



# TOP 10 THINGS TO DO IF YOUR COMPANY RECEIVES AN INFORMED COMPLIANCE LETTER FROM U.S. CUSTOMS

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CBP has begun to issue informed compliance notification letters to importers. The receipt of an informed compliance notification letter means Regulatory Audit has identified specific problems with the company's import transactions and is "strongly considering" the company for a comprehensive audit. These audits may include both substantive transaction testing and internal control testing. These letters advise importers that, while they are not required to make a prior disclosure, they may elect to file a disclosure with CBP. The letters go on to state that, because the company has been provided information relating to specific problems with their import transactions, "Violations that may occur in the future could result in seizures and forfeitures of imported merchandise and/or the assessment of monetary penalties."

## 10 ACTIONS TO CONSIDER ONCE RECEIVING AND INFORMED COMPLIANCE LETTER

1. Consider the Meaning of the Letter. CBP has explained that these letters are a courtesy notification that an audit and/or investigation may be forthcoming. These letters are not random. Why did they send you the letter? Do not blind side your management. Tell them about the letter, what it might mean for the company. Should your company sign and return the letter? What does it mean if you do? Who should sign? Is there another way?
2. Get Educated! Have you read the CBP Informed Compliance Publications provided to you via the letter and other sources available on CBP's website to understand your legal requirements? Attend training and webinars to increase your knowledge and understanding of CBP requirements.
3. Conduct a Risk Assessment. Focus on the risks identified in the Informed Compliance letter as well as Anti-dumping Duty and Countervailing Duty risk. We also recommend confirming any corrective actions in prior disclosures are



working as intended, and review the results of CBP Form 28s, CBP Form 29s, post summary corrections submitted to CBP, as well as any internal post entry audits conducted by the company.

4. Test and Measure Your Compliance Level. Are you audit ready in all risk areas? CBP may start with the risk area identified in the letter but, if audited, CBP auditors can and frequently do expand and review all risk areas. Conduct targeted sampling based on risk.
5. Get Management Buy-in. Use data metrics. Identify possible loss of revenue and corresponding penalties for your management team.
6. Evaluate Your Internal Control Program. Include all 5 components of COSO-based internal control. Ensure you have a manual that is audit ready, develop/implement a robust post entry audit process, and ensure you have strong broker management procedures and a dedicated, well-educated compliance team.
7. Consider a Prior Disclosure. If you find past non-compliance consider the pros and cons of filing a Prior Disclosure to protect the company from penalties. Statistical sampling is a valuable tool to use to limit work. To ensure prior disclosure rights are not cut off, consider filing an initial notice, which would be completed via a perfected prior disclosure.
8. Develop a Corrective Action Plan. Make a plan that will strengthen internal controls to ensure errors do not reoccur. When they do, conduct a root cause analysis.
9. Implement Corrective Action. Make sure that your corrective action plan is working. Retest compliance levels to validate new controls are working and are effective.
10. ACT NOW! Do not wait until CBP is at your door!