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C-TPAT Update

CBP recently held their national C-TPAT conference in San Antonio, TX in August. BPE Global was there and we have some important updates to share with you. The conference focused on membership maintenance, business partner relationships validation and revalidation, and updates to the C-TPAT portal upgrade.

C-TPAT Portal 2.0

There are some significant changes with the Portal 2.0 release including interface changes, a 'task list' or dashboard, a new Security Profile and enhanced account management capabilities. The Portal 2.0 release is focused on providing improved security, increased collaboration and management of documentation. It will also address outstanding Internet Explorer compatibility issues.

Portal 2.0 users will be moved over but will need a password reset and will need to enter three security questions so passwords can be reset easily. Even if you haven't logged in recently, your account will be migrated. Only accounts that were initiated and not completed nor certified will not be transferred.

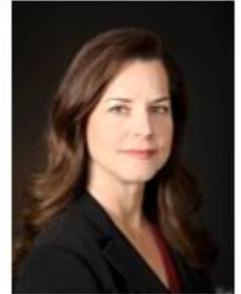
There will be a new Status Verification Interface (SVI) monitoring system. You will still be able to view your business partners and see if they are certified or not certified. However, you will also have to send a request to have the company being monitored approve of you monitoring them. The request has been made to make a reverse function of this – but it is not in the 2.0 release. This could be an issue if your partner doesn't send you the request to be monitored. This resulted from privacy concerns and is currently with legal counsel to request two way communications. It's been with Legal for 14 months so don't hold your breath. Note that Portal 2.0 will enforce that only company officers are allowed to sign MRA's and SVI's.

Unfortunately, you will have to reenter your Security Profile in Portal 2.0 because a new security model will be implemented. The Security Profile will go from 33 questions to 79 questions for IORs. 3PLs will now need to answer 108 questions. They are no new questions, just the existing questions split out into individual questions. The good news is that you will be able to link documents to your security criteria in the portals and if you are already in the C-TPAT program, you can apply to expand your profile to include new IORs/Exporters.

Membership Maintenance:

Regarding C-TPAT members maintenance, you need to ensure you are updating your portal information annually. CBP notifies C-TPAT members by each but this doesn't work 100 percent of the time, so you should look up your update date in the Portal and mark it on your calendar. Among the updates, be sure to include completed documents (not templates) for audits, questionnaires, site visits, SVI maintenance, contracts and your risk analysis. One note about your risk analysis; it should include the country and threat level, cargo flow and Business Partner analysis. Your focus should be on where your freight is at rest and where the opportunity for security breaches are the highest.

Business Partner Relationships:



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Maintaining your business partner relationships allow you to address security issues proactively. There are two types of partners, clients and service providers. You should screen service providers more thoroughly than clients. With clients, you can verify if they are C-TPAT by asking for their SVI certification. You can also obtain business background reports such as a Dun & Bradstreet report, questionnaires and site visits. You can also get financial references to make sure that they are financial security and ensure that you will be paid. For truckers, you can obtain information from the American Trucking Association.

CBP recommends that you should perform outreach initiatives with your business partners. You should notify your partners that you are a C-TPAT member and advise who they can contact at your company for security inquiries. You should also send them the appropriate Minimum Security Criteria (MSC) and include a URL to the C-TPAT program from your website. CBP is also expecting you to do site visits, train your partners and to refer your partners to your assigned SCSS.

Focus your efforts on ocean cargo. Fifty percent of all security breaches were when the cargo was with the carrier. And you need to make sure each site has specific procedures for notifying law enforcement of security breaches including the phone numbers that you should call in case of a breach. Customs may stop your employees during a validation and ask them what the process is if they see an unauthorized person or a breach. So ensure everyone has been properly notified of what to do.

Regarding questionnaires, you want to be as specific as possible (e.g. Do you have a security alarm system versus do you have an alarm system). Focus on your service provider's role in the supply chain and ask the appropriate questions. You do not need to send a C-TPAT questionnaire when the member is certified and you don't need to send a janitorial service a 20 page questionnaire, for example. Ask whether your business partners belong to other programs such as TSA's Indirect Air Carrier Program, and whether they've been visited by a CBP C-TPAT team or have been audited by other companies (e.g. Bureau Veritas).

C-TPAT Validation and Revalidation:

CBP will do two things during a validation – 1) confirm that there are written procedures and completed documents and 2) observe the process is actually occurring. An example of this would be there is a written seal policy and that there are seal logs showing the seals assigned to the containers. CBP also looks for a process to destroy used/broken seals (a locked bucket with a hole in the top works).

Other examples of common validation checks include checking visitor logs to make sure that people sign in and out and that names are legible. They'll want to see that all gates where vehicles and personnel enter and exit are manned or monitored. They also look for holes in fences (and evidence of rust), they make sure seals are in a safe place and they like to review container inspections. They check to see if there is a process for notifying SCSS of security breaches.

In addition to verifying all nine minimum security criteria¹, CBP will also want to validate whether risk assessments have been conducted and that the results have been followed up on. Apparently, thirty-five percent of importers have not conducted Risk Analysis. They'll want to see that written procedures exist to conduct a risk assessment, for business

¹ http://www.cbp.gov/sites/default/files/documents/importer_security_criteria_3.pdf



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partner screening and for Business Partner compliance. And they will want to verify that Non-C-TPAT business partners have been verified.

We hope this C-TPAT update was helpful to you. Please do not hesitate to contact us if you have any questions. Thank you for investing your valuable time reviewing this BPE Global Hot Topic.