Maintaining a CTPAT Program as an Importer/Exporter

LILA LANDIS, LCB CUSECO®

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Agenda

- Supply Chain Security Responsibilities and Scope
- Annual CTPAT Security Submission
- Keeping Pace with your Organization

Supply Chain Security Responsibilities and Scope

- Where should Supply Chain Security (SCS) responsibility reside within an organization?
  - Varies depending on company size and structure
  - May differ based on how SCS is viewed within the organization – is it more import, export, or security?
    - Is it driven by internal needs (fewer exams) or external needs (customer requirements)?
  - Should it be the responsibility of one person, one department, or a council?
    - Pros of single responsible party – single point of contact; one-on-one relationship with CTPAT account manager; more focused
    - Cons of single responsible party – lots of work for one person/department; may lack leverage to get information or process changes with other departments; may lack budget to conduct supplier audits

Supply Chain Security Responsibilities and Scope

- Using a SCS Council
  - Pros – multiple departments represented on the council provides more diverse perspectives and leverage with multiple departments to make process changes or gather information; may be easier to get budget for supplier audits
  - Cons – can lack focus, no single point of contact; easy to fall into "all talk no action"
- Consider your organization's structure, size, and culture
  - How do things get done in your organization? Are there other committees or councils that are successful? What can you learn from them?

Supply Chain Security Responsibilities and Scope

- SCS Scope
  - Many organizations fall into a trap of placing sole responsibility on Trade Compliance or Logistics, but many of the CTPAT requirements are outside of those departments
  - IT, HR, Procurement – specific CTPAT "musts" for each of these that need to align with their internal policies and procedures
  - CTPAT is now pushing for copies of actual procedures (evidence of compliance with "musts") – ensure other departments understand the importance of providing their procedures and keeping them up to date
    - Any documents you upload to the CTPAT portal should be marked Confidential – CBP has in the past shared one CTPAT member's documents with another

Supply Chain Security Responsibilities and Scope

- SCS Scope
  - Supplier vetting and auditing is an important part of CTPAT for imports
  - Supplier vetting is traditionally a Procurement activity, but do their criteria include CTPAT requirements?
    - Do they keep the supplier record in your ERP up to date?
  - Supplier auditing – is this handled by Procurement, Quality, EHS, or some combination?
    - Does their audit checklist cover CTPAT Minimum Security Criteria?
    - Do they audit foreign suppliers?
  - What happens when a supplier fails a CTPAT assessment? What happens when they don't implement corrective actions?
    - CTPAT needs leadership support

Annual CTPAT Security Submission

- CTPAT Portal Administration
  - Regularly review the users and roles in your CTPAT portal
    - Is the "Company Officer" correct? This should be someone with signing authority in your organization
  - Remember to update after mergers, acquisitions or divestitures
  - Check the addresses listed for your facilities – is the list complete? Is it still correct?
    - Who handles warehousing (domestic and international) in your organization? Are they keeping you up to date with changes?
  - Review the Mutual Recognition Agreements – recommend checking the boxes for countries you regularly export to (this data can be pulled from your ERP system, ACE Exports, or your freight forwarder)

Annual CTPAT Security Submission

- Security Questions
  - Some of the questions are redundant, but you need to answer every question
  - Try not to copy and paste the same response for multiple questions – you will likely get a rejection from your CTPAT account manager
  - You may need to submit copies of your processes as evidence – make sure they're marked as Confidential
  - Best practice: reference CTPAT Minimum Security Criteria in your process – make it easy for the CTPAT account manager to connect the dots
    - If you have been in CTPAT for several years, note the new or expanded MSC: forced labor, cybersecurity, agricultural pests

Annual CTPAT Security Submission

- Security Questions
  - Do not assume that none of your company's processes have changed!
    - You should allow yourself enough time before the due date to review last year's answers and determine what needs to be updated
    - Check in with other departments – Security, Safety, Supply Chain, IT, HR, Procurement
    - Did you have any acquisitions? Are they part of your CTPAT program?
  - Do not assume that your import or export profile is the same as last year
    - Check your ACE data
    - Impact of Section 301 or 232 tariffs – did your company change sourcing?

Keeping Pace with Your Organization

- Justifying CTPAT membership
  - During leadership changes, when there is budget pressure, when requirements are made more stringent, your organization may question continued membership in CTPAT
  - Recommend keeping a one-page summary of the CTPAT benefits for your organization
    - Number of exams vs. average number of exams
    - Number of customers or names of key customers monitoring your CTPAT status in the portal
    - Examples of customer requests for SVI or confirmation of CTPAT processes
    - Security risks in supply chain generally vs. security incidents

Keeping Pace with Your Organization

- Horizon Scanning
  - Are you dialed in with the right people and departments to be aware of major changes?
    - What is your communication channel with the key departments that contribute to your SCS processes (HR, IT, Procurement, EHS, Security)?
    - Does Legal consider CTPAT impact when deciding on legal entity structure? If not, how do you get a seat at that table?
  - Are you in a Corporate function? If so, how are you connecting to the business units?

Keeping Pace with Your Organization

- Horizon Scanning
  - What are your organization's key initiatives for this year and do they impact your import/export activities?
    - If your company is public, listen to investor calls
  - Sourcing changes – Sections 232 and 301 continue to be a pain, the pandemic has reinvigorated interest in near-shoring; if your organization didn't change sourcing already, is it planned for 2021 and beyond?
  - Did you budget for foreign supplier audits for 2021? If not, how do you get budget for it in 2022?
  - Is your Sales department pursuing new foreign markets?
  - Is Logistics looking at new freight forwarders or brokers? Have your current freight forwarders or brokers merged, been acquired, completed an acquisition, changed their processes?

Key Takeaways

- Supply Chain Security Responsibilities and Scope
  - Will vary by organization, but collaboration with other departments is imperative
  - Scope is expanding with new requirements – not solely a Logistics responsibility
- Annual CTPAT Security Submission
  - Review your processes and your import/export profile every year
  - Engage with partners in other departments
  - Mark all documents uploaded to the portal as Confidential
- Keeping Pace with your Organization
  - Look at your organization's strategic initiatives and consider the potential SCS impact
  - Know the benefits of CTPAT for your organization and be ready to justify continued participation