focused Assessment Program (FA)

Focused Assessment Program Overview:

[FA Overview and Updates Presentation \(October 2014\)](#)

[FA to ISA Transition Program Presentation \(October 2014\)](#)

Focused Assessment Documents:

ADD/CVD orders are issued for specific commodities by manufacturer and country of origin. A list of open orders can be obtained from the ITC web site at [www.usitc.gov](http://www.usitc.gov).

### 2.1 EXAMPLES OF RED FLAGS

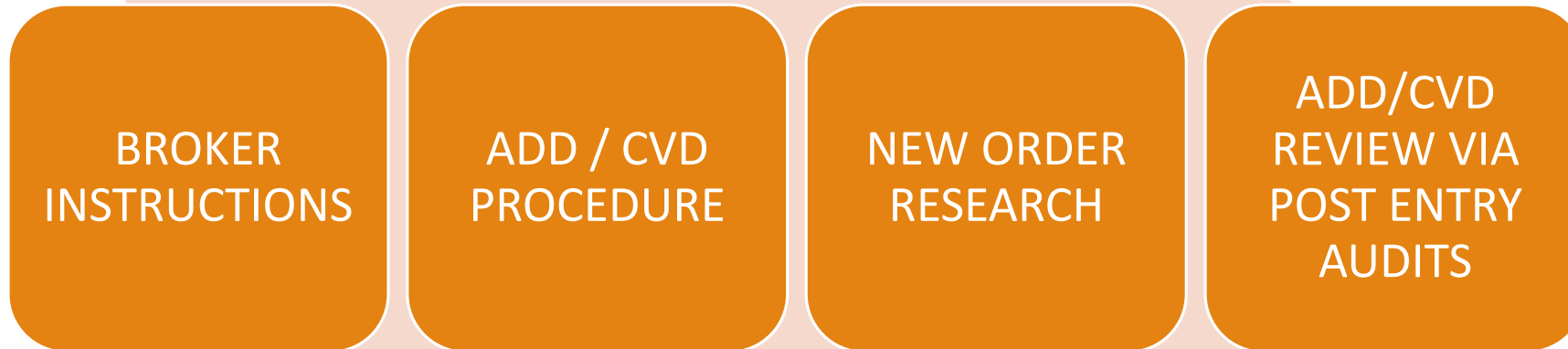
The following examples are conditions that may indicate a potential problem in ADD/CVD.

- Company has insufficiently documented, poorly defined, or no internal controls for accurately declaring ADD/CVD. Examples:
  - ✓ Company does not monitor or interact with the broker on ADD/CVD issues.
  - ✓ Company relies on one employee to handle ADD/CVD issues, and there are poor or no management checks or balances over this employee.
- Company's Customs staff lacks knowledge of ADD/CVD issues.
- Company offers unreasonable explanations to Customs.

conomic Recovery Act and Caribbean Basin Trade Partnership  
ation for Pre-Assessment Survey  
nce Act – Technical Information for Pre-Assessment Survey  
sessions – Technical Information for Pre-Assessment  
– Technical Information for Pre-Assessment Survey  
portunity Act – Technical Information for Pre-Assessment  
formation for Pre-Assessment Survey  
ical Information for Pre-Assessment Survey  
ights – Technical Information for Pre-Assessment Survey  
ormation for Pre-Assessment Survey



# ANTIDUMPING/COUNTERVAILING DUTIES – Internal Controls



# ANTIDUMPING/COUNTERVAILING DUTIES



## Example Broker Instructions

Brokers are required to enter merchandise in accordance with the Classification and ADD/CVD Database or as directed by Importer.

Brokers will inform Importer of any Automated Broker Interface (ABI) alerts with respect to ADD/CVD so that the Importer can determine if the product is subject to ADD/CVD orders.

If the broker's system indicates a product may potentially fall under the scope of an ADD or CVD case, the broker will review the information received in the ADD/CVD database provided by the Importer to determine whether the item is subject to ADD/CVD.

- If ADD/CVD is applicable, the broker will enter the importation under the appropriate ADD/CVD case numbers on entry.
- If ADD/CVD is not applicable, the broker will proceed to file the entry without applying ADD/CVD.
- If the broker is not clear as to the applicability of ADD/CVD, the broker will submit a written request to the company to verify whether the items fall within the scope of the order. In the communication, the broker should include the potential case information which explains what is covered under the scope and the company will review and confirm the applicability of ADD/CVD.

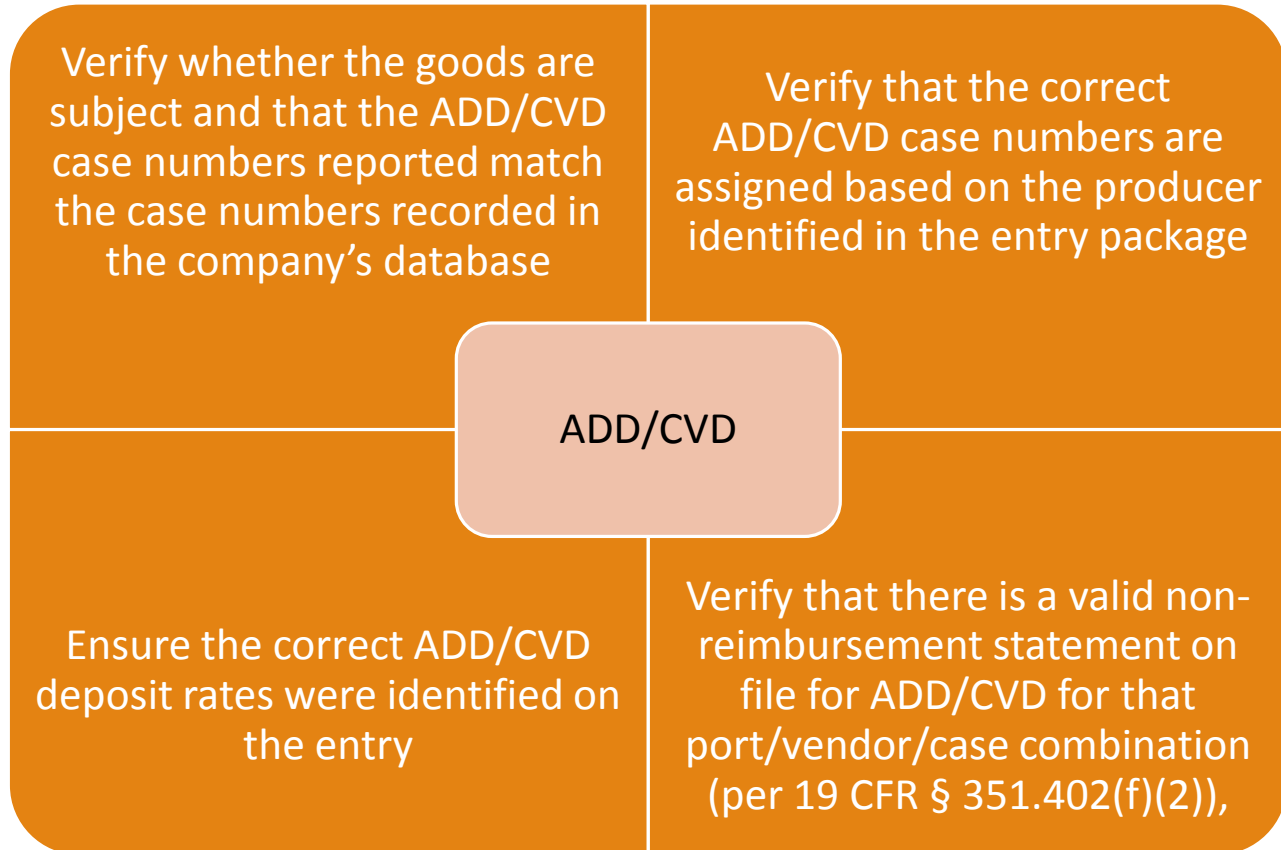
## EXAMPLE ADD/CVD PROCEDURE



### TRADE COMPLIANCE MANAGER DUTIES:

- Developing a program for effectively identifying merchandise actually or potentially subject to ADD/CVD,
- Managing customs brokers selected by the company, ;
- Ensuring the knowledge base is maintained and kept current in regards to ADD/CVD orders.
- Ensuring the knowledge base and related information is reflected in information provided to business entities.
- Reviewing all internal control documentation on an annual basis to ensure documented internal controls are being followed.
- Ensuring the procedures and policies documented for the Trade Compliance Department are adhered to.
- Ensuring all members of the team have adequate knowledge in order to carry out specific tasks assigned to them regarding ADD/CVD review, etc.
- Developing and maintaining records to substantiate all case numbers assigned to imports.
- Facilitating interdepartmental communication.
- **Records** -- Maintaining current non-reimbursement statements for all products subject to anti-dumping.
- Performing quarterly audits of entries to ensure internal controls with respect to ADD/CVD are being followed.
- Developing and maintaining records to substantiate all case numbers assigned to imports.

# ANTIDUMPING/COUNTERVAILING DUTIES – POST ENTRY AUDITS & RISK ASSESSMENT



# Effective Post Entry Audit Programs



- Must be documented and clearly define the scope, sample selection process, audit frequency, etc.
- Should contain a [Documented Risk Assessment](#) component
- Should ensure audits are performed monthly or quarterly at a minimum (annually is not sufficient!)
- Should ensure all entries are included in the universe from which samples are selected
- Sample sizes should be based on identified risks and other factors
- Require that results be documented, analyzed, and the appropriate corrective action taken for errors

# Post Entry Audit



2

## Focused Assessment Program

Exhibit 2C  
Attachment 5

### Post entry review procedures

Post entry reviews may be used to evaluate, for example, whether the broker complied with the importer's instructions for complying with CBP requirements; whether the quality of information supplied to the broker was correct; and/or whether the information reported to CBP on the entries were accurate and complete. Typically, post entry reviews are performed on a periodic basis (i.e., quarterly, semiannually) and before entries liquidate to proactively monitor compliance and timely report an adjustment to CBP (e.g., file PEA or prior disclosure). The number of entries or entry lines reviewed depends on factors such as the volume and complexity of the importer's import activity; however, 100 percent review is typically not feasible and some form of sampling would be used.

# Post Entry Audit



☐ When evaluating post entry review procedures, auditors consider:

(1) How much is being examined (and how often) in relation to the volume imported?

The importer may perform post entry review procedures on a periodic basis (e.g., quarterly or monthly) by selecting entries or entry line items filed during that period. Although these reviews may be performed quarterly or monthly, the population to which the procedures are applied is greater. In contemplating whether to test this control (e.g., reviewing all of the entries from two quarterly post entry reviews), auditors consider if the post entry review procedures were used on a sufficient number of entries or line items in order for the control to be responsive to the relevant risks. For example, if an importer files 500 entry line items per month, 10 percent of the total entry line items filed during a quarterly period would be considered a sufficient number, while 10 entry line items per quarter would not.

# Quarterly Post-Entry Audit Samples



- Review a **minimum** of 25 entry lines per quarter for each IOR
- Review only **1-5 invoice lines** if there is explosion (RANDOMLY)
  - 15 of these sample entry lines are targeted based on risk
  - 10 of these sample entry lines are randomly generated
- Results recorded in the post-entry audit database
- Report findings to Sr. Management
- Need **follow-up** to identified errors
  - Cause and effect analysis
  - Expand review to broader universe
  - Implement corrective action (modify procedures)
  - Report to CBP, as needed (Prior Disclosure/ PEA/PSC)





# Sampling Entries

- ❖ selection of both random and judgmental (targeted) samples to determine level of risk for each area
  - 1-20 Samples per category of review
    - Entry line items
    - Classification, Value, quantity
      - General ledger accounts (specific journal entries)
      - Accounts payable for foreign Vendors
      - Special duty or preference classifications (9801/ 9802, GSP, etc.,)
- ❖ Errors or evidence of non-compliance should result in expansion of sample and ultimately PSC or Prior Disclosure

# Effective Post Entry Audit Programs



- ❖ Must be documented and clearly define the scope, sample selection process, audit frequency, etc.
- ❖ Should contain a Risk Assessment component
- ❖ Should ensure audits are performed monthly or quarterly at a minimum (annually is not sufficient!)
- ❖ Should ensure all entries are included in the universe from which samples are selected
- ❖ Sample sizes should be based on identified risks and other factors
- ❖ Require that results be documented, analyzed, and the appropriate corrective action taken for errors

# Post-Entry Audit Samples



- Samples should be extracted from ACE or ITRAC data
- Samples should be reviewed by someone other than the person responsible for entries
- Samples should be selected based on targeted risk identified during the risk assessment
- The sample should be sent out on a regular basis. For example, approximately 30 days after the end of the calendar month

# Quarterly Post-Entry Audit Samples



- Review a minimum of 25 entry lines per quarter for each IOR
- Review only 1-5 invoice lines if there is explosion (RANDOMLY)
- 15 of these sample entry lines are targeted based on risk
- 10 of these sample entry lines are selected randomly
- Audit consists of 12 questions that evaluate various compliance areas
- The results of all audits are recorded in the post-entry audit database
- Record all needed details regarding errors
  - ✓ COMMENTS
  - ✓ ACTION
  - ✓ RESOLUTION
  - ✓ DATE RESOLVED



# Judgmental Sample Review

- ❖ Entry line review
  - Classification
    - Data sheets or specifications
    - Importer analysis of classification
  - Value
    - Invoice
    - P.O.
    - Check or other payment record
  - Quantity
    - Receiving report
    - Inventory record

# Do you have the records?



## Typical records for review:

- Entry Summary
- Commercial invoice
- Purchase order/ contract
- Airway bill/ bill of lading
- Packing list
- Receiving report
- Inventory record showing merchandise entering inventory
- Accounts payable and disbursement record for entry
- Parts catalog containing description of part, specifications
- Documentation to support transaction value (for related party transactions)
- Records of payments associated with import
- Documents to support special entry (I.e, 9802, 9801, GSP)



# Financial Records Sample Review

- ❖ General ledger accounts (specific journal entries)
  - Need explanation/ understanding of G/L accounting practice
  - Select specific accounts to look at
  - Within selected account, pick journal transactions:
    - Invoice
    - Payment
    - Explanation



# Financial Records Sample Review

## ❖ Accounts Payable Records For Foreign Vendors

- Vendor Payments
  - What is a foreign vendor?
  - Sorting vendors by status
  - Do vendor payments = +/- entered values?
  
- Sample Selection
  - Tie to import entry?
  - Invoice
  - Payment record
  - Explanation for transaction
  - Is it an assist or supplemental payment, etc.,?





# Special Classification Sample Review

- ❖ Special duty or preference classifications (9801/ 9802, GSP, etc)
  - Major problems with supporting documentation
    - No shipper or assembler declarations
    - No U.S. Manufacturer declarations
    - No U.S. export document records
    - No independent contemporaneous value analysis

# Recordkeeping Requirements

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19 U.S.C. 1508 and 19 U.S.C. 1509

Two classes of records that must be kept:

- (a)(1)(A) list records
- “Other” records kept in the normal course of business.

Customs Has Published Recordkeeping Compliance Manual (See Customs Web site Informed compliance publication)

19 U.S.C. 1509 gave CBP expanded audit authority

# Recordkeeping penalties

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## Penalties for failure to produce (a)(1)(A) list documents

- Negligence= \$10,000 or 40% value of merchandise + loss of privileges
- Intentional= \$100,000 or 75% of value of merchandise + loss of privileges

# What Are (a)(1)(A) List Records?



Documents (including electronically generated documents) what are required by law or regulation for the entry of merchandise, such as:

- Bill of Lading / Air waybill;
- Broker's power of atty;
- CF 3461 (or its electronic equivalent) information;
- CF 7501 (or its electronic equivalent) information;
- Invoice and invoice information (19 C.F.R. 141.83

Packing List (90 days)

Binding Ruling Identification Number

Declarations of Persons performing alterations or repairs (9802)

Declaration of foreign processing

Declaration of foreign assembler

Endorsement by importer

Declarations for articles exported and returned

Declarations of actual use

GSP Declarations and supporting documentation

NAFTA certificates of origin

Certificate of marking and notice to repacker

Informal entry: commercial invoice plus declaration

# “Other” non-(a)(1)(A) list Records



- ❖ Chart of Accounts
- ❖ General Ledger and trial balance
- ❖ Disbursement records such as journals, bank statements, letters of credit, wire transfer records
- ❖ Accounts payable records
- ❖ Contracts
- ❖ purchase orders
- ❖ receiving documents (warehouse & inventory receipts)
- ❖ Catalogs with descriptions for imported merchandise
- ❖ Contracts for services (R & D, tooling, Royalties, Commissions, Assists, transportation)
- ❖ Correspondence

# Reconciliation Procedures

## EXAMPLES OF RED FLAGS

- No Recon Internal Controls
- Importer lacks knowledge of Recon Prototype requirements.

## EXAMPLES OF BEST PRACTICES

- Reconciliation Internal controls are written, accurate and complete
- Importer attends Recon seminars
- Importer maintains software application that tracks underlying entry information and ensures all underlying entry adjustments are supported.

- **MANY OTHERS! READ FOCUSED ASSESSMENT KIT – EXHIBIT 5T**

XYZ U.S. Customs Transaction Value Reconciliation Procedure XYZ Trade Policy No. US-1.080	Vers. 1 Eff. Date 01 Jan 2010
<p>XYZ CORPORATION</p> <p>U.S. CUSTOMS TRANSACTION VALUE RECONCILIATION PROCEDURE</p>	
<p><u>PERSON RESPONSIBLE FOR PROCEDURE:</u> Joe Doe, International Trade Compliance Manager Jane Smith, Accounting/Finance Manager</p>	
<p><u>DATE UPDATED:</u></p>	<p>01/01/10</p>
<p><u>PROCEDURE APPROVED:</u></p>	<p>01/01/10</p>
<p><u>BY:</u></p>	

**Section 1 – Internal Control Questions**

No.	Internal Control (IC)	Yes	No	Work Paper Reference	
				IC Manual Page Number	Is Implementation of Control Supported by Documentation and/or Interviews?
	<b>Overall Control</b>				
1.	Are internal controls for Reconciliation procedures formally documented?				
2.	Are written policies and procedures approved by management?				
3.	Are written policies and procedures reviewed and updated periodically?				
4.	Is one manager responsible for control of the import department, including Reconciliation?				
5.	Does that manager have knowledge of Customs matters and the authority to ensure internal control procedures for imports are established and followed by all company departments?				

[Exhibit 5T - Reconciliation - Technical Information for Pre-Assessment Survey \(TIPS\)](#)

Reviews red flags and best practices

No.	Internal Control (IC)	Yes	No	Work Paper Refer	
				IC Manual Page Number	Is Implemen Control Sup by Docume and/or Inter
	<b>Broker Review</b>				
19.	Does the company monitor the Reconciliation entries that the broker submits to Customs?				
20.	Do procedures ensure that the broker has all information required for the post-entry adjustments listed on the Reconciliation entries?				
21.	Does the company have adequate broker oversight?				
22.	Does the company identify, analyze, and manage risks related to reconciliation?				
23.	Has the company identified any risks related to reconciliation and implemented control mechanisms?				
24.	Does the company have adequate internal control to address specific issues identified in the profile?				



# Reconciliation Procedures (Best Practices)

## What Customs looks for when auditing your reconciliation program

Section 1 – Procedures for Identifying Annual Value Adjustments (G/L review)

Section 2 – Procedures for Ensuring all Entry Line Items Flagged are Reconciled using ITRAC/ACE data

Section 3– Procedures for Verifying that all Entries Were Flagged (flagging error identification)

Section 4 – Procedures for Creating the Association File

Section 5 – Procedures for Creating the Summarized Line Data Spreadsheet (SLDS)

Section 6 – Procedures for Creating the Header File

Section 7 – Review and Monitoring Procedures for Value Reconciliation

# FDA, FCC, FTC and other alphabet soup agencies

**INTERNATIONAL TRADE DATA SYSTEM**  
The Single Window to More Secure, More Efficient Trade

SEARCH  **GO**

Tuesday, August 23, 2016

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[TRADE RESOURCE CENTER](#) [PGA RESOURCE CENTER](#)

## Welcome to ITDS

### A Partnership of Government Agencies Committed to the Modernization and Facilitation of International Trade

On February 19, 2014, President Obama signed an Executive Order streamlining the import and export process for America's businesses. This Executive Order requires the completion and government-wide utilization of the International Trade Data System (ITDS) by December 2016, and establishes a two-tiered governance process to oversee its implementation. Upon full implementation, ITDS, through the Automated Commercial Environment (ACE), will allow businesses to submit the data required by U.S. Customs and Border Protection and its Partner Government Agencies (PGAs) to import or export cargo through a "Single Window" concept.

**CURRENT FLOW OF INFORMATION**

Today, traders must submit the same information to multiple agencies, multiple times through processes that are largely paper-based and manual.

**SINGLE WINDOW VISION**

**THE SINGLE WINDOW WILL STREAMLINE THIS PROCESS.**

**Top Links**

[http://www.itds.gov/xp/itds/toolbox/organization/pgas/index.html](#)

[http://rulings.cbp.gov/ear\\_data.html](#) [Lexis Advance® - Sign...](#) [Customs Bulletin and ...](#) [\(IPR\) search - cpb.gov](#) [http://tes](#)

**INTERNATIONAL TRADE DATA SYSTEM**  
The Single Window to More Secure, More Efficient Trade

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## Organization

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### Partner Government Agencies

From ensuring motor carrier safety to safeguarding against hoof and mouth disease, the 47 ITDS Partner Government Agencies (PGAs) currently slated for ACE integration, are as diverse as international trade is complex. Spanning the breadth of the federal government, the PGAs represent ten cabinet level and four independent departments/agencies. Many PGAs are commonly known, others are less publicly visible. All are equally vital to keeping the commerce crossing our borders safe, secure and legitimate. Visit PGA websites to learn more.

- ▶ [Department of Agriculture PGAs](#)
- ▶ [Department of Commerce PGAs](#)
- ▶ [Department of Energy PGAs](#)
- ▶ [Department of Defense PGAs](#)
- ▶ [Department of Health and Human Services PGAs](#)
- ▶ [Department of Homeland Security PGAs](#)
- ▶ [Department of the Interior PGAs](#)
- ▶ [Department of Justice PGAs](#)
- ▶ [Department of Labor PGAs](#)
- ▶ [Department of State](#)
- ▶ [Department of Transportation PGAs](#)
- ▶ [Department of Treasury PGAs](#)
- ▶ [Other Agencies](#)

- [PGA Roster \(view all PGAs\)](#)  
- 05/17/2012  
 pdf - 32KB.

**Trade Resource Center**

Product Information Committee

Standard Data Set/Data Harmonization

**Welcome To The Trade Resource Center!**



ITDS has created the **Trade Resource Center** reserved for the trade community to assist you with the transition to the use of the Automated Commercial Environment (ACE) for cargo processing.

**TRADE RESOURCE CENTER TABS**

- The **Product Information Committee (PIC)** is a sub-committee of the ITDS Board of Directors tasked with conducting studies to validate the business case for using e-commerce information to improve product visibility. [Read more.](#)
- The **Standard Data Set/ Data Harmonization** shows diagrams and trade reports to understand the basis for PGA data requests, the nature of data required, and the lead time need by PGA to make changes in their systems. [Read more.](#)

**TRADE RESOURCE ANNOUNCEMENTS**

**BROADCAST HAS BIG NEWS FOR THE TRADE!**

The purpose of this broadcast message is to alert filers that Automated Export System (AES) will have new AES functionality that allow AES filers to prepare for new reporting requirements in AES as a result of AES being a critical component of the International Trade Data System (ITDS) "single window" concept for exports.

**2015 ITDS AES Broadcast**  
- 02/18/2015  
[doc](#) - 30KB.

**TRADE SUPPORT NETWORK (TSN)**

TSN provides a forum for the discussion of significant modernization and automation efforts with the trade community. [Read more.](#)

If you need additional support, contact the ITDS staff at Customs & Border Protection (CBP) by sending an email message to [AskITDS@cbp.dhs.gov](mailto:AskITDS@cbp.dhs.gov).

Search Trade Resource Center for:

GO

**Quick Links**

ACEopedia

ACE Development and Deployment Schedule

ACE Monthly Trade Update

New ACE Features, Deployment D

ACE and Automated Systems

For the Trade Community on CBP.gov

ACE Mandatory Use Dates

COAC

Trade Support Network (TSN)

**PGA Resource Center**

**Welcome To The PGA Resource Center!**

Search PGA Resource Center for:

GO

- PGA Templates
- PGA Message Set
- PGA Forms for ACE Portal Access
- PGA Learning Management System (LMS) Training Portal
- ACE Portal Technical Support
- CBP Import Data Elements
- PGA Login for HSIN



ITDS has created the **PGA Resource Center** reserved for Partner Government Agencies (PGAs) to assist them with the transition to the Automated Commercial Environment (ACE) for cargo processing.

**PGA RESOURCE CENTER TABS**

- **PGA TEMPLATES** are available to federal agencies participating in the single window process. These templates will be updated as necessary to help with gathering ACE system requirements. [Read more.](#)
- **PGA MESSAGE SET** are available for federal agencies needing this guidance. [Read more.](#)
- **PGA FORMS FOR PGA PORTAL USERS** are available for federal agency users only by this [Read more.](#)
- **PGA - Homeland Security Information Network (HSIN)** has prepared very specific guidelines, talking points, and other materials specific for agencies involved in the single window process. However, you must use a different portal to access this information. Learn more by selecting this [Read more.](#)
- **CBP IMPORT DATA ELEMENTS** are available to federal agencies as a references for you to use in the development of similar elements, take a look on this [Read more.](#)
- If you are experiencing technical issues with ACE, do not stress. You can contact the **CBP TECHNOLOGY SERVICE DESK** to support for PGA users, select this [Read more.](#)
- **ACE PGA LMS TRAINING PORTAL** has web-based training specified for PGA ACE account users, you will benefit from **PGA LEARNING MANAGEMENT SYSTEM (LMS) Training Portal.** [Read more.](#)

**PGA RESOURCE CENTER - NEWSFLASH!!**

**ATTENTION PGA ACE SECURE PORTAL USERS!!!**

If you are a PGAs experiencing technical ACE system connection issues, you should contact CBP Technology Service Desk at (866) 530-4172 for PGA ACE Portal users.

**Quick Links**

ACEopedia

ACE Development and Deployment Schedule

ACE Monthly Trade Update

ACE and Automated Systems

PGA ACE Training - Learning Management System (LMS)

ACE Portal Login Page

ACE Basics

New ACE Features, Deployment D

Members Only - Private PGA Resource Center

FDA, EPA,  
FTC and  
other  
alphabet  
soup  
agencies

<https://www.cbp.gov/trade/automated/ace-mandatory-use-dates#PGA%20Dates>

The screenshot shows the U.S. Customs and Border Protection website. At the top left is the department's seal and name. A search bar and social media icons are on the top right. A navigation bar contains links for 'About CBP', 'Newsroom', 'Travel', 'Trade', 'Border Security', and 'Careers'. Below this is a breadcrumb trail: 'HOME >> TRADE >> ACE AND AUTOMATED SYSTEMS >> ACE MANDATORY USE DATES'. A left sidebar lists various trade-related topics. The main content area features a title 'ACE Mandatory Use Dates' and a sub-header 'What are the ACE Mandatory Use dates?'. It includes a paragraph about the Department of Homeland Security's coordination with the White House and the signing of Order 13659. A table titled 'Mandatory Date Transition Resources' provides specific dates for PGA filings in 2016. Below the table is a 'Mandatory Dates Overview' section. A right sidebar offers support resources. A 'Return to Top' button is at the bottom right of the main content area.

**Trade**

- Basic Import and Export
- ACE and Automated Systems
  - Getting Started with Automated Systems
    - Technical Documentation
  - ACE Features
  - ACE Federal Register Notices
- Border Interagency Executive Council
  - Programs and Administration
  - Priority Trade Issues
  - Rulings and Legal Decisions
  - Stakeholder Engagement
  - Trade Facilitation and Trade Enforcement Act

## ACE Mandatory Use Dates

### What are the ACE Mandatory Use dates?

Working in close coordination with the Department of Homeland Security, the Border Interagency Executive Council, and the White House, U.S. Customs and Border Protection (CBP) is implementing Order 13659, *Streamlining the Export/Import Process*, signed by President Obama on February 19, 2014. The Automated Commercial Environment (ACE) is the system by which the government processes trade data. The Single Window. CBP and our stakeholders are nearing completion of the timeline established to meet Single Window complete trade processing in ACE.

All Federal Register Notices related to CBP's transition to ACE are available on the [ACE Federal Register Notices](#) page.

## Mandatory Dates Overview

The mandatory dates are aligned to different filing partners. The dates can be categorized by manifest filing, Partner Government Agency (PGA) electronic portions of the CBP cargo process. As outlined in the [Development and Deployment schedule](#), the deployment for reconciliation, liquidation, duty deferral statements is pending.

CBP is continuing to coordinate with the PGAs on the entry with PGA data, please reference our section on

### Mandatory Date Transition Resources

March 31, 2016	May 28, 2016	June 15, 2016
<ul style="list-style-type: none"><li>APHIS Lacey Act</li><li>NHTSA</li></ul> (for electronic entries and entry summaries associated with entry types 01, 03, 11, 23, 51 and 52)	<ul style="list-style-type: none"><li>APHIS Lacey Act</li><li>NHTSA</li></ul> (for electronic entries and entry summaries associated with entry type 06)	<ul style="list-style-type: none"><li>FDA</li></ul> (for electronic entries and entry summaries associated with entry types 01, 03, 06, 11, 23, 51 and 52)
<b>TBD 2016</b>		
<ul style="list-style-type: none"><li>Agricultural Marketing Service (AMS)</li><li>Bureau of Alcohol, Tobacco and Firearms and Explosives (ATF)</li><li>Remaining APHIS data (APHIS Core)</li><li>Centers for Disease Control (CDC)</li><li>Consumer Product Safety Commission (CPSC)</li><li>Defense Contract Management Agency (DCMA)</li><li>Directorate of Defense Trade Controls (DDTC)</li><li>Drug Enforcement Administration (DEA)</li><li>Enforcement and Compliance Commission (E&amp;C)</li><li>Environmental Protection Agency (EPA)</li><li>Fish and Wildlife Service (FWS)</li><li>Food Safety and Inspection Service (FSIS)</li><li>Foreign Agriculture Service (FAS)</li><li>National Marine Fisheries Service (NMFS)</li><li>Office of Marine Conservation (OMC)</li><li>Office of Textiles and Apparel (OTEXA)</li><li>Alcohol and Tobacco, Tax and Tariff Bureau (TTB)</li></ul>		

[Return to Top](#)



# FDA, FCC, FTC and other alphabet soup agencies



- APHIS- Animal and Plant Health Inspection Service  
<https://www.aphis.usda.gov/aphis/ourfocus/importexport>
- FSIS- Food Safety and Inspection Service <http://www.fsis.usda.gov/wps/portal/fsis/topics/international-affairs/importing-products>
- FWS-Fish and Wildlife Service <https://www.fws.gov/permits/importexport/importexport.html>
- NHTSA- National Highway Traffic Safety Administration <http://www.nhtsa.gov/cars/rules/import/>
- CPSC -Consumer Product Safety Commission <http://www.cpsc.gov/en/Business--Manufacturing/Import-Safety/>
- EPA - Environmental Protection Agency <https://www.epa.gov/importing-exporting>
- FDA- Food and Drug Administration <http://www.fda.gov/ForIndustry/ImportProgram/>
- FCC- Federal Communications Commission



# FDA Import Primer

- ❖ The following flagging codes are found in CBP's Automated System and indicate that products are, or may be, under FDA jurisdiction:
  - **FD0** — The imported article is subject to FDA's laws and regulations, but acceptable for CBP release without prior notice or other entry information submitted to FDA.
  - **FD1** — The imported article may be subject to FDA's jurisdiction, including FDA review of entry information. An importer may "disclaim" a product from FDA notification if the specific product is not subject to FDA jurisdiction.
  - **FD2** — The imported article is subject to FDA's jurisdiction and review of entry information, but the article is not a "food" and thus **Prior Notice** is not required.
  - **FD3** — The imported article may be subject to **Prior Notice** because it has both food and non-food uses.
  - **FD4** — The imported article is "food" and **Prior Notice** is required.
- ❖ Flagging codes are associated with the HTSUS tariff classification for the product.

# FDA Import Primer

## Required FDA Data

If a foreign product requires FDA approval, \_\_\_ specific data elements must be submitted at the time of entry:

The following are the potential PGA records associated with submitting Biologics data:

PG Record	Description
OI	The commercial description of the shipment is provided.
PG01	The shipment is regulated by the FDA program office within FDA and the intended use is provided.
PG02	The item type and Product Code detail are provided.
PG04	Product Constituent Active Ingredient
PG05	Scientific Genus Names
PG06	Product Source information is provided.
PG07	Trade/Brand Name
PG10	Description of items in the lot number
PG19	Entity Role (manufacturer, consignee, shipper, etc.) Entity Identification, Entity Name, and Entity Address 1 are provided.
PG20	Additional address data on the entity in PG19 is provided.
PG21	The entity (manufacturer, consignee, shipper, etc.) of Record's individual point of contact, phone number and email is given.
PG23	FDA affirmation of Compliance criteria is provided.
PG25	Temperature qualifier, Lot#, Production dates, PGA Line Value and PGA Unit Value are provided.
PG26	Packaging qualifier and quantity of the shipment are provided.
PG27	Additional data on Container number.
PG29	Weight of lot number.
PG30	Inspection location, date and time.
PG55	Additional roles performed by entity or individual.



# FDA Import Primer

## ❖ New ACE FDA Intended Use Codes

- Customs brokers and importers have new reporting responsibilities under US Customs' **Automated Commercial Environment (ACE)**.
- The new, FDA intended use codes designate both the general and specific use intended for an imported product.
- The mandatory use of (a) **intended use codes** combined with (b) **FDA product codes** and (c) **Affirmation of Compliance codes** is designed to streamline FDA's entry review process.
- Brokers and importers are required to use the Customs and Trade Automated Interface Requirements (CATAIR) technical manual, [Appendix R](#) to determine the correct intended use code to report.
- **The Importer must specify whether the product is a drug, a chemical, or device and clearly describe its use (e.g., commercial use, clinical trial use, R&D, etc.)**



FDA, FCC, FTC and other alphabet soup agencies

❖ Submission of OGA Documents using the DIS

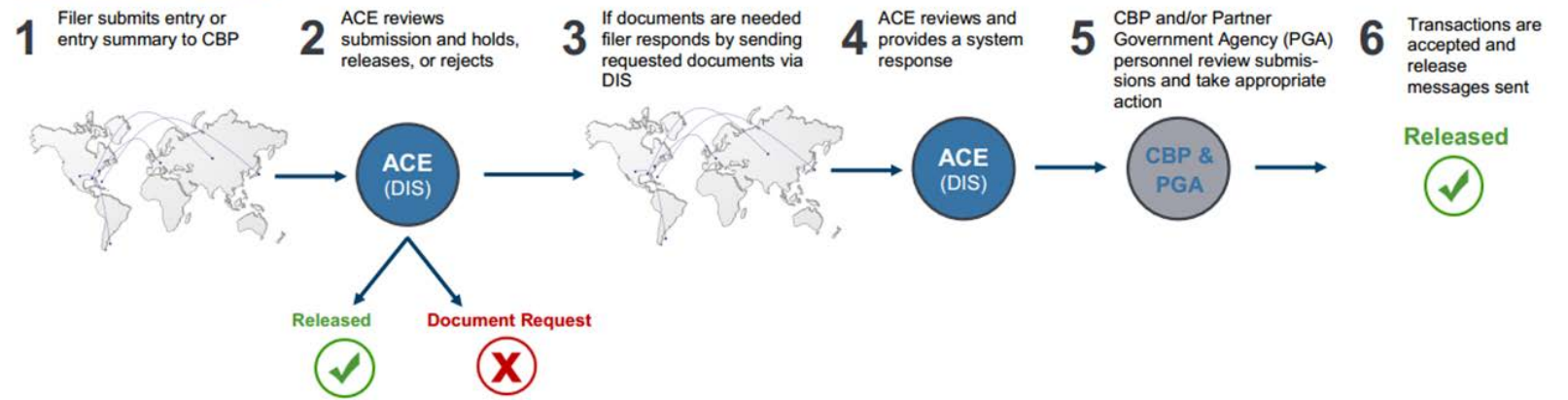


# THE ACE BASICS: DOCUMENT IMAGE SYSTEM

**What is DIS?** U.S. Customs and Border Protection (CBP) is currently transitioning cargo release and entry summary processing to a paperless workflow in the Automated Commercial Environment (ACE). To support these transactions, filers can submit supporting documentation to the government during the import process and for export manifest through the Document Image System (DIS). Instead of providing a physical copy of a form, users should submit an electronic version of a document (i.e. PDF or JPEG). This process allows government personnel to receive and review documentation in a more timely manner than with paper counterparts.

For details on the process, please reference the steps below.

## How it Works



## How to Submit Documents

“ I want to...”	DIS (EDI)	DIS (E-mail)	ACE Portal
<b>Submit Supporting Documents for Release</b> CBP and PGA Forms	✓	✓	
<b>Submit Supporting Documents for Entry Summary</b> CBP and PGA Forms	✓	✓	✓
<b>Respond to Request for Documents</b> CBP Forms 28, 29, 4647	✓	✓	✓
<b>File an Ocean Export Manifest</b> (See “How to Use DIS” for eligible e-mail address)		✓	

## How to Use DIS

When submitting to DIS, filers have the following options to transmit:

- Electronically through secure web services, file transfer protocol, or messaging queue.
- By Email to [docs@cbp.dhs.gov](mailto:docs@cbp.dhs.gov) or [Export\\_Manifest@cbp.dhs.gov](mailto:Export_Manifest@cbp.dhs.gov) (Ocean export manifest only)
  - Successful submissions will receive an automated 'submission status email' indicating **Success** or **Failure**

Technical guidelines for electronic or e-mail submission are available at [www.cbp.gov/ace-dis](http://www.cbp.gov/ace-dis)

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