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GCC AEO

(Annex No. 1.2)

**Self-Assessment Questionnaire to join the GCC
Authorized Economic Operator Program**

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1 INTRODUCTION

The Customs Authorized Economic Operator Program (AEO) aims to provide trade facilitation benefits to those entities that can demonstrate sound supply chain security and trade compliance practices.

1.1 AEO ACCREDITATION PROCESS

The assessment of a company's supply chain security and trade compliance practice will take place via an application and validation process, leading to AEO certification for the successful company. Through the AEO accreditation process, Customs Department will be able to decide whether to certify a company as an "Authorized Economic Operator" and on the facilitation benefits it will receive.

Once a company is interested in joining the AEO program it can send in an application. After the acceptance of the application the validation process starts and the Company will be asked to complete relevant portions (related to the Company's type of activities and its role in the international supply chain) of a pre-defined self-assessment questionnaire, a standard version of which will be available to assist AEO candidate entities to prepare for AEO requirements.

1.2 SELF-ASSESSMENT QUESTIONNAIRE (SAQ)

Once its AEO application is initially accepted by Customs Department, the Company will be asked to complete the SAQ to determine to what extent it meets the specified criteria and conditions. All questions are to be seen in relation to trade compliance and security in the context of the company's activities in the international supply chain and are to be applied only to the extent they are relevant to the company's activities. The selection of questions for a particular company will depend on the Company's activity in the supply chain. The company will be asked to complete and return the SAQ within 15 working days after being notified that its AEO application is initially accepted.

In the pilot phase of the AEO Program in Customs Department, the SAQ will be provided as a document from Customs, with on-line entry planned for later stages of the Program. After receipt of the completed SAQ by Customs Department, the validation phase will begin, leading to a decision by Customs to determine if the Company meets the AEO criteria. The completed SAQ is a crucial document in this decision process.

1.3 STRUCTURE OF THE SAQ

The structure of this document is in line with the requirements of the AEO Program within the context of the WCO SAFE Framework.

A general part focused on *company information* (section 1), *trade compliance history* (section 2), and *record keeping* (section 3). They are followed by *financial viability* (section 4) and *practical standards of competence or professional qualifications* (section 5). In (section 6) the focus is on the *company's control environment* and in (section 7) *international supply chain and security requirements*.

After the general part with questions and explanatory notes, each section follows a regular risk assessment pattern as follows:

- Questions If there are internal procedures and measures in place within the AEO candidate;
- A brief description of these procedures, and information relating to them.
- *Explanatory notes*

These provide additional background for the company in relation to each question and incorporate guidelines detailing Customs' expectations for the company's response.

1.4 DOCUMENT OVERVIEW

This document contains an introduction to the Self-Assessment process and the Self-Assessment Questionnaire (SAQ) to be used by a company applying for AEO status.

Annex 1 includes the SAQ and its structure.

1.5 ABBREVIATIONS

AEO	:	Authorized Economic Operator
DUNS	:	Data Universal Numbering System ¹
OGA	:	Other Government Agencies
SAFE	:	Framework of Standards to Secure and Facilitate Global Trade
SA	:	Customs Department
SAQ	:	Self-Assessment Questionnaire
WCO	:	World Customs Organization

¹ Issued by Dun & Bradstreet

2 ANNEX 1 – SELF-ASSESSMENT QUESTIONNAIRE

1. COMPANY INFORMATION

1.1 General information

1.1.1 Name, address.....

Please provide details of the following as applicable to your business:

1.1.1.1 Full legal Company name and address

1.1.1.2 Company Registration number and Customs Department Business Code.....

1.1.1.3 Name of person responsible for filling in the SAQ.....

Explanatory notes:

The purpose of collecting this information is to identify the company and match it to the application provided earlier. [This should be pre-filled by SC when handing out the tailored SAQ].

1.1.2 Group of Legal Entities

Is your company part of a group of legal entities (whether headquartered in the country or another country)? Y/N

If yes, please provide a short description of the group, including details such as:

1.1.2.1 Name of the Group or the parent company.....

1.1.2.2 Ownership.....

1.1.2.3 Ultimate corporate owner

1.1.2.4 A structural chart of the shareholding/ownership in the entire organization if available.....

Please indicate if any other entities in the group have:

1.1.2.5 Already have obtained an AEO certificate in the county or in another country (if so please provide details).....

- 1.1.2.6 Have applied for an AEO status and are currently undergoing an AEO review by a customs authority in the country or in another country.....
- 1.1.2.7 Have lost such AEO status in the country or another country, if so, please provide details.....

Explanatory Notes:

These questions are only applicable to entities that are part of a group of companies that have a corporate or legal relationship.

The information on the corporate group should include information on any parent or holding companies or subsidiaries.

As membership of the AEO program is granted to individual companies, it is possible that multiple entities with different company registration numbers operating within one corporate structure may seek to obtain AEO status. As these different entities will need to be accredited separately, a description of the corporate and legal business structure will provide Customs with an understanding of the corporate context of the business and may reduce the time taken for accreditation to be granted.

1.1.3 Company Organizational structure

- 1.1.3.1 Please provide an organizational chart or an outline of the internal company management structure of your company.....
- 1.1.3.2 Briefly describe the key tasks and/or responsibilities of each department/management function, along with the number of staff.....
.....
- 1.1.3.3 Please indicate the name and job title(s) of the key person (or persons) operationally responsible for management of your customs procedures and international supply chain related activities.....

Explanatory notes:

The purpose of this question is to provide Customs Department with an understanding of how your company manages activities in general and in particular relating to trade compliance and supply chain security.

The organizational structure should be an overview of core management responsibilities, as well as those impacting the international supply chain, including those overseeing trade compliance and security, International supply chain management, etc.

1.1.4 Business Locations. Please provide an overview of the location or locations where your company operates (within the country) including the number of staff at each location and the core activities carried out at each location.....

Explanatory notes:

Give a brief description of the actions conducted in the following:

- The geographical locations that your company operates in, the key activities, and the number of employees in each location ;
- In case of outsourcing, any locations where a third party conducts international supply-chain-related activities for your company
- Please indicate warehouses/storage facility locations; if these facilities are not owned by you, please indicate who you rent/lease these facilities from. If you share facilities with other companies, please provide details.

1.2 International supply chain activities

1.2.1 General characterization of the international supply chain activities

Please indicate all of the activities (role/function) you undertake that is related to the international supply chain. (Tick all that apply).

- Importer
- Exporter
- Manufacturer
- Customs Broker
- Shipping & Airline Agent
- Carrier
- Cargo Handler
- Courier Company
- Logistics Operator
- Free Zone Company
- Customs Warehouse Operator
- Port/Airports Operator (CTO)
- Other (please specify).....

Explanatory notes:

The various stakeholders and their different responsibilities in the international supply chain are defined for purposes of the AEO as follows:

□ **Importer**

Is the party who makes (or on whose behalf an agent or broker makes) the import declaration, and who is liable for the payment of duties (if any) on the imported goods. This may include a party who has possession of the goods or to whom the goods are consigned.

Normally, this party is named either as the consignee in the shipping documents and/or as the buyer in the exporter's invoice.

An importer's scope of activity in the international supply chain can include, among other responsibilities, being responsible for the accuracy and completeness and timely submission of the import declaration and supporting documents, and ensure a secure delivery of goods from the point of entry to the destination, in particular avoiding unauthorized access to and tampering with the goods.

□ **Exporter**

An exporter is the company/legal person on whose behalf the export declaration is made and who is the owner of the goods or has a similar right of disposal over them at the time when the declaration is accepted. Where the ownership or a similar right of disposal over the goods belongs to a person established outside the country pursuant to the contract on which the export is based, the exporter shall be considered to be the contracting party established in the country.

An exporter's responsibility in the international supply chain can include, among other responsibilities, being:

- *Responsible for the correctness of the export declaration and for its timely lodgment, if the export declaration is lodged by the exporter;*
- *Responsible for compliance with export controls or other regulatory or licensing requirements which apply to the export of goods from the country;*
- *Apply the legal export formalities in accordance with the relevant legislation and guidelines, including commercial policy measures and where appropriate, export duties;*
- *Ensure a secure and safe supply of the goods to the carrier or freight forwarder.*

□ **Manufacturer**

In the framework of the international supply chain a manufacturer is a company that produces goods destined for export.

A manufacturer's responsibility in the international supply chain can include, among other responsibilities, be, inter alia:

- *Ensuring a secure manufacturing process for its products; and*
- *Ensuring the secure supply of its products to its clients.*

□ **Customs broker**

A customs broker is any legal or natural person engaged in the preparation of the customs declarations, signing them, submitting them to the customs office and completion of the customs procedures for clearing the goods for the others' account. The customs broker is responsible for the declarations and documents submitted on behalf of others.

□ **Logistics operator**

A logistics operator organizes the transportation, storage and distribution of goods in international trade on behalf of an exporter, an importer or another person. In some cases, the logistics operator may act as a carrier and issue its own transport contract, e.g. bill of lading.

There are different types of logistic operators like 2PL, 3PL and 4 PL:

Second Party Logistics (2PL).

A manufacturer/importer/exporter hires a carrier or warehouse manager as a subcontractor for the operational execution of a clearly defined transport or logistic task. The organization and follow-up remain the responsibility of the manufacturer. The relation supplier is often only cost-driven and short-term, with the logistic actor doing what the client instructs, and being paid accordingly.

Third party logistics (3PL)

Arrangement in which a firm with long and varied supply chains outsources its logistical operations to one or more specialist firms, the third party logistics providers.

Fourth party logistics (4PL)

Arrangement in which a firm contracts out (outsources) its logistical operations to two or more specialist firms (the third party logistics) and hires another specialist firm (the fourth party) to coordinate the activities of the third parties.

□ **Customs warehouse operators and other storage facility operators**

A warehouse-keeper is a person authorized to operate a customs warehouse or a person operating a temporary storage.

Warehouses can be either private or public. In private warehouses only goods belonging to the warehouse-keeper is stored in public warehouses it can be goods belonging to any person.

A Customs warehouse-operator responsibility in the international supply chain can be, inter alia:

- *Ensure that while the goods are in a customs warehouse or in a temporary storage, they are not removed from customs supervision and fulfil other*

obligations that arise from the storage of goods covered by the customs warehousing procedure or by the rules on temporary storage;

- *Comply with the particular conditions specified in the authorization for the customs warehouse or for the temporary storage facility;*
- *Provide an adequate protection of the storage area against external intrusion; and*
- *Provide an adequate protection against unauthorized access to, substitution of and tampering with the goods.*

Carrier

A carrier is the company actually transporting the goods or who has undertaken a contract, and issued e.g. a bill of lading or air waybill, for the actual carriage of the goods.

A carrier's responsibility in the international supply chain can be, inter alia:

- *Ensure a secure and safe transport of goods while in the carrier's custody, in particular avoiding unauthorized access to and tampering with the means of transport and the goods being transported;*
- *Provide timely transport documentation as required by law; and*
- *Apply the necessary legal formalities in accordance with law and regulations.*

- Other:** Shipping Agent, Cargo Handler, Airline Agent, Courier Company, Free Zone Company, Port/Airports Operator or other service providers.

Explanatory notes:

The purpose of this question is to identify which international supply chain activities the business performs in its operations. Companies, seeking entry into the country AEO program will only be assessed against the minimum standards of supply chain security and trade compliance for the particular activities that they perform.

1.2.2 A company's international supply chain activities

Please describe briefly your company's international supply chain activities including information as described below as applicable:

1.2.2.1 The type of goods and services provided by your business.....

1.2.2.2 The top 10 countries your business imports or exports from/to.....

1.2.2.3 Any regulated items you deal in (if applicable). Consider any goods that require a permit or license to import, export or otherwise trade in, or

other conditions or requirements that apply to their handling (such as dangerous goods).....

Explanatory notes:

The purpose of this question is to provide a brief description of how your business performs the activities identified in 1.2.1.

The AEO Program focuses on the type of activities that can be undertaken by the different business or industry sectors within the international supply chain and determine which supply chain security criteria are relevant for these activities.

1.3 Volume and value of trade

1.3.1 Number, volume and value of customs declarations

Please give for each of the following an estimate of the number of the declarations you (or a customs broker or freight forwarder acting on your behalf) have made in each of the **last two years** including the **total number of declarations** and the **total customs value** of these declarations.

- 1.3.1.1 Import.....
- 1.3.1.2 Temporary import.....
- 1.3.1.3 Export.....
- 1.3.1.4 Re-export.....
- 1.3.1.5 Transshipments.....
- 1.3.1.6 Transit.....

If a new business or a particular type of declaration is not applicable for your company, state N/A.

Explanatory notes:

The purpose of these questions is to provide an indication of the role and significance of the international supply chain to your business operations.

1.3.2 *Duty/Tax amount:*

Please give for each of the following an estimate of the total amounts in the categories listed below you have paid on your own behalf (or, if a customs broker, paid on behalf of importers/exporters) in each of the **last two years**.

- 1.3.2.1 Customs duty.....
- 1.3.2.2 Excise duty.....
- 1.3.2.3 VAT.....
- 1.3.2.4 Charges.....
- 1.3.2.5 Deposit paid and then forfeited.....
- 1.3.2.6 Fees.....
- 1.3.2.7 Fines.....

If a new business or a particular category is not relevant for your company, state N/A.

Explanatory notes:

The purpose of these questions is to provide an indication of the role and significance of the international supply chain to your business operations.

1.4 Upcoming changes

- 1.4.1 Are you aware of any upcoming structural or operational changes that may be significant to your business? Y/N.....
- 1.4.2 If yes, can you please provide a brief description of these changes and when they will take place?

Explanatory notes:

Examples of such changes are: Change of ownership, new CEO, new person responsible for customs matter, new person responsible for security matters, mergers, splits, acquisitions, new facilities, new location, rebuild of present facilities, new business system, new WMS, new supply chains from high risk areas, new service providers in security sensitive areas like new guard company, change of customs broker. The above is not and exhaustive list and should only be taken as examples of such changes that customs should be informed of as soon as they are known.

2. TRADE COMPLIANCE

2.1 History of Compliance

2.1.1 Over the past three years, has your business had any non-compliance with and/or breaches of a Customs related law or rules? Y/N

2.1.2 If yes, describe the nature of the non-compliance or breaches and the extent of the non-compliance or breach.

Explanatory notes:

The trade compliance record of your company will be based on adherence to all government regulatory requirements associated with the movement of goods along the international supply chain in the last three years.

The trade compliance record of the business for the last three years will be considered. During that time you should not have committed a serious infringement or repeated infringements of government regulatory requirements.

When assessing whether a business can be accredited as an AEO, consideration will be given to its history of compliance with Customs [and tax]-related laws. The nature of the business, and the goods it trades in, may require consideration from other government agencies (OGAs), relevant to the AEO applicant's business activities. OGAs will be consulted when assessing a business' suitability to obtain AEO status.

The non-compliance may have been detected by your business or by the relevant government authority.

However, the record of compliance may be considered as acceptable if infringements are of negligible importance in relation to the number or size of the customs declarations and/or international supply chain related operations/activities and do not create doubts concerning the overall compliance levels.

In doing so, Customs will consider:

- Irregularities/errors as a whole and on a cumulative basis;*
- Their frequency to establish if there is a systematic problem;*
- If there was any fraudulent intent or negligence;*
- Whether and when you notified the responsible government agency of the error/irregularities you discovered; and*
- If you took any remedial action to prevent or minimize future errors.*

2.2 Compliance Processes

Please answer the following questions:

2.2.1 Use of Representatives

- 2.2.1.1 Do you perform customs formalities in your own name and for your own account? Y/N
- 2.2.1.2 Are you being represented by someone regarding customs formalities (e.g. a Customs Broker or Agent)? Y/N
- 2.2.1.3 If yes by whom and how? Please include the name, address and Customs Department Business Code Number of the representative.....

2.2.2 Classification

- 2.2.2.1 How, and by whom, is the classification of goods determined within your company?
- 2.2.2.2 What quality assurance measures do you take to ensure that classifications are correct (e.g. checks, plausibility checks, internal working instructions, regular training)?.....
- 2.2.2.3 Do you keep notes on these quality assurance measures?.....
- 2.2.2.4 Do you regularly monitor the effectiveness of your quality assurance measures?
- 2.2.2.5 What resources do you use for tariff classification (e.g. database of goods data)?

Explanatory notes:

For question (2.2.2.1), please indicate the name and position of the member of staff responsible for classifying your goods or if you use a third party to do this work, include their name.

For questions (2.2.2.2) and (2.2.2.4), especially if you use a third party, how do you ensure that this work has been done correctly and according to your instruction?

For question (2.2.2.2), indicate whether you maintain a product file in which each article is linked to a commodity code with the appropriate duty rates.

For question (2.2.2.3), if quality assurance measures are put in place, you need to provide evidence during the visit of Customs auditors, that you regularly and fully review them, document any changes and notify affected staff of the changes.

For question (2.2.2.5), please indicate how, by whom and the frequency by which you review the classifications and update the product file and any other dependent records as well as the notification(s) provided to any persons affected by the change e.g. customs agent, purchasing staff.

2.2.3 Customs Value

2.2.3.1 How and by whom is the value of goods reported to customs, established?

2.2.3.2 What quality assurance measures do you take to ensure that the customs value is correctly established (e.g. checks, plausibility checks, internal working instructions, regular training, and other means)?

2.2.3.3 Do you regularly monitor the effectiveness of your quality assurance measures?

2.2.3.4 Do you keep notes on these quality assurance measures?

Explanatory notes:

For question (2.2.3.1) - Indicate the name and position of the member of staff responsible for the valuation of goods or if you use a third party to do this work, include their name.

For question (2.2.3.2) and (2.2.3.4) - If you use a third party, how do you ensure that this work has been done correctly and according to your instruction?

For question (2.2.3.2) - The quality assurance measures should include, for instance,

- *the valuation method(s) used and why,*

- *how valuation statements are completed and submitted when required,*
- *how the customs value is determined,*
- *how freight and insurance costs are accounted for,*
- *royalties and license fees related to the imported goods payable either directly or indirectly by the buyer as a condition of sale,*
- *arrangements under which part of the proceeds of any subsequent resale, disposal or use is paid directly or indirectly to the seller,*
- *costs incurred by the buyer (but not included in the price) in respect of commissions or brokerage (except buying commissions)*
- *costs incurred in relation to containers and packaging, goods and/or services supplied by the buyer free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods.*

For question (2.2.3.3) - If quality assurance procedures are put in place, you should provide evidence, during the visit of Customs auditors, that you regularly and fully review your procedures, document any changes and notify affected staff of the changes.

2.2.4 Origin

- 2.2.4.1 Give an overview of how the preferential and non-preferential origin of imported goods is determined.....
- 2.2.4.2 What internal actions have you implemented to verify that the country of origin of the imported goods is declared correctly.....

Explanatory notes:

For question (2.2.4.1), internal actions would normally include measures on how you ensure:

- *the exporting country is entitled to give a preference and that the goods attract a preferential rate of duty*
- *a valid and original certificate or an invoice declaration is available when preference is claimed*
- *the certificate or invoice declaration is appropriate for the consignment and that the origin rules are met*
- *no opportunity to duplicate use of the certificate/invoice declaration*
- *import preference claimed within the period of validity of the certificate/invoice declaration, and*
- *original certificates/invoice declarations are retained as part of the audit trail in a safe and secure manner*

3. RECORD KEEPING

Explanatory notes:

To become a member of the AEO Program you will need to maintain a satisfactory system of managing commercial and international supply-chain related records. This system must allow appropriate controls by government and have a robust system of internal control procedures covering the integrity of the records.

This recordkeeping system encompasses:

- *Financial data records and documents;*
- *International supply-chain related declarations and related records and documents applying to goods movements;*
- *Information available relating to the control environment in order to ensure effectiveness;*
- *Information and communication records pertaining to data (e.g. logistical, financial) relevant to the above exchanged both internally as well as externally, for instance e-mails, manuals, memoranda, minutes of meetings and agendas, etc.*

3.1 Financial data recordkeeping

3.1.1 Does your business keep financial records (physical or electronic) that document and explain your international supply chain transactions and financial standing? Y/N

3.1.2 If yes, does your business have any procedures (documented or otherwise) in place to ensure that your financial records are complete, accurate and traceable to the source information? Y/N.....

3.1.3 If yes, please briefly describe these procedures.....

3.1.4 Does your accounting system facilitate a full audit trail of your customs activities to relevant accounting entries? Y/N.....

3.1.5 If yes, please describe the essential features of this audit trail.....

Explanatory notes:

This section relates to the financial accounting system/financial records in your company. The scope of this question on your financial record keeping system is limited to the reliability, the traceability and the security of records kept in relation with your international supply chain activities.

Maintaining effective procedures will result in a reliable information and reporting system and prevents unauthorized persons from accessing system data to obtain, manipulate or delete data.

In describing the procedures of your financial accounting systems and procedures, please include the following:

- *Whether and how the integrity, authenticity and traceability of the financial records are ensured by appropriate control procedures.*
- *If records are kept in accordance with relevant statutory timeframes for the importation or exportation of goods.*
- *Whether the accounting system enables an audit-based customs control.*
- *If the relevant records can be accessible and made available when required, within an acceptable time frame.*
- *If the financial recordkeeping mechanism provides an audit trail. An audit trail allows the tracing of information through the records in order to facilitate checking its accuracy. The trail enables international supply chain transactions to be traced from source information/data to the declaration and vice versa. There can be many elements that function as a link in the chain of evidence such as coding, cross references, invoice numbers, order numbers, delivery note numbers, part numbers, etc.*
- *The procedures for archiving of the company records, information and documents in place.*

3.2 Logistics data recordkeeping

3.2.1 Does your business keep records (physical or electronic) that document the handling, movement and storage of goods moving through your international supply chain? Y/N

3.2.2 If yes, does your business have any procedures (documented or otherwise) in place to ensure that your logistics records are complete, accurate and traceable to the source information? Y/N.....

3.2.3 If yes, please briefly describe these procedures.....

3.2.4 Does your accounting system facilitate a full audit trail of your customs activities relevant movement of goods? Y/N.....

3.2.5 If yes, please describe the essential features of this audit trail.....

Explanatory notes:

This section relates to the logistics recordkeeping process in your company. The scope of this question on your logistics recordkeeping system is the reliability, the traceability and the security of this system in relation with the international supply chain-related operations of the Company.

Maintaining effective procedures will result in a reliable information and reporting system and prevents unauthorized persons from accessing system data to obtain, manipulate or delete data.

In describing the procedures of your logistics accounting systems and procedures, please include the following:

- *Whether and how the integrity, authenticity and traceability of the logistics records are ensured by appropriate control procedures.*
- *If records are kept in accordance with relevant statutory timeframes for the importation or exportation of goods*
- *Whether the accounting system enables an audit-based customs control.*
- *If the relevant records can be accessible and made available when required, within an acceptable time frame.*
- *If the logistics recordkeeping mechanism provides an audit trail. An audit trail allows the tracing of information through the records in order to facilitate checking its accuracy. The trail enables international supply chain transactions to be traced from source information/data to the declaration and vice versa. There can be many elements that function as a link in the chain of evidence such as coding, cross references, invoice numbers, order numbers, delivery note numbers, part numbers, etc.*
- *The procedures for archiving of the company records, information and documents in place.*

3.3 IT-environment

3.3.1 Do you have control procedures in place to ensure the integrity and security of IT systems involved in or impacting on your international supply chain activities? Y/N.....

3.3.2 If yes, does your business have any procedures (documented or otherwise) in place that controls the reliability and the security of the IT systems and (electronic) data which directly or indirectly impact the international supply chain activities of your company? Y/N.....

3.3.3 If yes, please briefly describe these procedures.....

Explanatory Notes:

This section relates to the Information Technology (IT) (hardware, operating environment and software applications) environment in your company. The scope of this question about your IT environment is the reliability, the traceability and the security of the IT systems and (electronic) data which directly or indirectly impact the international supply chain activities of the Company.

The factors that should be included in the description of your procedures are listed below. Management and evaluators should concentrate on a brief description of the procedures and how they are controlled.

The company should briefly describe the application of:

3.3.4 General IT controls:

These relate to the 'computer environment' and will involve the:

- 3.3.4.1 Briefly describe the hardware and software being used and its configuration.....
- 3.3.4.2 Briefly describe the physical security in place e.g. is the hardware in a locked room, etc.to prevent unauthorized access to.....
- 3.3.4.3 Briefly describe your system security e.g. virus protection in use, firewalls, etc.....
- 3.3.4.4 Briefly describe your access security e.g. user IDs and passwords, etc. to prevent unauthorized access to and protect relevant data.....
- 3.3.4.5 Briefly describe your backup/restoration and disaster recovery procedures and the frequency they are tested.....
- 3.3.4.6 Briefly describe your technical support both for internal and external users.....
- 3.3.4.7 Briefly describe procedures for managing system changes e.g. are development life cycle standards followed, are changes reviewed against their objectives, etc.....
- 3.3.4.8 Briefly describe the segregation between the development and operational systems.....

- 3.3.4.9 Briefly describe your procedures for investigating and resolving operational processing problems.....
- 3.3.4.10 Do you have Independent IT audits Y/N. If yes briefly describe the process for this.....
- 3.3.4.11 Briefly describe your processes to report to appropriate authorities about major IT-security related incidents that have occurred.....

3.3.5 Application Controls

These relate to the processing that goes on within the various software applications that form the company's IT system. It normally covers:

- 3.3.5.1 Describe briefly how information input is done.....
- 3.3.5.2 Describe briefly how it is processed.....
- 3.3.5.3 Describe briefly what is the output from the system?

Important issues about the application controls are:

- 3.3.5.4 Describe briefly your process for ensuring only authorized users carry out the processing.....
- 3.3.5.5 Describe briefly in what way activities are logged.....
- 3.3.5.6 Describe briefly what type of validations that are carried out by the system on the data e.g. for format and accuracy.....
- 3.3.5.7 Describe briefly outputs produced from the system e.g. reports, electronic declarations, etc.....
- 3.3.5.8 Do you have a system for automatic identification of errors, etc Y/N? If yes describe briefly how it works.....
- 3.3.5.9 Describe briefly exit procedures/terminating access and who is responsible for this.....

3.3.6 Data security

- 3.3.6.1 Describe briefly in what way you protect Data from unauthorized use and disclosure.....
- 3.3.6.2 Describe briefly in what way you protect systems and technologies from unauthorized access and manipulation.....
- 3.3.6.3 Describe briefly in what way you secure data communication to avoid data leaks.....

The aim of the controls is to ensure that all processing is complete, accurate, authorized and carried out at the right time.

3.3.7 User Controls

- 3.3.7.1 Describe briefly what types of checks are performed by the users on the data to verify it has been processed correctly e.g. employee checks that quantity of goods showed on dispatch note agrees with the quantity actually picked.....

In order to ensure that the company's IT system is well maintained, protected and the outcome of the data processing via the IT environment meets expected parameters, these kind of issues need to be covered in the company's response to 3.3.7.1

In order to provide us with an impression about your IT environment please indicate if you use:

- 3.3.7.2 Hardware such as:
 - 3.3.7.2.1 Do you have sole reliance on standalone personal computers (PC).....
 - 3.3.7.2.2 Do you have PCs which are networked together.....
 - 3.3.7.2.3 Do you have a "server" based computer system.....
 - 3.3.7.2.4 Do you have a mainframe based system.....
 - 3.3.7.2.5 Do you have other types? Please describe.....

- 3.3.7.3 What type of Operating System Software enabling the computer to run and execute software applications that support the business, e.g. Windows, UNIX, etc. do you have?.....
- 3.3.7.4 *Do you have Systems such as:*
 - 3.3.7.4.1 A fully integrated Enterprise Resource Planning (ERP) solution.....
 - 3.3.7.4.2 A combination of accounting and logistical software applications.....
 - 3.3.7.4.3 A business software solution focused on small and medium sized enterprises.....
 - 3.3.7.4.4 A software solution developed by or for your business.....

4 FINANCIAL VIABILITY

- 4.1 Have any insolvency proceedings been initiated by or against your company in the last three years? Y/N.....
- 4.2 If yes, please briefly describe the details.....
- 4.3 Is there anything you are aware of that could impact on your financial viability in the foreseeable future? Y/N.....
- 4.4 If yes, please briefly describe the details.....
- 4.5 If you have a DUNS number please provide your DUNS number.².....
- 4.6 How do you assess your current financial viability?
- Sufficient
 - Insufficient
 - Other
- 4.7 Please indicate how you came to this conclusion and provide copies of your company's latest annual report/balance sheets.....

Explanatory notes:

Financial viability means a good financial standing sufficient to fulfil your commitments with due regard to the characteristics of your type of business activity.

The purpose of these questions is to determine whether the business has a good financial standing sufficient to fulfil your customs related obligations, and to meet and maintain the minimum trade compliance and supply chain security requirements.

² Created in 1962, the Data Universal Numbering System or D-U-N-S® Number is D&B's, proprietary means of identifying business entities on a location-specific basis.

5 CONTROL ENVIRONMENT

- 5.1 Do you have an overall policy to establish and maintain an adequate control environment within your company in general and for the management of trade compliance and supply chain security in particular? Y/N.....
- 5.2 *If yes, please briefly describe your general approach concerning the control environment and how it is organized, with a focus on the aspects listed below and their impact on supply chain security and trade compliance:*

Integrity and Ethical Values

- 5.2.1 Describe briefly in what way Management has promoted a climate that emphasizes integrity and ethical behavior by its employees. Does the company employ a code of conduct that emphasizes proper behavior and sets penalties for unethical conduct.....
- 5.2.2 *Dealings with Government are conducted on a high ethical plane.*
- 5.2.2.1 Describe briefly in what way your company ensures that reports to government agencies are proper and accurate (not intentionally misleading).....

Commitment to Competence

- 5.2.3 Describe briefly your procedures to do analyses of the knowledge, skills, and abilities needed to perform tasks impacting trade compliance and the international supply-chain jobs in an appropriate manner.....
- 5.2.4 *The company provides training and counselling in order to help employees maintain and improve their competence for tasks relating to trade compliance and security in the international supply chain:*
- 5.2.4.1 Describe briefly your employee training program and the process to ensure that it meet the needs of employees.....
- 5.2.4.2 Describe briefly the process for refresher training and the procedures to ensure that all employees actually received appropriate training.....

Management of Trade Compliance

- 5.2.5 Does your company have a policy on trade compliance? Y/N..... If yes please describe it briefly.....
- 5.2.6 Does your compliance/security department (or departments) has authority to interact with other offices as needed? Y/N..... If yes please describe briefly the process in relation to supply chain security activities.....

Organizational structure

- 5.2.7 Describe where in the company the trade compliance/security department(s) is located.....
- 5.2.8 Describe briefly how authority and responsibility relative to trade compliance and international supply chain activities are defined and communicated throughout the organization.....

Assignment of Authority and Responsibility

- 5.2.9 *The company appropriately assigns authority and delegates responsibility for trade compliance and international supply chain activities to the proper personnel to deal with organizational goals and objectives.*
 - 5.2.9.1 Describe briefly how authority and responsibility are assigned throughout the organization and how it is communicated to the employees.....
 - 5.2.9.2 Describe briefly how responsibility for decision-making is linked to the assignment of authority and responsibility in your company.....
- 5.2.10 Describe briefly the process in your company that ensures that each employee knows how his or her actions related to trade compliance and international supply chain activities and is aware of his or her related duties concerning internal control.....
- 5.2.11 *Delegation of authority is appropriate in relation to the assignment of responsibility for trade compliance and international supply chain activities.*
 - 5.2.11.1 Describe briefly in what way your company has ensured that employees at the appropriate level are empowered to correct problems or implement improvements.....

Information and Communication

5.2.12 Describe briefly the process in your company that ensures effective internal communications occur between management and staff related to trade compliance and supply chain activities.....

5.2.13 Do you have mechanisms in place for employees to suggest and recommend improvements in operations Y/N? If yes, describe briefly those mechanisms.....

5.2.14 Do you have procedures in place that ensures effective external communication occurs from the Managements side with groups that can have a serious impact on supply chain activities.....

Human Resource Policies and Practices

5.2.15 Describe briefly the process in your company that ensures that Employees' responsibilities for trade compliance and international supply chain activities are properly supervised.....

Oversight Groups

5.2.16 *Within the company, mechanisms are in place to monitor and review operations and programs:*

5.2.16.1 Does your company have a committee or senior management council that reviews internal audit work of customs activities? Y/N. If yes, describe briefly the way this is organized.....

5.2.16.2 Describe briefly the way internal audit works in your company and in what way this work is documented and how the result is followed up.....

5.3 Describe briefly within the scope of the above, what internal communication procedures that are in place to ensure that staff is aware of company policies for trade compliance and supply chain security, including the provision of training?

5.4 Are review mechanisms in place to monitor the company's trade compliance and international supply chain activities and systems to ensure that internal and external standards are met? Y/N. If yes, describe these procedures briefly.....

- 5.5 Please describe what action is taken if gaps or deficiencies are discovered within the course of an internal review?
- 5.6 Are review results documented, with information, analyses, appraisals, recommendations, and counsel provided to management for action? Are the actions recorded and followed-up? Y/N. If yes, describe briefly the process for this.....

Explanatory notes:

The company should have a policy to establish and maintain a control environment throughout the organization that sets a positive and supportive attitude toward internal controls and conscientious management.

Several key factors affect the accomplishment of this goal. The factors that should be focused on are listed below. Management and evaluators should concentrate on the substance of controls rather than their form, because controls may be established but not acted upon.

6 PRACTICAL STANDARDS OF COMPETENCE OR PROFESSIONAL QUALIFICATIONS

In order to meet the criterion, you or the person in charge of your customs matters must comply with one of the following practical standards of competence: a proven practical experience of a minimum of three years in customs matters or a quality standard concerning customs matters adopted by Customs Department. Alternatively you or the person in charge of your customs matters must have successfully completed training covering customs legislation consistent with and relevant to the extent of your involvement in customs related activities by Customs Department or a body recognized by them to provide such training.

The person in charge of customs matters in this context is the person referred to under 1.1.3.3 the SAQ.

- 6.1 Do you or the person in charge of your customs matters have practical experience of a minimum of three years in customs matters? Yes/No
- 6.2 If yes, please provide details proving this experience.....
- 6.3 Do you or the person in charge of your customs matters comply with a quality standard concerning customs matters adopted by Customs Department? Yes/No
.....
- 6.4 If yes, please provide details on this quality standard.....
- 6.5 *Have you or the person in charge of your customs matters successfully completed training covering customs legislation consistent with and relevant to the extent of your involvement in customs related activities, provided by:*
 - 6.5.1 Customs Department? Yes/No
.....
 - 6.5.2 An educational establishment recognized, for the purposes of providing such qualification, by the Customs Department or a body responsible for professional training Yes/No.....
 - 6.5.3 A professional or trade association recognized by the Customs Department, for the purposes of providing such qualification?
Yes/No.....

6.5.4 If yes on any of the above questions, please provide details regarding the training you or the person in charge of your customs matters have successfully completed.....

7 International supply chain and security requirements

Appropriate international supply chain and security measures, as detailed in this chapter, must be implemented and maintained throughout the AEO applicant's international supply chains. AEO applicant must conduct a comprehensive risk assessment of their international supply chain based upon the given security criteria. Where an applicant outsources or contracts elements of its supply chain, to a warehouse, logistics provider, carrier or other supply chain partner, that applicant must work with these business partners to ensure that effective security measures are in place and adhered to throughout the entire international supply chain.

7.1 Security (self) assessment

Scope:

It is expected that an AEO company will have to undertake documented security risk and threat assessments in relation to its international supply chain activities on a regular basis.

Questions:

- 7.1.1 Do you have procedures in place covering the periodic assessment of security risk and threat assessments in relation to your international supply chain? Y/N.....
- 7.1.2 If there are procedures in place, are these procedures and measures described/documented and available? Y/N.....
- 7.1.3 Please briefly describe your procedures covering the areas noted below, and the process for implementing, monitoring and reviewing them.....

Explanatory notes:

Risk and threat assessment procedures should cover all the premises which are relevant to the company's international supply chain activities. The scope of the procedure should encompass security risks and threats which might occur in that part of the international supply chain in which the company operates, and to look into the measures in place to minimize such risks and threats. It should identify and address all risks to the security of your role(s) in the international supply chain and should include, for example

- *Physical threats to premises and goods;*
- *Arrangements for business partners and*
- *Risk assessments performed by external security service organizations.*

Such an assessment should address the risks/threats inherent in or associated with the following:

- Type of goods in which you deal/trade;
- The premises and buildings used in your international supply chain activities, including differentiation for differing uses, such as storage, processing operations and so on;
- Staff access, including visitors, staff recruitment and training, use of temporary staff, sub-contract labor;
- Transport of goods, loading and unloading;
- Computer systems, accounting records and documents;
- Procedures in case of security incidents in any of the areas above;
- Security procedures and measures, required by (an) external party (s);
- Security certifications by third parties.

Responsible person

It is expected that a person is appointed to be responsible for the security measures. It should be a person at the appropriate level within the organization with overall responsibility for all security measures and with the necessary authority to implement appropriate security measures when required.

7.2 Physical security

Scope:

Facilities and locations involved with the international supply chain

Questions:

7.2.1 Do you have procedures in place to guard against unauthorized access to locations with goods handling and storage facilities including locations where data is stored and processed? Y/N.....

7.2.2 If there are procedures in place, are these procedures and measures described/documented and available? Y/N.....

7.2.3 *Please briefly describe the procedures relating to physical security at goods handling and storage facilities covering the areas below and the internal controls in place to ensure that the procedures are followed:*

7.2.3.1 *Fencing* - Perimeter fencing should enclose the areas around cargo handling and storage facilities. Interior fencing within a cargo handling structure should be used to segregate domestic, international, high value, and hazardous cargo. All fencing must be regularly inspected for integrity and damage.....

- 7.2.3.2 *Gates and Gate Houses* - Gates through which vehicles and/or personnel enter or exit must be manned and/or monitored. The number of gates should be kept to the minimum necessary for proper access and safety.....
- 7.2.3.3 *Parking* - Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.....
- 7.2.3.4 *Building Structure* - Buildings must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair.
- 7.2.3.5 *Locking Devices and Key Controls* - All external and internal windows, gates and fences must be secured with locking devices. Management or security personnel must control the issuance of all locks and keys.....
- 7.2.3.6 *Lighting* - Adequate lighting must be provided inside and outside the facility including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas.....
- 7.2.3.7 *Alarms Systems & Video Surveillance Cameras* - Alarm systems and video surveillance cameras should be utilized to monitor premises and prevent unauthorized access to cargo handling and storage areas.
.....

Explanatory notes physical security:

Goods handling and storage facilities related to international supply chain activities of the company must have physical barriers and deterrents that guard against unauthorized access. AEO applicants should incorporate the following physical security criteria throughout their supply chains as applicable:

7.3 Entry and Access to premises

7.3.1 Does your business have procedures (documented or otherwise) in place to restrict access or prevent unauthorized entry to its premises? Y/N.....
.....

7.3.2 *If yes, please briefly describe these procedures and the internal controls in place to ensure that the procedures are followed. Please cover the areas below:*

- 7.3.2.1 Employees, visitors, contractors, maintenance, deliveries (goods, mail, etc.).....
- 7.3.2.2 Challenging and Removing Unauthorized Persons.....
- 7.3.3 Does your business have any procedures (documented or otherwise) in place to check your business' incoming packages or mail for potential risks prior to them being opened or distributed within your company? Y/N.....
- 7.3.4 If yes, please briefly describe these procedures and the internal controls in place to ensure that the procedures are followed.....
- 7.3.5 Does your business have any other procedures (documented or otherwise) relating to entry and access to the business' premises? Y/N
- 7.3.6 If yes, please briefly describe these procedures and the internal controls in place to ensure that the procedures are followed.
- 7.3.7 Attach a site plan for each of your business' sites involved in international supply chain related activities. The site plan should identify perimeters, access routes and the location of the buildings.....

Explanatory notes:

Access controls limit entry to facilities and access to goods involved in the international supply chain to authorized persons.

- *Access controls prevent unauthorized entry to facilities, maintain control of employees and visitors, and protect company assets. Access controls must include the positive identification of all employees, visitors, and vendors at all points of entry.*
- *Employees - An employee identification system must be in place for positive identification and access control purposes. Employees should only be given access to those secure areas needed for the performance of their duties. Company management or security personnel must adequately control the issuance and removal of employee, visitor and vendor identification badges. Procedures for the issuance, removal and changing of access devices (e.g. keys, key cards, etc.) must be documented.*
- *Visitors - Visitors must present ID/photo identification for documentation purposes upon arrival. All visitors should be escorted and visibly display temporary identification.*

- *Deliveries (including mail) - Proper vendor ID and/or photo identification must be presented for documentation purposes upon arrival by all vendors. Arriving packages and mail should be periodically screened before being disseminated.*
- *Challenging and Removing Unauthorized Persons - Procedures must be in place to identify, challenge, address and remove unauthorized/unidentified persons.*
- *These procedures must be communicated to the staff (e.g. action plan, manual, working guidelines, and training).*

7.4 Cargo units security

7.4.1 Does your business have any procedures that ensure cargo units are secured from unlawful or unauthorized alteration or interference are secured from unauthorized access? Y/N

7.4.2 If yes, please briefly describe these procedures and the internal controls in place to ensure that the procedures are followed.....

7.4.3 Does your business use cargo seals to secure cargo units during the conveyance process? Y/N.....

7.4.4 If yes, please briefly describe the procedures that you have for sealing of different types of cargo units and the internal controls in place to ensure that the procedures are followed.....

7.4.5 Please describe the type of seals you use for different cargo units, the seal management you have and how those seals are stored.....

7.4.6 Briefly describe the procedures in place to verify the physical integrity of the cargo units prior to stuffing, to include the reliability of the locking mechanisms of the doors. For containers a seven-point inspection process is recommended: Front wall, Left side, Right side, Floor, Ceiling/Roof, Inside/outside doors, Outside/Undercarriage.....

7.4.7 Briefly describe the internal procedures how seals are to be controlled and affixed to loaded cargo units - to include procedures for recognizing and reporting compromised seals and/or cargo units to Customs.....

7.4.8 Briefly describe procedures for access to cargo units.....

7.4.9 Briefly describe procedures for maintenance of cargo units.....

7.4.10 Briefly describe procedures for repair of cargo units.....

7.4.11 Briefly describe your procedures if you detect any case of intrusion and/or tampering of cargo units.....

Explanatory notes cargo unit³ security:

Cargo unit integrity must be maintained to protect against the introduction of unauthorized material and/or persons. At point of stuffing, procedures must be in place to properly seal and maintain the integrity of the shipping containers.

Container integrity must be maintained to protect against the introduction of unauthorized material and/or persons. At point of stuffing, procedures must be in place to properly seal and maintain the integrity of the shipping containers. All container seals must meet or exceed the current PAS ISO 17712 standards for high security seals: Only designated employees should distribute seals for integrity purposes;

7.5 Security procedures logistical processes

7.5.1 Does your business have procedures in place to ensure the integrity and security of processes relevant to the conveyance, handling, and storage of goods in your international supply chain related logistical process? Y/N
.....

7.5.2 *If yes, please briefly describe the logistical process security procedures including the areas below and the internal controls in place to ensure that the procedures are followed:*

7.5.2.1 *Documentation Processing.* Briefly describe the procedures in place to ensure that all information used in the import/export clearance of goods, is legible, complete, accurate, and protected against the exchange, loss or introduction of erroneous information. Documentation control must include safeguarding computer and information access.....

7.5.2.2 *Manifesting Procedures* - To help ensure the integrity of goods received from abroad, or sent to export, procedures must be in place to ensure that information received from business partners is reported accurately and timely. Describe briefly these procedures in your company.....
.....

7.5.2.3 *Shipping & Receiving* - Arriving goods should be reconciled against information on the cargo manifest. The goods should be accurately

³ Sea or air cargo containers, trailers

described, and the weights, labels, marks and piece count indicated and verified. Departing goods should be verified against purchase or sales and delivery orders. Drivers delivering or receiving cargo must be positively identified before goods are received or released. Describe briefly the procedures for this in your company.....

7.5.2.4 *Goods Discrepancies* - All shortages, overages, and other significant discrepancies or anomalies must be resolved and/or investigated appropriately. Customs and/or other appropriate law enforcement agencies must be notified if illegal or suspicious activities are detected. Describe briefly the procedures for this in your company.....

Explanatory notes

Security measures must be in place to ensure the integrity and security of processes relevant to the transportation, conveyance, handling, and storage of goods in the international supply chain in the following areas:

- *Transport*
- *Receiving*
- *Warehousing*
- *Processing*
- *Picking/Packaging*
- *Dispatch/shipping*

7.6 Transport of goods

7.6.1 Does your business have procedures (documented or otherwise) in place to ensure the integrity of the transport process and transport data? Y/N.....

7.6.2 *If yes, please describe these procedures covering the areas mentioned below:*

7.6.3 Which means of transport are normally used by your company?

7.6.4 Does your company carry out all its own transport, or does it also use external service providers (e.g. freight forwarders/carriers)?

7.6.5 If applicable, how do you establish whether the freight forwarder/carrier meets the required security standards (e.g. by means of a security certificate, declarations or agreements)?

Explanatory notes:

Control measures must be in place to ensure the integrity of processes and data relevant to the transportation, handling, and storage of goods in the international supply chain.

Generally the procedures for the transport of goods concern:

- *Planning;*
- *Procedures for receiving/loading, release/unloading;*
- *Arrangements with business partners to check the seals (integrity and numbers) when the goods arrive at their premises;*
- *Procedures for mismatches/Incidents;*
- *Use of track-and-trace technology can show unusual stops or delays which could have affected the goods (replacement, remove);*
- *Procedures for the selection of carriers/freight forwarders;*

7.7 Incoming Goods

7.7.1 Does your business have procedures in place to ensure the integrity of the incoming goods and the relevant transaction data? Y/N.....

7.7.2 *If yes, please briefly describe these procedures covering the areas mentioned below and the internal controls in place to ensure that the procedures are followed:*

7.7.2.1 Shipping/transport of goods.....

7.7.2.2 Supporting documentation requirements.....

7.7.2.3 Transport of goods from the frontier to the company or to the company's customers premises.....

7.7.2.4 Receipt of goods at the company or company's customers' premises (counting, measuring etc.).....

7.7.2.5 Purchase ordering procedures.....

7.7.2.6 Confirmation of purchase order.....

7.7.2.7 Payment/settlement.....

7.7.3 Describe briefly how checks on the integrity of the seals on incoming goods are conducted?

7.7.4 Does your company deal with specific types of goods requiring specific security measures (e.g. air cargo/air mail)? (Yes/No)

7.7.5 If Yes, what describe what type of goods and the routines/measures are in place?

Explanatory notes:

Control measures must be in place to ensure the integrity of processes and data relevant to the transportation, handling, and storage of goods in the international supply chain.

The control and monitoring procedures must focus on:

- *The complete recording of the transactions in the accounts;*
- *The correct identification and quantification;*
- *The accurate recording of the transaction attributes;*
- *The availability audit data/audit trail;*
- *The correct status;*
- *The correct (customs) value;*
- *The timeliness of the recording of the transactions;*
- *The confirmation of the physical receiving of the consignment.*

Attention should be paid to procedures about (if applicable):

- *Reconciliation between purchase order, goods received, invoice received and payment;*
- *Arrangements for returning/rejecting goods;*
- *Arrangements for accounting and reporting of discrepancies (overs and unders);*
- *Arrangements for identifying and amending incorrect entries in the stock record;*
- *Identification of un-cleared goods within the system.*

7.8 Storage of Goods

7.8.1 Does your business have procedures in place to ensure the integrity of stored goods and the relevant data? Y/N.....

7.8.2 *If yes, please briefly describe these procedures covering the areas mentioned below and the internal controls in place to ensure that the procedures are followed:*

7.8.2.1 Please describe briefly the routine for allocating a storage position for incoming goods.....

- 7.8.2.2 Are goods of different risk levels stored separately? Yes/No.
- 7.8.2.3 If yes, please describe the criteria for any separate storage (e.g. hazardous goods, high-value goods, chemicals, weapons, air cargo/air mail)?
- 7.8.2.4 Do you have documented procedures for stock-taking and dealing with irregularities detected during stock-taking? Yes/No.
- 7.8.2.5 If yes, please describe your arrangements in brief.....
- 7.8.2.6 If storage of goods is outsourced to a third party please describe briefly how and where the goods are stored and your control measures you use to supervise the handling of goods.....

Explanatory notes

Control measures must be in place to ensure the integrity of the goods storage process and the relevant storage data for goods involved in the international supply chain.

The control and monitoring procedures must focus on:

- *Recording and controlling the stock;*
- *Identification of customs and non-customs goods;*
- *Movement of (and recording of said movement) goods between locations within the same premises or different sets of premises;*
- *The correct identification and numerical quantities;*
- *The accurate recording of the transaction attributes;*
- *The availability of auditable data/audit trail;*
- *The correct customs status of the goods (as applicable);*
- *The timeliness of the recording of the transactions.*

And attention should be paid to procedures relating:

- *Periodical reconciliation between physical stock records vs financial stock records;*
- *Calculations of closing inventory balances;*
- *Arrangements for dealing with breakages, deterioration or destruction of goods, losses and stock variations.*

7.9 Processing/manufacturing

- 7.9.1 Describe briefly what locations/areas are designated for the production of goods?

- 7.9.2 Does your business have procedures in place to ensure the integrity of the manufacturing process and the relevant transaction data? Y/N
- 7.9.3 *If yes, please briefly describe these procedures covering the areas mentioned below and the internal controls in place to ensure that the procedures are followed:*
- 7.9.3.1 Production zone including access to the production zone.....
- 7.9.3.2 Packing of the finished products.....
- 7.9.3.3 If processing or packing operations are carried out by an external partner (e.g. subcontractor/assembler), how is the integrity of the goods is ensured (e.g. contractual agreements, inspections).....
- 7.9.3.4 How you deal with irregularities, variations, waste, by-products and losses in the manufacturing process.....

Explanatory notes

Control measures must be in place to ensure the integrity of processes and data relevant to the transportation, handling, and storage of manufactured and processed goods relevant to the international supply chain.

Manufacturing/processing operations can be:

- *Working of goods, including fabrication, mounting, assembly and adjustment to other goods;*
- *Processing of goods;*
- *Repair of goods;*
- *Use of certain goods that facilitate or simplify the production of finished products.*

Generally the procedures for monitoring the processing of goods in the warehouse/depot concern:

- *Planning/issuing the work order;*
- *Preparing of stock items and delivery from storage;*
- *Manufacturing process;*
- *Recipe codes/rate of yield/ result measuring;*
- *Recording the manufactured product and unused stock in the stock records.*

The control and monitoring procedures must focus on:

- *Processing results and deviations;*
- *The correct identification and quantification;*
- *The accurate recording of the transaction attributes;*

- *The availability audit data/audit trail;*
- *The correct status;*
- *The correct (customs) value;*
- *The timeliness of the recording of the processing results.*

Attention should be paid to

- *How you deal with irregularities, variations, waste, by-products and losses in the manufacturing process;*
- *Discharge production cycle;*
- *If processing operations are carried out by an external partner (e.g. subcontractor/assembler), how the integrity of the goods is ensured (e.g. contractual agreements, inspections).*

7.10 Loading of goods

7.10.1 Does your business have procedures in place to ensure the integrity of the goods shipping process and the relevant transaction data? Y/N

7.10.2 *If yes, please briefly describe these procedures covering the areas mentioned below and the internal controls in place to ensure that the procedures are followed:*

7.10.2.1 Relevant dispatch and transport documents.....

7.10.2.2 Transport of goods to customers or to the border for (re-)export.....

7.10.2.3 If applicable, issuing sales invoices.....

7.10.2.4 Instructions to agent for (re-)exports and availability/control of supporting documents.....

7.10.2.5 Notification of the receipt/evidence of shipment of goods.....

7.10.2.6 If applicable, payment and credit notes.....

7.10.2.7 Dealing with irregularities, short/over shipments and other matters.....

Explanatory notes

Control measures must be in place to ensure the integrity of processes and data relevant to the transportation, handling, and storage of goods in the international supply chain.

Shipping operations can be:

- *Receiving customer orders and issuing work or sales order;*
- *Informing the warehouse of the sales order/release of the goods;*
- *Instructions to third party if goods are stored elsewhere;*
- *Picking;*
- *Packing procedures;*
- *Loading;*
- *Counting, weighing;*
- *Updating stock records.*

The control and monitoring procedures must focus on:

- *Reconciliation of sales order, invoice, shipped quantity/products and transport documents;*
- *The correct identification and quantification;*
- *The accurate recording of the transaction attributes;*
- *The availability audit data/audit trail;*
- *The correct status/origin;*
- *The correct commodity code and detailed goods description;*
- *The correct (customs) value and IMCO terms;*
- *The correct destination;*
- *The correct consignee/buyer;*
- *The timeliness of the recording of the shipping activities.*

Attention should be paid to:

Irregularities and short/over shipments, variations.

7.11 Reporting to government agencies

7.11.1 Does your business have procedures in place to ensure the integrity and traceability of any communication made to Customs and other government agencies regarding import and export of goods in the international supply chain, including the supporting documentation? Y/N.....

7.11.2 *If yes, please briefly describe these procedures covering the areas mentioned below and the internal controls in place to ensure that the procedures are followed:*

7.11.2.1 The availability of supporting documentation.....

7.11.2.2 The correct handling of licenses/authorizations (if applicable).....

7.11.2.3 The completeness, accuracy and timeliness of the declarations issued by a customs broker/service provider.....

- 7.11.2.4 Conduct of correct procedures in case of other regularly requirements (Prohibitions & restrictions, Dual use goods, Sanctions, intellectual property rights (IPR), Health and environment etc.).....
- 7.11.2.5 Adequate training and awareness of company staff on customs and relevant other governmental agencies regulations and procedures.....

Explanatory notes

Control measures must be in place to ensure the integrity (completeness, accuracy and timeliness) of declarations (e.g. import/export) on goods moving in the international supply chain which are made by the company or by third parties on its behalf (e.g. customs brokers or forwarders), as well as supporting documentation, which may include licenses or certificates required by or generated by other government agencies.

Entities making customs declarations or cargo reports, or entities that use a third party (e.g. customs brokers or forwarders) to make the reports and/or declarations on their behalf, must ensure:

7.12 Security requirements for business partners

- 7.12.1 Does your business have procedures in place to for identification and selection of business partners? Y/N.....
- 7.12.2 If yes, please briefly describe those procedures and the internal controls in place to ensure that the procedures are followed.....
- 7.12.3 Which measures have you taken to confirm that your business partners ensure the security of their part of the international supply chain (e.g. security declarations, contractual requirements, trade partners with own AEO- status)?
- 7.12.4 Describe briefly how compliance with these procedures is checked?
- 7.12.5 Over the last year, have you detected any breaches of the security agreements you have with partners? Yes/No.
- 7.12.6 If yes, what measures have you taken?

Explanatory notes

Applicants must have written and verifiable processes for the screening and selection of business partners.

Where possible, the business partner must be checked against all applicable lists of Government-sanctioned entities.

Applicants must ensure business partners have in place or are obligated to security processes and procedures consistent with the AEO security criteria to enhance the integrity of the shipment at point of origin. It is recommended that security requirements for business partners are included in the contractual agreement with your business partners.

Current or prospective business partners who have obtained a certification in an AEO or a supply chain security program being administered by foreign Customs Administration should be required to indicate their status of participation to the applicant.

Internal requirements, such as financial soundness, capability of meeting contractual security requirements, and the ability to identify and correct security deficiencies as needed, should be addressed by the applicant. Internal requirements should be assessed against a risk-based process as determined by an internal management team.

7.13 Personnel security

7.13.1 Do you have procedures in place to screen prospective employees and to periodically check current employees? Y/N.....

7.13.2 *If yes, please briefly describe the personnel security procedures including the areas below and the internal controls in place to ensure that the procedures are followed:*

7.13.2.1 *Pre-Employment Verification* – Describe briefly how application information, such as employment history and references are verified prior to employment.....

7.13.2.2 *Background checks / investigation* –Describe briefly how background checks are made. Consistent with foreign and national regulations, background checks and investigations should be conducted for prospective employees. Once employed, periodic checks and

reinvestigations should be performed based on cause, and/or the sensitivity of the employee's position.....

7.13.2.3 *Personnel Termination Procedures* – Describe briefly the procedures in place to remove identification, facility, and system access for terminated employees.....

7.13.2.4 *Security Training and Threat Awareness* – Describe briefly what is the content of security training and threat awareness training in your company.....

7.13.3 Does your company use temporary employees? Y/N.....

7.13.4 If Yes, please specify in what areas these employees are used and to what extent.

7.13.5 Are these employees checked regularly according to security standards?

7.13.6 If yes, how and by whom? Are there also security instructions for these employees?

Explanatory notes

Processes must be in place to screen prospective employees and to periodically check current employees and to ensure the security awareness and offer adequate security training programs.

Additionally, specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies, and protecting access controls. These programs should offer incentives for active employee participation.

7.14 External service providers

Scope:

Processes must be in place to:

- Incorporate AEO security requirements into the contractual arrangements made by the company with external service providers which are directly or indirectly involved in company international supply chain activities.
- Monitor compliance with such security requirements.

Questions:

7.14.1 Does your business have procedures in place to incorporate compliance with AEO security requirements into contractual arrangements with external service providers directly or indirectly involved with your international supply chain? Y/N.....

7.14.2 If yes please briefly describe the procedures and the internal controls in place to ensure that the procedures are followed.....

7.14.3 Are procedures in place in your company to monitor the fulfilment of these contractual arrangements? Y/N.....

7.14.4 If yes please briefly describe the procedures and the internal controls in place to ensure that the procedures are followed.....

Explanatory notes:

Processes must be in place to:

- *Incorporate AEO security requirements into the contractual arrangements made by the company with external service providers which are directly or indirectly involved in company international supply chain activities.*
- *Monitor compliance with such security requirements.*

If services are outsourced, for example, transportation, security guards, cleaning and maintenance, your company security demands should be incorporated into the contractual arrangements made with the external Contractors.

Procedures must be in place to monitor the contractual arrangements to review the procedures and how to act in case of any irregularities found.