Counterfeit Parts Prevention Using Import/Export Controls as a Tool in Risk Mitigation

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Abstract
Several U.S. Government (USG) regulations require parties engaged in import activities to maintain records of transaction processes. By using formal documented tools integrating these regulations within existing quality management systems, organizations can mitigate risk throughout their supply chain and simultaneously comply with AS5553.

Introduction
Counterfeit parts continue to plague industry. During the first six months of fiscal year 2009, the total value of imports processed by U.S. Customs and Border Protection was more the $1.7 trillion. For the first half of fiscal year 2010, $130 million in anti-dumping/countervailing duties were collected. It is estimated that for 2010, 27 million entries into the U.S are expected. The opportunity for counterfeit parts to enter the U.S. is staggering. The USG and various industry groups and associations have developed standards and best practices to protect national security and prevent the introduction of counterfeit parts. After assessing hundreds of quality systems for compliance to 3rd party quality registrations, I found that many organizations had not effectively implement these requirements and regulations into their quality management systems. With organizations striving to reduce costs, reducing their supplier base, the task of assessing to regulatory requirements tend to be relegated to completing a survey or checklist without any formal process for verification of the information provided.
When questioning both quality management and operations management personnel about their supplier selection process it was clear that there was no thought let alone integration of U.S. trade regulations. In fact it was shocking how many people involved were unaware of the regulatory and AS5553 requirements. When talking with ISO registrars across the U.S. many auditors would reflect that the use of supplier surveys wasn't an effective method of mitigating risk simply because there was no real follow-up performed. For example, several supplier surveys assessed showed a complete lack of knowledge of AS5553, yet because they completed the survey, they were added to the Approved Suppliers List. To the extent of compliance with USG regulations, many organizations utilize informal processes and insufficient training when dealing with import control processes. Additionally these processes typically are not assessed internally through internal audits nor by the customer. Consider this, when was the last time your ISO auditor verified compliance with the EAR or ITAR as a part of their registration assessment?

Requirements
In addition to establishing a Counterfeit Electronic Parts Control Plan, AS5553 states that suppliers are formally assessed, it also requires documented evidence of the part's supply chain history. This includes all supply chain intermediaries. U.S. laws require anyone whose activities are subject to CBP (Customs and Border Protection) authority are to maintain all documentation that pertain to the importing activity. These documents include but are not limited to the entry summary, bond information, correspondence, binding rules, certificate of origin, commercial invoice or pro forma invoice, packing list, manifests, bill of lading, etc. These records must be maintained for five years after entry and all drawback records must be maintained for three years after payment. Can your organization show how these requirements are met?

Management System Issues
Currently the requirements to AS5553 are not assessed by any accredited 3rd party registrar which means no formal measurement of compliance outside of the organization. Because formal processes are required, the organization must implement documented procedures for evaluating the risk and compliance to AS5553. For example... what constitutes acceptance based on a completed supplier survey, what objective verifiable evidence was validated? When are on-site assessments required and how are all intermediate consignees assessed? What level of experience, training and competency is needed to those who evaluate the surveys or participate on the on-site surveys?

While many organizations do well to comply with the more common management system requirements such as ISO 9001:2008, the integration of AS5553 and the USG regulations are not yet fully embraced. By implementing the tools discussed here, an organization can mitigate risk and possibly avoid the following real situation:

A firm in China was placed on a USG denied parties list for various violations including supplying counterfeits, thus banning them from doing business with U.S. firms. Keep in mind that the denied parties and embargoed lists provide U.S. firms with basic personal and/or company information, i.e. name and address. When the banned firm was notified by the USG of the action taken, they simply changed their name and continued doing business from the same location. It wasn't until a diligent U.S. company verified not only the name of the company but address, was it discovered that this firm was once again trying to do business with U.S. organizations. The key was in the formal processes, their electronics parts personnel were required to monitor U.S. Government sites for banned and embargoed countries and persons.

Mitigating Risk Through Integration and Formally Processes and Control

The following statement will not be politicly correct and will go against many documented business philosophies but here it is; when dealing with USG regulations and compliance with AS5553, truly empowered workers can put an organization at risk. After 30 years in the aerospace industry I am a "follow the rules" type of fellow. If workers are empowered, then by definition they still need monitoring because they're executing actions out of accepted norm, actions that can have companywide ramifications. We all understand that utilizing formal processes operated by trained personnel who are competent and who thoroughly understand the consequences and risk is the best course of action.

Assessing Your As-Is Status

Do you throughly understand the requirements? Who is the AS5553 expert? Who is Trade Controls Expert? Are the requirements clearly broken down in order to determine all of the possible process/departmental overlap? In determining your "as-is" status be careful about making assumptions. For example, one of our clients worked on the assumption that everyone working in the shipping and receiving department understood the procedures of accepting or rejecting international shipments. They were supposed to know that accepting any international shipment without prior notice was prohibited. The failure in both the process and training came when a truck delivered aircraft parts was driven into California directly from Mexico. The parts arrived without the required documentation. The failure was two-fold, the parts didn't arrive as a normal international delivery, i.e. Freight Forwarder or Customs Broker, and the package was from a well known customer. So there was no thought that this was an actual international shipment. The customer, rather than following standard protocol and entry procedures simply had their lower-tier supplier drive the parts into the U.S. The customer's supplier had zero security controls and failed to follow U.S. Customs and Border Protection regulations. The chain of custody could not be validated.

Overview Highlights Of An Assessment Tool

Step 1 - Determine which USG regulation is in control:
Determine CCL (Commodity Control List) requirements prior to import. Verify if the part is not on the USML and is controlled by the Department of State or other U.S. Agency.

Step 2 - Determine if the potential supplier and intermediate consignees are listed on any USG or industry watch list:
http://www.bis.doc.gov/complianceandenforcement/liststocheck.htm
Denied Persons List
A list of individuals and entities that have been denied export privileges. Any dealings with a party on this list that would violate the terms of its denial order is prohibited.
Unverified List
A list of parties where BIS has been unable to verify the end-user in prior transactions. The presence of a party on this list in a transaction is a "Red Flag" that should be resolved before proceeding with the transaction.
Specially Designated Nationals List
A list compiled by the Treasury Department, Office of Foreign Assets Control (OFAC). OFAC's regulations may prohibit a transaction if a party on this list is involved. In addition, the Export Administration Regulations require a license for exports or reexports to any party in any entry on this list that contains any of the suffixes "SDGT", "SDT", "FTO", "IRAQ2" or "NPWMD".
http://www.gidep.org/mod_perl/framepage.cgi?pg=/products/webaccess.htm

Step 3 - Validate supplier location with internet tools:
Confirm that both the address and name of supplier do not show-up on any watch list. There have been several documented instances where a company falsely portrayed there physical location and capabilities. Use the internet tools and background checks to validate the supplier's information.

Step 4 - Test the supplier's knowledge and competency:
Within the supplier survey ask questions that test the knowledge of the USG requirements such as:
What USG regulations do they comply with?

Ask conflicting questions - Is the part specifically designed for the Military or Space Applications? Is it ITAR Controlled? Is is EAR Controlled? If they answer "NO" to all three then you may have a problem!
Request copies of past transactions (Note that certain customer related information should be omitted):
Certificate of origin, commercial invoice or pro forma invoice, packing list, manifests, bill of lading. Compare the documents, cross check all details for "red flags". ** To be used in chain of custody verification **
Do they have a training program in place, are all employees trained and screened in counterfeit prevention and export controls?

Step 5 - Determine flow-down and chain of custody:
Verify purchase orders and flow-down of all quality and regulatory requirements.
Ask for their AVL.
Verify the extent of sub-tier surveys and assessments.
Validate personnel involved (Training Auditors?)
Artifacts maintained?
Audit the audits, verify that they performed effective audits.
Do the sub-tier records satisfactorily compare with sample artifacts provided?
Randomly check names and addresses on the AVL to the watch list.

Step 6 - Validate Processes and Procedures:
Beyond the standard Quality Manual check, verify their procedures such as determining country of origin.
The "CBP Reasonable Care" obligation requires importers to make accurate declarations as the country of origin of imported merchandise. This determination can be complicated where goods include raw materials, parts and inputs sourced from multiple countries, and/or where goods undergo manufacturing, process, and assembly operations in several different countries.
It is important to understand that there are different country of origin rules for determining the origin of a product for purposes of confirming whether that product qualifies for reduced duties under tariff preference programs and determining the origin of a product for purposes of confirming how that product must be marked upon importation into the United States.

Step 7 - Document Findings and Decisions:
Maintain a record of all the artifacts, emails, surveys and document the decisions.
Maintain these records for compliance with your QA policies as well as USG regulations.
Remember, your records must be sufficiently detailed to:
Establish the right to make entry
Establish correctness of the entry
Determine the liability for duties, fees and taxes
Determine the liability for fines, penalties, and forfeitures
Determine compliance with Customs laws and regulations
In addition to the (a)(1)(A) records, the parties must also maintain and produce documents and information which are normally kept in the ordinary course of business and substantiate the accuracy of the information provided to Customs (E.g., financial accounting records to support the price actually paid or payable, inventory records to verify the quantity of imported merchandise received, etc.).

Topics To Consider During An Internal Assessment For Compliance To U.S. Import Regulations & AS5553

1. Has the counterfeit electronic parts control plan been assessed for:
    0. Approved and distributed to all cognizant departments and personnel?
    1. Has effective training been performed to assure both understanding and competence?
    2. An approved Risk Mitigation Plan?
    3. How is the reporting and disposition of counterfeit parts performed? Does this process operate as part of the nonconformance control system or corrective action system?
    4. Can personnel adequately define what an authentic part is?
    5. Is there a documented procedure to formally assess potential suppliers which includes determining risk of receiving counterfeit parts?
    6. If surveys are used instead of an audit, how are they validated, is verifiable objective evidence provided and cross-checked?
    7. Verify the supplier register for scope of approval, do they match?
    8. Is there a purchasing directive to procure directly from OCMs or authorized suppliers?
    9. Is the supplier maintaining an effective program, including assessing their suppliers in accordance with AS5553?

10. Do purchase orders and/or directives require that suppliers and all supply chain intermediaries are identified, is AS5553 flowed-down to the entire supply chain and verified for compliance?
11. Are there documented processes to assure detection of counterfeit parts prior to product acceptance? Do the procedures define what constitutes the acceptance criteria and qualifications of inspectors?
12. Do the in-process and material control procedures prevent the introduction of counterfeit parts? How?
13. Does the organization have the defined processes for reporting all occurrences of counterfeit parts to all cognizant parties, organizations and customers including the USG?

2. Is the product being imported as a raw material or component to be used in the manufacturing process?
3. Is it a finished product that is going to be resold in the form of imported or with some slight or significant modification?
4. In addition to the general procedures and documents, some products are subject to special import restrictions, permits, licenses, standards, and/or procedures, are these considered?
5. The organization should ascertain the business reputation and performance of the potential supplier. If possible, the organization should inspect the plant and manufacturing facilities of the supplier.
6. The organization should also determine if the supplier is acting as an agent for the manufacturer or if the supplier will be acting as the buying agent for the buyer.
7. Compliance with foreign law, prior to importing from a foreign country or even agreeing to purchase from a foreign supplier in a foreign country, a US organization should be aware of any for laws that might affect the purchase. Information about foreign law can often be obtained from the supplier from whom the organization intends to purchase. However, if the supplier is incorrect in the information that it gives to the organization the organization may have to pay dearly for having relied solely upon the advice of the supplier.
8. The organization must ascertain whether or not the product is a controlled commodity under the foreign countries law.
9. The organization that intends to import should fully comprehend the liability for all US customs duties, penalties, and charges.
10. Have you provided or established reliable procedures to ensure you provide a complete and accurate description of your merchandise to the U.S. Customs and Border Protection in accordance with the 19 USC 1481.
11. Have you provided or established reliable procedures to ensure you provide a correct tariff classification of your merchandise to U.S. Customs and border protection in according with 19 USC 1484?
12. Have you obtained a customs ruling regarding the description of the merchandise or its tariff classification, and if so, have you established reliable procedures to ensure that you will follow the ruling and brought to US customs and border protection's attention?
13. Where merchandise description or tariff classification information is not immediately available, have you established reliable procedure for providing that information, and is the procedure being followed?
14. Have you consulted compliance publications, court cases and/or customs rulings to assist you in describing the classification of the merchandise?
15. Is the nature of your merchandise such that laboratory analysis or other specialized procedure is suggested to assist in proper description and classification?
16. Have you developed a reliable program or procedure to maintain and produce any required customs entry documentation and supporting information?
17. Have you taken reliable measures to ascertain the correct country of origin for the imported parts?
18. Have you established reliable procedures to verify or ensure the merchandise is properly marked upon entry to correct country of origin in accordance with 19 USC 1304 and any other applicable special marking requirement?
19. Have you obtained a customs ruling regarding the proper marking and country of origin of the merchandise?
20. Have you taken reliable adequate measures to communicate customs country of origin marking requirements to your foreign supplier prior to importation of your merchandise?
21. Do you know how your goods are made, from raw materials to finished goods, by whom and where?
22. Have you taken reliable measures to insure that you have obtained the correct visas for your goods if they are subject to visa categories?
23. Intellectual property rights: have you determined whether your merchandise or its packaging bear or use any trademarks or copyrighted matter or patented and, if so that you have a legal right to import those items into, and/or use those items in, the U.S.?
24. If you were importing goods packaging bearing the trademark registered in the U.S., have you checked or established a reliable procedure to ensure that it is genuine and not restricted from importation under the gray market or parallel import requirements of U.S. law, or that you have permission from the trademark holder to import such merchandise?
25. If you are importing goods or packaging which consists of, or contain registered copyrighted material, have you checked or established reliable procedure to ensure that it is authorized and genuine?
26. Is there a systematic process for maintaining logs, data bases, interoffice correspondence, and other documentary of electronic means by which tracks approvals and ensures proper dissemination and control of such approvals?

27. Is every purchase ordered screened to determine whether or not a license (ITAR, EAR, or NRC) authorization is required?
28. Are there audits and checks in effect within the traffic/shipping division that are designed to prevent violation or evasions of import/export controls?
29. Is the traffic/shipping division fully familiar with the proper package markings and documentation?
30. Does the organization use the service of an import broker? If so, is import broker familiar with the products?
31. Who does the broker contact for guidance on goods being imported in the United States?
32. Does broker or agent hold a power-of -Attorney on behalf of the organization? If so are procedures in effect to ensure that it is kept current?
33. Have any shipments been detained or seized by customs as being in violation of any laws or regulations? Does the organization maintain a record of the nature of the seizure or detention and the disposition by Customs?
34. Does the organization maintain a current copy of the cognizant statutes and current lists of parties denied, debarred, suspended, specially designated, or excluded from federal procurement by DDTC, Commerce, OFAC, or GSA?
35. Does the organization maintain a detailed listing of these and other documents maintained by in support of export /import control compliance (laws, regulations, denial orders, government directives, debarment or suspension orders, government bulletins and newsletters, license procedure documents, export compliance manuals, and the likes) ?
36. Does the organization require and able to provide documentary evidence of the existence of written internal policies, procedures, instructions, and guidelines on import control practices?
37. Does the organization require and able to provided documentary evidence of an organized import control practices compliance program that is readily available to all employees with assigned responsibilities and authorities and is the foundation of the internal training program for such employees?
38. Does the organization require and describe responsibilities for maintenance of this information, regarding how it is to kept current and updated, how it is to be disseminated throughout, how personnel are to be notified of changes, and how senior management is kept informed of critical changes in import control policies and practices?
39. Does the organization have an internal import control information dissemination process (e.g., inter-office correspondence, poster and bulletins, E-mail newsletters and circulars, meetings and briefings.)? Does the process specifically describe how information relating to approval licenses, approved agreements, and other written approvals of the U.S. Government are circulated to the staff and to management?
40. Is there a systematic procedure for the immediate dissemination of critical control information (e.g., embargoed, suspensions, significant rule changes) to all employees with a need to know this information?
41. Does the organization have procedures and requirements regarding information about the records and data maintained on approved import licenses, agreements, advisory opinions, commodity jurisdiction determinations, and other official written correspondence relating to imports. Does the organization require and able to demonstrate how these documents, or the pertinent data they contain, are disseminated to employees with a need to know this information?
42. Does the company describe the import control assignments and responsibilities within it's organizations, including the relationship of any site or Business Unit import/export administrator to import/export management (particularly if not within the same management structure) and other senior management and other functional areas in and the specifics of personnel assignments and reporting responsibilities?
43. Are Import Regulation Coordinators and Corporate Import Regulation Office Staff identified by name on organization charts available generally to employees?
44. Have other communication mechanisms been put into place (e.g., management policy letters) to ensure the employees are familiar with Office Staff by name and how to contact them for guidance?
45. Does the organization have procedures that are used to train, evaluate, and select import control officials? And to periodically re-certify these selections?
46. Does the organization describe and provide written documentation on contracts with the various U.S. and foreign shipping agents who represent interests in the movement of the parts or materials?
47. Does the organization have procedures in effect to confirm eligibility of freight forwarders and customs brokers to participate and assist in imports?
48. Are conditions included in contracts or powers-or-attorney for such agents that are designed to protect from failure on the part of such agents to comply with U.S. import/export control laws and regulations?
49. Does the organization provide recurring training or guidance to such agents to ensure that they represent the interests of and follow the instructions they receive from personnel?
50. Does the organization describe and retain written documentation regarding relationship(S) with foreign agents of overseas customers that are used for imports?
51. Does the organization have (written or otherwise) precautions that exercises to ensure that overseas representatives, consultant, brokers, and agents so not deliberately or inadvertently violate the U.S. regulations or other interests in foreign countries?

52. Does the organization specifically documents who is responsible for monitoring the activities and performance of such foreign representative and for periodically reviewing the written guidance and contractual arrangements between and such agents?
53. Does the organization have procedures for overseas representatives, consultants, broker, or agents that are foreign person whose activities require USG approval, require and provide documentary evidence that has written authority for such activity by such persons?

Conclusion

If an organization fully integrates the AS5553 requirements and USG regulations into their Management System, the risk of introducing counterfeit parts can be mitigated. In this economy where everyone is looking for new revenue, integrated quality systems can be a profit improvement opportunity. It has been measured that nearly every company is 30 to 40 percent unprofitable, by simply enhancing existing systems and procedures, organizations can add to the bottom line while preventing the introduction of counterfeit parts.

Counterfeit Parts Prevention

Using Import/Export Controls as a Tool in Risk Mitigation

Presented By
Mark Stevens
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Abstract

Several USG regulations require parties engaged in import/export activities to maintain records of transaction processes. By using formal documented tools integrated within existing quality management systems, organizations can mitigate risk throughout their supply chain and simultaneously comply with AS5553.

This presentation is not intended to be an exhaustive list of the ITAR and/or EAR nor to be taken as legal advice. Focus is on the importation of electronic parts, it does not include the requirements for the temporary or permanent export of Dual Use or USML items.

AGENDA

1. The Issue

2. Process Types, Formal Vs. Informal

3. The Requirements

4. Compliance Reality Check

5. Performing The Assessment

The Issue

Counterfeit parts continue to plague industry. The USG (United States Government) along with various industry groups and associations have developed standards and best practices to protect national security and prevent the introduction of counterfeit parts.

The issue with many organizations is that they do not effectively integrate these requirements/regulations into their quality system.

REQUIREMENTS

- AS5553:
  - Approved Supplier: Suppliers that are "***formally***" assessed...
  - Supply Chain Traceability: Documented evidence of a part's supply chain history. This refers to documentation of all supply chain intermediaries...
- U.S. Customs and Border Protection:
  - There are U.S. Laws that require anyone whose activities are subject to CBP authority (e.g., an importer, carrier, broker, etc.) to maintain all documentation that pertain to importing activity or the information contained in the required records related to such importations and that are normally kept in the ordinary course of business.
  - The CBP, in particular, focuses on the care of records listed under 19 U.S.C. subsection 1509(a)(1)(A). The documents listed include but are not limited to the entry summary, bond information, correspondence, binding rules, certificate of origin, commercial invoice or pro forma invoice, packing list, manifests, bill of lading, etc. These records must be maintained for five years after entry and all drawback records must be maintained for three years after payment.

Informal vs. Formal

Many organizations utilize informal processes when applying import/export compliance and typically these processes are addressed outside the domain of the quality system. For example, how many quality managers know the required records to be maintained as per U.S. Customs and Border Protection for items imported into the U.S.?

Additionally these processes have not been assessed by an internal audit nor by their customer. It is only when a member of the USG or by “Directed” audit when the organization realizes formal documented procedures and tools are needed to protect the organization.

A Compliance Reality Check

- AS553:
  - Currently not assessed by any accredited 3rd party, consequently the process of assessing suppliers is typically performed by requesting the completion of a “supplier survey”.
    - No documented procedures for evaluating the risk and compliance to AS5553 (e.g., “what constitutes acceptance based on a completed survey, what objective verifiable evidence was validated?”)
    - On-site assessments are not commonly performed in many organizations.
    - All intermediate consignees are not assessed.

A Compliance Reality Check

- U.S. Customs and Border Protection:
  - Most supplier surveys do not require:
    - The potential supplier to submit records of past export transactions, such as commercial invoices and packing slips.
    - The potential supplier to submit their procedures for assuring that all labeling, marking and other requirements are adequately addressed.
    - The inspection of the potential supplier's process for determining "Country of Origin".

Assessment Tool

- Step 1 - Determine which USG regulation is in control:
  - Determine CCL (Commodity Control List) requirements prior to import.

For the purposes of this presentation is it assumed that the part being used is not on the USML or is related to the proliferation of chemical or biological weapons, nuclear explosive devices or missiles.

Assessment Tool

- Step 2 - Determine if the potential supplier and intermediate consignees are listed on any USG or industry watch list:
  - http://www.bis.doc.gov/complianceandenforcement/liststocheck.htm
    - Denied Persons List
      A list of individuals and entities that have been denied export privileges. Any dealings with a party on this list that would violate the terms of its denial order is prohibited.
    - Unverified List
      A list of parties where BIS has been unable to verify the end-user in prior transactions. The presence of a party on this list in a transaction is a “Red Flag” that should be resolved before proceeding with the transaction.
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  - http://www.gidep.org/mod_perl/framepage.cgi?pg=/products/webaccess.htm

Assessment Tool

- Step 3 - Validate supplier location with internet tools.
  - Confirm that both the address and name of supplier do not show-up on any watch list (There was and instance in which a company was listed on the Specially Designated Nationals List where they simply changed the name of the company and resumed business at the SAME LOCATION)
  - There have been several documented instances where a company falsely portrayed there physical location and capabilities. Use the internet tools and background checks to validate the supplier's information.

Assessment Tool

- Step 4 - Test the supplier's knowledge and competency
  - Within the supplier survey ask questions that test the knowledge of the USG requirements such as:
    - What USG regulations do they comply with?
    - Ask conflicting questions - Is the part specifically designed for the Military or Space Applications? Is it ITAR Controlled? Is is EAR Controlled? If they answer "NO" to all three then you may have a problem!
  - Request copies of past transactions (Note that certain customer related information should be omitted):
    - Certificate of origin, commercial invoice or pro forma invoice, packing list, manifests, bill of lading. Compare the documents, cross check all details for "red flags". ** To be used in chain of custody verification **
  - Do they have a training program in place, are all employees trained and screened in counterfeit prevention and export controls?

Assessment Tool

- Step 5 - Determine flow-down and chain of custody
  - Verify purchase orders and flow-down of all quality and regulatory requirements.
  - Ask for their AVL.
    - Verify the extent of sub-tier surveys and assessments.
      - Validate personnel involved (Training Auditors?)
      - Artifacts maintained?
      - Audit the audits.
  - Do the sub-tier records satisfactorily compare with sample artifacts provided?
  - Randomly check names and addresses on the AVL to the watch list.

Assessment Tool

- Step 6 - Validate Processes and Procedures
  - Beyond the standard Quality Manual check, verify their procedures such as determining country of origin.
  - The “CBP Reasonable Care” obligation requires importers to make accurate declarations as the country of origin of imported merchandise. This determination can be complicated where goods include raw materials, parts and inputs sourced from multiple countries, and/or where goods undergo manufacturing, process, and assembly operations in several different countries.
  - It is important to understand that there are different country of origin rules for determining the origin of a product for purposes of confirming whether that product qualifies for reduced duties under tariff preference programs and determining the origin of a product for purposes of confirming how that product must be marked upon importation into the United States.

Assessment Tool

- Step 7 - Document Findings and Decisions
  - Maintain a record of all the artifacts, emails, surveys and document the decisions.
  - Maintain these records for compliance with your QA policies as well as USG regulations.
  - Remember, your records must be sufficiently detailed to:
    - Establish the right to make entry
    - Establish correctness of the entry
    - Determine the liability for duties, fees and taxes
    - Determine the liability for fines, penalties, and forfeitures
    - Determine compliance with Customs laws and regulations
  - ***In addition to the (a)(1)(A) records****,* the parties must also maintain and produce documents and information which are normally kept in the ordinary course of business and substantiate the accuracy of the information provided to Customs (E.g., financial accounting records to support the price actually paid or payable, inventory records to verify the quantity of imported merchandise received, etc.).

Conclusion

- Formalize the surveillance and decision making process.
- Use the Quality Management System.
- Incorporating USG requirements will greatly enhance the ability to reduce risk.

QUESTIONS?