

# **C-TPAT Validation/Revalidation Results**

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# Agenda

- Methodology
- Core Criteria Elements
- Validation/Revalidation Results
- Available Resources
- Questions



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# Methodology

## Validation/revalidation results January – December 2013

### Findings from over 2,100 validations:

- 578 Initial Validations
- 1,553 Revalidations
- Actions Required, Recommendations, and Best Practices

### Emphasis on the following trade sectors:

- Importers / Brokers
- Consolidators / 3PLs
- Highway Carriers / Foreign Manufacturers



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# Nine C-TPAT Core Criteria

- Risk Assessment
- Business Partners
- Container Security
  - Inspection
  - Container Seals
  - Container Storage
- Physical Access Controls
  - Employees and visitors
  - Deliveries
- Personnel Security
- Procedural Security
- Security Training and Threat Awareness
- Physical Security
  - Cargo handling areas
  - Lighting, Key Controls
- IT Security
  - Password protection
  - Accountability



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# Importer - Strong Points

## Physical Security

- Building structure
- Lighting
- Fencing & gates

## Access controls

- U.S. facilities
- Escorting visitors
- Access limited to secure areas

## Personnel Security

- U.S. facilities

## Procedural Security

- Reconciliation of departing cargo
- Reconciliation of arriving cargo



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# Importers – Areas of Concern

(Domestic)



## Risk Assessment

- Not conducted / Not updated
- Results of risk assessment and follow-up not completed and/or not documented
- No written procedures outlining the risk assessment process, to include the parties responsible for conducting the risk assessment

## Business Partner Requirements

- Importers were not verifying that non-C-TPAT partners were in compliance with C-TPAT criteria
- Written procedures were not in place to document the screening of business partners
- Documentation was not available indicating whether business partners had been screened *were in compliance with C-TPAT criteria (contract, questionnaire, etc.)*



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# Importers - Areas of Concern

(Foreign Site)

- Written procedures were not in place for seals
  - to include controlling and affixing the seal to the loaded container and reporting compromised seals to law enforcement
- Seal logs were not maintained
- Written procedures were not in place for the issuance, removal and changing of access devices (keys, etc.)
- Procedures were not in place to identify, challenge and address unauthorized persons
- Employees were not aware of the procedures the company has in place to address a situation and how to report it
- Visitors were not required to present a valid photo ID upon arrival



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# Importers - Areas of Concern

(Foreign Site)

- Written procedures were not in place to verify the physical integrity of the container
- IT security policies, procedures and standards were not in place
- IT security training was not provided to employees
- IT system violators were not subject to disciplinary actions for abuse of system
- IT system passwords were not periodically changed
- Drivers delivering or receiving cargo were not positively identified before the cargo is received or released



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# Importers – Risk Assessment

Did the importer conduct a comprehensive risk assessment of the security practices used by the foreign business partner?

## Initial Validation

- 35% of the importers had not conducted a risk assessment (Action Required)
- 12% met the criteria but had recommendations
- No Best Practices

## Revalidation

- 17% of the importers had not conducted a risk assessment
- 6% met the criteria but had recommendations
- 15% exhibited Best Practices for this criteria
- 40% of Canadian based importers did not have a documented risk assessment in place



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# Importers – Risk Assessment

Did the importer conduct follow-up with business partners when security gaps, vulnerabilities or weaknesses are identified?

## Initial Validation

- 23% of the importers did not follow-up on or have written processes in place to address vulnerabilities
- 6% met the criteria but had recommendations
- No Best Practices

## Revalidation

- 13% of the importers did not follow-up on or have written processes in place to address vulnerabilities
- 3% met the criteria but had recommendations
- 4% exhibited Best Practices for this criteria



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# Importers – Business Partners

Did the importer have written and verifiable processes for the screening of business partners, including manufacturers, product suppliers and vendors?

- Initial Validation
  - 10% of the importers did not have written and verifiable processes for screening business partners
  - 6% met the criteria but had recommendations
  - 4% exhibited Best Practices for this criteria
  
- Revalidation
  - 13% of the importers did not have written and verifiable processes for screening business partners
  - 4% met the criteria but had recommendations
  - 9% exhibited Best Practices for this criteria



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# Importers – Business Partners

For business partners not eligible for C-TPAT certification, did the importer require their business partners to demonstrate that they are meeting C-TPAT security criteria at point of origin?

## Initial Validation

- 31% of the importers did not have evidence that non-C-TPAT Business Partners were meeting C-TPAT security criteria
- No Recommendations
- No Best Practices

## Revalidation

- 13% of the importers did not have evidence that non-C-TPAT Business Partners were meeting C-TPAT security criteria
- 3% met the criteria but had recommendations
- 1% had Best Practices



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# Brokers – Strong Points

## Document Processing

- Cargo discrepancies

## Physical Access Controls

- Employees
- Deliveries

## Cargo Handling Facilities (when applicable)

## Physical Security

- Lighting
- Locking devices
- Physical barriers and fencing
- Alarms / Video Surveillance



# Brokers – Areas of Concern

Risk Assessment – not conducted

- Initial Validation – 23% / Revalidation - 20%

Business Partners – No written/verifiable processes to screen new partners

- Initial Validation – 15% / Revalidation – 14%

Other areas not meeting C-TPAT security criteria

- A documented process was not in place for handling security related client-importer inquiries – 14%
- The company did not convey to business partners the criticality of have security procedures in place (seals, container inspection, etc.) – 12%
- IT security - 8% of brokers did not meet one or more IT security criteria
- Application information was not verified prior to employment – 7%
- A logbook was not maintained for unknown visitors – 3%
- Written procedures to identify/address specific factors (cash transactions, faxed power of attorney) that would trigger additional scrutiny – recommendations found in 25% of broker validations



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# Consolidators / 3PL – Strong Points

## Physical Security

- Lighting; Locking devices
- Gates and fencing; Building structure
- Physical barriers – cargo handling areas
- Alarms / Video Surveillance

## Procedural Security

- Shipping and receiving
- Documentation processing
- Manifesting

## Physical Access Controls

- Employees
- Visitors



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# Consolidators / 3PL – Areas of Concern

## Risk Assessment – not conducted

- Initial Validation – 24% / Revalidation - 19%

## Risk Assessment – no follow-up when security deficiencies identified

- Initial Validation – 23% / Revalidation – 15%

## Business Partners – No written/verifiable processes to screen partners

- Initial Validation – 18% / Revalidation – 15%

## Other areas not meeting C-TPAT security criteria

- Written procedures were not in place for seals – 11%
- Written procedures were not if place for the issuance, removal and changing of access devices (keys, etc.) – 8%
- Procedures were not in place to notify CBP or law enforcement if illegal or suspicious activities are detected – 7%
- IT security – 6% of consolidators did not met one or more IT security criteria





# Highway Carriers

Canadian Highway Carriers

Mexican Highway Carriers

Initial Validations & Re-validations

- Best Practices
- Actions Required
- Recommendations



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# Highway Carriers – Strong Points

## Training

Integrated multi-business partner security training programs

Regular testing of security processes

## Access Controls

Active employee rosters routinely updated/shared with critical Business Partners

## Trailer Security

Unannounced verifications of conveyance inspection processes

Regular unannounced incident response exercises

## Conveyance Tracking

Multiple party real time transit notifications

'Last Chance' Inspection points



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# Carriers – Areas of Concern

Most prevalent areas of Actions Required and Recommendations:

- Training
- Access Controls
- Trailer Security
- Conveyance Tracking
- Seals



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# Carriers – Areas of Concern

## Training

- The carrier should offer security and threat related training to employees.
- The carrier should train drivers on how to search conveyances/trailers.
- The carrier should provide training on internal conspiracies. Employees need to know how to identify and report suspicious behaviors and activities.



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# Carrier – Areas of Concern

## Access Controls

- Gates through which all vehicles and/or personnel enter or exit must be manned and/or monitored.
- Procedures for the issuance, removal and changing of access devices must be established and documented.
- Companies must have procedures in place to remove identification, facility, and system access for terminated employees.



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# Carriers – Areas of Concern

## Trailer Security

- Conveyance inspections must be a regular security practice that is done each day, each trip.
- Trailers and tractors must be stored in secured areas.
- Procedures must be in place for reporting and neutralizing unauthorized entry into trailers, tractors or storage areas.



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# Carriers – Areas of Concern

## Conveyance Tracking

- Highway Carriers must ensure that conveyance and trailer integrity is maintained while en route by utilizing a tracking and monitoring activity log or equivalent technology.
- Highway Carriers management must routinely verify that conveyance tracking and monitoring logs are maintained, and procedures are being followed and enforced.
- All transit activity should be monitored in real time.



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# Carriers – Areas of Concern

## Seals

- A high security seal must be affixed to all loaded trailers/containers bound for the U.S.
- Procedures must be in place identifying how seals are to be controlled during transit.
- Seal procedures should be explained to all drivers. Highway Carrier management needs to ensure that the procedures are understood and are being followed.



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# Foreign Mfg's – Strong Points

## Training

Robust training programs

## Access Controls

Positive identification and limited access at all points of entry

Drivers are positively identified before cargo is received or released

## Trailer Security

Verifications of container physical integrity prior to acceptance

Loading and sealing is monitored

## Employee Screening

Verifications of employment history and references

Contract workers subject to same hiring standards as regular full time employees



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# Foreign Mfg's – Areas of Concern

Most prevalent areas of Actions Required and Recommendations:

- Access Controls
- Employee Screening
- Trailer Security
- Reporting Procedures
- Seals



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# Foreign Mfg's – Areas of Concern

## Access Controls

- Drivers delivering or receiving cargo must be positively identified before cargo is received or released.
- Companies must have procedures to remove identifications, facility and systems accesses for terminated employees.
- Video recordings and equipment should be secured.



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# Foreign Mfg's – Areas of Concern

## Employee Screening

- Processes must be in place to screen prospective employees and to periodically check current employees
- Employment history and references must be verified prior to employment
- Companies should apply the same screening procedures to seasonal, temporary, and part-time employees that are used for regular/full-time employees



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# Foreign Mfg's – Areas of Concern

## Reporting Procedures

- Employees must be made aware of the procedures the highway carrier has in place to address a situation and how to report it.
- The carrier must notify U.S. Customs and Border Protection of any structural anomalies with drivers, changes or hidden compartment discovered



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# Foreign Mfg's – Areas of Concern

## Trailer Security

- Conveyance inspections must be a regular security practice that is done each day, each trip.
- On a random and unannounced basis, a Supervisor or Security Manager should search the conveyance after the driver has conducted an inspection
- Procedures must be in place for reporting and neutralizing unauthorized entry into trailers, tractors or storage areas.



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# Foreign Mfg's – Areas of Concern

## Seals

- Written procedures must stipulate how seals are to be controlled and affixed to loaded containers and/or trailers
- A seal log must be maintained for seals that to be applied on loaded containers and/or trailers.
- Seals must be maintained in a secured location.



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# Final Thoughts

All procedures and processes should have:

- A system of checks and balances
- Accountability
- Oversight
- Verification process (audit)

Procedures and processes should be modified or updated if vulnerabilities are discovered, changes are made to the processes and “when necessary”



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# Available Resources

## C-TPAT Portal Public Document Library

- 5-step Risk Assessment Guide (w/risk assessment resource list)
- Best Practice Catalog
- 2010, 2011, and 2013 C-TPAT Conference Presentations
  - Conveyance inspection / Seal security
  - Risk Assessment
  - Protecting your company's identity

Supply Chain Security Specialist / C-TPAT Field Office

Customs and Border Protection – [www.CBP.gov](http://www.CBP.gov)

Department of Homeland Security - [www.DHS.gov](http://www.DHS.gov)

U.S. Department of State - [www.state.gov](http://www.state.gov)



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