

***Running in Heels. Be Compliant.
Look Good Doing It.***

(or...Internal Risk Assessment for Importers)

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Speaker: Sara Bowersox

Possibly the 2nd lamest Power Point you have ever seen

So, who is this chick?

Sara's trade compliance experience started in 1991, when she was hired by a freight forwarder based solely on ability to speak Japanese. Import / export skills were learned via trial by fire.

Sara earned her broker's license in 1995, then fled forwarding / brokerage in 1997. Sara lives in Portland, Oregon (affectionately known as "Shoe Town, USA"), and has spent over 18 years importing shoes for Dr. Martens, Nike and now KEEN. Heritage, Athletic, Outdoor – **next gig: Haute Couture?????**

Sara's adventures in compliance have included: "old school" CAT audit, Focused Assessment, pioneering C-TPAT, ISA, CEE pilot, drawback programs, Canada NRI, compliance manual creation, compliance team leadership, working directly with Logistics, Development, Legal and Finance, plus a small mountain of footwear classification & hefting a constant audit burden.

Outside of work, Sara lives in a log cabin, has a foosball table in her dining room, never met a pair of boots she didn't like, has been married for 23 years and parents two kids who flinch at her corny jokes. Sara loves the colors **orange** and **purple** , and believes THERE IS ALWAYS ROOM FOR ICE CREAM.

A Good Day in Compliance!

In speaking with KEEN Legal Team (about valuation), a teammate mentioned that Legal wants to be the friendly department, **“Not the department of NO”**.

I said “Fine, because I’m pretty sure that’s the role of Trade Compliance, and we can’t have too many party poopers in one organization”.

A teammate from sourcing chimed in to say, **“ Trade Compliance is the department of KNOW (with a K)”**.

Dr. KNOW

I'm adding this to my resume:
Team Leader, Dept. of KNOW.

Also, the “KNOW” comment maker is now my
BFF.

Why is CBP like McDonald's?

They do it all for you!

And....now you know how old I am.

Tell people what you do for a living (watch their eyes glaze over), then let them be impressed by the huge regulatory burden you bear.

DON'T let it slip that just like the LCHB Exam, trade compliance is an OPEN BOOK test.

CBP gives you the keys to the city!

Pre-Assessment Survey Questionnaire (PASQ)

PASQ is the document you'll be asked to complete if selected for a FA. It's a great guide for baseline compliance.

It's also not long, and always available.

The Basics

- Policy & Procedures
- Valuation Related Party, Assists
- Classification 9801, 9802
- Free Trade Agreements NAFTA, GSP, TPP??
- AD / CVD Tissue paper
- IPR Registered TM

Portfolio

- Current Org Chart
- Written policies / procedures
- GL working trial balance, account descriptions
- Accounting procedures for purchases, payments

WHA-BAM!

But, Wait!

Don't go charging after a tidy checklist thinking you can take on CBP single handed.

CBP has changed! Auditors now wear fuzzy, wide angle lenses.

Gone are the days of sliding a well written compliance manual across the conference table and hiding behind a clean GL.

CULTURE OF COMPLIANCE

Straight from the auditor's mouth: "*CBP is moving away from checklist mentality*".

CBP has gotten MBAs & Psych degrees. It is now understood that formal risk assessments only tell half the story – the rest is the importer's Culture of Compliance, or lack of it.

Business, Business, Business,

NUMBERS...



Is this working??????

Culture Club

How do you know that you've got a Culture of Compliance?

The two C's:

- Controls
- Communication

C#1 = Internal Controls

Have them! AND make sure they are:

Real, tailored to your specific needs, and actually in use.

Don't panic if controls are not documented.

From the auditors mouth: “ **Lack of written procedures is not an automatic fail**”.

Consistency counts! (Hey, another C!). CBP wants to understand what is actually happening.

C#2 = Communication

CBP is looking for strong inter-departmental ties supporting Compliance.

Consequently (C, again!) – **#1 cause of audit breakdown is poor importer inter-departmental communication.**

Look for ways to build internal communication.

Or, just like in a bad 1970s horror flick, the call will be coming from INSIDE THE HOUSE!

Hello! My name is _____

Communication is harder than Controls. Push your limits!

Practical Advise: Use tools to build connections (C!!!!). The biggest tool in the shed is your company's GL.

Start with your Friends in Finance (keepers of the GL) and build from there.

Push your **limits**,

Push your **luck**.

PUSH IT REAL GOOD!

Impractical Advise

Channel your inner sorority / fraternity rush chairperson. You want everyone in your club!

If you are asked if you want in on a meeting, the answer is YES!

The more you know, the more you know...

The Painful Truth

The more you know, the more ibuprofen (or wine) you need!

You can't do it all. Work with management to pick top priorities.

How to choose?

Easy Win, Big Bucks, Big Bang

If you are just starting out, pick a “gateway drug” project for an Easy Win.

Find juicy, low hanging fruit to lure in resistant team members. Reap savings or a refund for Big Bucks.

Big Bang = Project that is very meaningful to your company. Rally the team.

******* Opportunity to win fabulous prizes! *******

Need Suggestions?

CBP's Priority Trade Issues (PTI)

- ADD / CVD
- Import Safety
- IPR
- Textiles
- FTA

These are great, but may not be viable targets for your best effort.

Back to Basics

A look back at slide #5's "Risk Buckets":

- Policy/Procedure

- HTS

- FTA

- AD/CVD

- IPR

Rule out what you can! We all have at least two to tackle (P/P & HTS). Layer over the PTIs and pick your poison.

Cast your vote!

Vote for your favorite top priority, but let's make this footwear specific. Where should our focus be?

P&P

FTA

IPR

HTS

AD/CVD

What else should be on the list? Why?

CBP's Risk Equation

$$\mathbf{AR = IR \times CR \times DR}$$

Audit Risk = Inherent Risk x Control Risk x Detected Risk.

Inherent Risk relates to Culture of Compliance.

Control Risk relates to policy and procedural controls.

Detected Risk is what you may find when you flip over a big rock.

Choose Wisely

Use PTI, PASQ, and AR Equation.

Then Consider.....

New CBP emphasis on significance / materiality.

Don't waste time on risk that represents a tiny percentage of your business.

*****exceptions*****

Another opportunity for fabulous prizes!

Spend time identifying significant risks and building relationships with stakeholders (**jargon alert!**).

Communication builds Controls

Every Risk is an opportunity to improve!

- Transition Risk to Project.
- Document each Project.
- Build procedures.
- Share the joy (don't hog the maintenance).
- Review

Hey, look at that...internal controls! "Gee Sara, bullet points sure make it look easy!"

Outside Job

Internal Communication is crucial, but don't neglect the "Outsiders" **!

Key outside parties:

Broker/s

Consultants

CBP

Legal

**Why quotes? These folks are crucial team members,
no matter where their desk is.

“The one who calls”

KEEN has had a few CF28s since I’ve been on board. Two from the Port of Seattle/Tacoma.

My practice is to check the CF28 for Import Specialist name and phone #, then **call** to let them know I have the notice, am working on a response, and give the specialist a chance to talk through specific concerns.

When I called Sea/Tac the second time, the import specialist said, “Oh, Sara from KEEN. The one who calls”.

New line for my resume (after Dept. of KNOW): “The one who calls”.

Don't be shy

For those of you in the CEE, you have the advantage of regularly scheduled chats with CBP.

The rest of us need to be vocal self advocates – let CBP know you are paying attention & doing good work!

Connect with your broker/s weekly, more as needed. Make sure the import specialists at your POE(S) know you, and how to reach you.

KEENmandment

Why do I call? Human connections make a difference. Also, it's part of KEEN's culture.

KEENmandment #10 (there are 15):

We will be fearless, yet never reckless.

Back to the job at hand...Transition, document, build, share, review.

- Give scary risk a fun name and transition into a project that does not scare people.

Examples???? Fabulous Prize at stake!

- Start the documentation process with a compliance selfie.
- Involve others to build / improve the process.
- Correct the initial crisis, then graduate to shared maintenance.
- Keep your badge to review, focus and direct the project.

Sara's Specifics

What might be under that Detected Risk Rock?

- Valuation, specifically assists. These are wily little creatures!
- HTS. Everyone has a bad day now and then.
- Record keeping. Web based? 3rd party? Read the fine print!
- Mystery Brokers, POA patrol.

ACE reports make these issues more detectable – no excuse for importer ignorance!

Clean Up Crew

Ban the “blanket”. Show how well you know the problem and solution with specifics.

From the mouth of CBP: “*Disclosures and/or PSC will not trigger audits*”. **WHEW!**

Learn from your mistakes. Correct, improve, then tell CBP all about it.

The Future

Work on the 2 Cs! *What are they???????????*

Build relationship with CBP! Discuss options for problem resolution. During corrections, meet to share progress and solicit preferences.

Remember the McDonald's slogan...and offer to return the favor.

**Pretending to be a normal person day
after day is exhausting.**

Sara Bowersox

Sr. Trade Compliance Specialist

Team Leader, Dept. of KNOW, “The One Who Calls”

KEEN Footwear

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