



*Customs-Trade
Partnership Against Terrorism*

Revalidations

Balancing Supply Chain Security
and Economic Efficiency



Presentation Objectives

- C-TPAT Approach
- Revalidation Statistics
- Safe Port Act Requirements and C-TPAT Program Mandates
- Revalidation Process Overview
- Revalidation Preparation and Documentation Checklist
- Revalidation Agenda
- Revalidation Site Pre-Planning and Site Visit
- Minimum Security Criteria
- Revalidation Wrap Up Session
- Revalidation Report and Response
- Consistency-Efficiency-Accountability
- Summary

Balancing Supply Chain Security and Economic Efficiency



C-TPAT Approach

- Voluntary Partnership - cooperatively developed minimum security criteria
- Provides for the customized application of guidelines/criteria by membership entities
- Provides tangible benefits
- Trust but verify security measures

Balancing Supply Chain Security and Economic Efficiency



Revalidation Statistics

- 2008 Revalidations represented 46% of total validations
- 2009 Revalidations represented 65% of total validations
- Anticipated increase in revalidations in 2010

Initial Validations vs. Revalidations

- Statistics derived since the inception of the Automated Validation Report
- Highlighted Actions Required
- All sectors

Results

Significant improvements in these critical areas of Supply Chain Security in the actions required in the following Minimum Security Criteria:

- 58% reduction - Container Security
- 50% reduction - Business Partner Requirements & Physical Access Controls

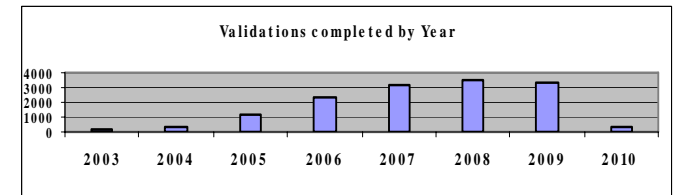
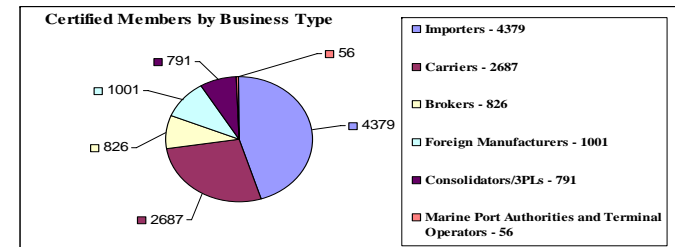
Need Improvement in the following Minimum Security Criteria:

IT Security, Personnel Security, Physical Security, Procedural Security, Security Training & Threat Awareness, and Risk Management still need improvement. (Risk Assessment Workshop)

C-TPAT Achievements

February 26, 2010

- **9,740** - Certified Partners to current date:
- **163** - Total C-TPAT staffing level is
 - 149 - Current staffing level in 7 Field Offices
 - 14 - Headquarters current staffing level
- **14,124** - Total Validations Completed
 - 9,433 - Initial Validations Completed
 - 4,691 - Re-Validations Completed
- **Number of completed validations by year:**
 - 2003 **137**-Validations 2004 / **294**-Validations 2005 / **1,110**-Validations
 - 2006 / **2,253**-Initial Validations / **14**-Revalidations / **2,267**-Total Validations in 2006
 - 2007 / **2,516**-Initial Validations / **574**-Revalidations / **3,090**-Total Validations in 2007
 - 2008 / **1,845**-Initial Validations / **1,634**-Revalidations / **3,479**-Total Validations in 2008
 - 2009 / **1,177**-Initial Validations / **2,246**-Revalidations / **3,423**-Total Validations in 2009
 - 2010 / **102**-Initial Validations / **222**-Revalidations / **324**-Total Validations in 2010
- **712** - Total Suspensions (350) Highway Carriers
- **543** - Total Removals (240 Highway Carriers)
- **Internationalization Efforts:**
 - 4 - Mutual Recognition Arrangements: New Zealand, Canada, Jordan , Japan
 - 4 - Mutual Recognition Projects: Argentina, Singapore, Korea, European Union
 - 7 - Technical Assistance Projects: Malaysia, Mexico, Philippines, Guatemala, China, Colombia, Israel
 - 2 - Capacity Building Training Programs: Ghana, Kenya
- **Security Criteria Implemented:**
 - **10 - Business Entity Types:** Importers, Air Carriers, Highway Carriers, Mexico Long Haul Highway Carriers, Rail Carriers, Sea Carriers, Foreign Manufacturers, Customs Brokers, Port Authorities/Terminal Operators, Third Party Logistics Providers (3PLs).
- **Tiered Benefits Structure** – commensurate with security enhancements. Best Practices Catalog.
 - **306** - Tier 3 Importers



Balancing Supply Chain Security and Economic Efficiency



SAFE Port Act Mandates

The Security and Accountability For Every Port Act (SAFE Port Act, October 2006)

The SAFE Port Act enacted into law several programs to improve security of U.S. ports, including C-TPAT

SAFE Port Act C-TPAT Mandates

All Applicants must be reviewed within 90 days

Once certified, the company's validation must be completed within one year

Revalidations will be conducted within four years of initial validation

Balancing Supply Chain Security and Economic Efficiency



C-TPAT Program Mandates

- Validation responses are due from partners within 90 days of the report's issuance
- Mexican Highway Carrier revalidations will be conducted every year
- Validation reports completed, approved and sent to partner normally within 60 days of validation closeout

Balancing Supply Chain Security and Economic Efficiency



Revalidation Process Overview

- Security Profile Review - C-TPAT Guidelines and Security Criteria
- Conduct Pre-Validation Risk Assessment
- Conduct domestic and/or foreign site visit
- Facility Visits: distribution centers, customers or service providers
- Verify security policies and procedures against MSC
- Jointly identify gaps, vulnerabilities, and weaknesses
- Close-out meeting
 - Provide Recommendations
 - Specify Actions Required
- Prepare revalidation report - supervisory review/approval
- Revalidation Report sent to partner via Portal
- Partners have 90 days to respond to the report via Portal
- Self Policing /continued relationship with CBP



Revalidation Preparation

- Revalidation notification letter is required - at least 30 days in advance
- Work with your SCSS to establish a date. SCSSs understand that businesses have peak season periods which are not conducive to visits
- Discuss your Supply Chain Security Profile with the local management team to determine if anything in your profile or processes have changed
 - **Security Enhancements:** Practices which have been implemented since the last validation visit.
 - **Gaps/Vulnerabilities/Weaknesses Identified:** Identify discrepancies between company policy and actual practices.
 - Investigate and resolve these issues prior to the CBP visit
- Have a documented Action Plan for the Revalidation and include the following:
 - Issues to be addressed prior to the visit
 - The revalidation visit
 - Post revalidation activities
 - Responsible persons, due dates, action items

Revalidation Preparation

(Continued)

- Forms you may receive from your SCSS prior to the revalidation visit
 - Documentation checklist
 - Information requests
 - Revalidation agenda

Documentation Checklist

- A guide members can use to gather the appropriate written policies, procedures, forms and checklists needed for the revalidation visit.
- It is **STRONGLY** recommended documentation be gathered prior to the meeting and have it be available during the visit.
- Documents pertaining to the following areas will be needed:
 - Risk Assessments – copy of company’s supply chain risk assessment
 - Audits/Testing – Internal – External/Third party
 - Business Partner Requirements – Screening Processes, Assessments and Surveys
 - Conveyance, Container & Trailer Security – Inspection Checklist, Seal Logs
 - Physical Access Controls – Access Policies
 - Personnel Security – Permanent vs. Seasonal employee screening
 - Procedural Security – Compliance with Secure filing requirements
 - Security Training & Awareness – Security Training logs, agendas
 - Information Technology Security – Access levels, password and accountability policies

Revalidation Agenda

The revalidation agenda includes:

- Introduction of all meeting participants
- Brief review of the C-TPAT Program by the CBP Validation Team
- Business Review
 - Years in operation
 - Market areas served
 - Products or Services
 - Management team
 - Certifications/membership in other security programs (e.g., TAPA, ISO 28000, AEO)

Revalidation Agenda (Continued)

Validation Site Visit

- Review of the Supply Chain Security Profile against MSC and company policies and procedures
- Verify evidence of implementation which includes document reviews and observations
- Site tour
 - Physical verification by the validation team the MSC are in place
- Question and answer session
- Wrap Up
- Plan to use the entire day (eight hours) for the revalidation visit

Revalidation Site Visit Pre-planning

- Have your documents and presentations ready for review prior to the validation date.
- Be ready to present evidence of implementation to support the company's policies and procedures.
- Anticipate and plan for any questions, issues and/or concerns that you believe the validation team will ask.
- Conduct briefing with participants to discuss validation objectives.
- If you are using a PowerPoint presentation it should address the company's security procedures and how you have implemented the MSC.
- Gather or know where documentation is stored prior to the validation and assemble in a logical manner.
- Ensure the appropriate company personnel are available to answer questions related to their area of responsibility. (i.e., HRM, Corporate Security, Logistics, etc.).

Revalidation Site Visit Pre-Planning (Continued)

Who should be present and for what?

- Plan on having your entire team present during the opening of the meeting.
- A Senior Management representative should be present during the opening of the meeting as it demonstrates their level of commitment to the C-TPAT program.
- Subject Matter Experts (SME) should be available during the documentation review and the site tour to explain the processes and address questions or concerns.

Balancing Supply Chain Security and Economic Efficiency



Revalidation Site Visit

Revalidation Site Visit

- In general, the revalidation site visit will be similar to the initial validation
- Review Security Criteria and company infrastructure
- Review changes to company policies and procedures
- Review of evidence corrective actions have been taken from previous validation (if applicable)
- Meet with parties responsible for each component of the minimum security criteria
- Review processes and procedures, and verify evidence of implementation to determine if there are:
 - Actions Required
 - Recommendations
- Site tours will be conducted

Minimum Security Criteria (Must & Should)

Evidence of Implementation for each process related to the minimum security criteria will be requested (observe processes/document reviews)

- Business Partner Requirements
- Container Security & Inspection
- Physical Access Controls
- Personnel Security
- Procedural Security
- Physical Security
- Security Training & Threat Awareness
- Information Technology Security

Revalidation Wrap Up Session

Wrap Up session

- During this session the validation team will discuss:
 - Best Practices
 - Recommendations
 - Actions Required
- You should not walk away from the Wrap-Up session with unanswered questions. The validation team will take as much time as is necessary to address your concerns.
- Begin working on recommendations and actions required immediately following validation – do not wait for the revalidation report.

Revalidation Report and Response

- The revalidation report from CBP will normally be issued within 60 days after the close-out date of the revalidation.
- Revalidation report will be uploaded into the secure web portal.
- Best Practices will be identified (if any).
- The validation team may include recommendations in their report which should be strongly considered by the partner.
- Actions Required **MUST** be addressed by the partner and supporting documentation uploaded into the portal.
- Findings, actions required, and recommendations in the report should be shared with pertinent parties.
- Validation response **MUST** be completed by the company via the secure web portal within 90 days and must clearly document how the Recommendations / Actions Required will be addressed.
- Evidence of implementation should be uploaded into the portal (e.g., policies, procedures, photographs).
- Company may be subject to a revisit to verify Actions Required have been implemented.
- Be timely in your submissions and review them carefully to ensure they are complete and accurate.



Consistency-Efficiency-Accountability

- Annual Self Assessment – Expectations
 - Company Security Program Management
- Foreign Site Visits, Mutual Recognition, and AEO considerations - (e.g., Japan, Canada)
- Consistency between Field Offices (validation process/documents)
 - Automated reports
 - Management oversight
 - Training & Evaluation Branch developed
- Multiple foreign site visits
 - Extensive research to prevent duplication of visits to same site
 - Understand CBP's needs to visit a particular facility
 - SCSS's prepare foreign site justification with oversight by Field Managers/HQ on country selection
- Examples of positive/negative validations/revalidations



Summary

- Communicate with your SCSS early and often.
- Ensure corrective actions from previous validations have been corrected and addressed and evidence of implementation is available.
- Pre-plan for the revalidation and ensure all relevant parties are present.
- Prepare staff for the visit and explain the process.
- Ask questions
- Begin working on corrective actions before the revalidation report is issued
- Respond timely to the revalidation report.
- The revalidation visit is a good opportunity for Senior Management and employees to discuss updates to the C-TPAT program, learn more about the program and discuss any new company security processes.



Thomas Falanga
Supervisory Supply Chain Security Specialist
New York Field Office

Arlene Villalba
Supervisory Supply Chain Security Specialist
Miami Field Office

Johnny Cisneros
Supply Chain Security Specialist
Miami Field Office

Balancing Supply Chain Security and Economic Efficiency



Questions?

Balancing Supply Chain Security and Economic Efficiency

