U. S. Customs Service
Office of Strategic Trade
Regulatory Audit Division

Compliance Improvement Plan Framework

Introduction

A Compliance Improvement Plan (CIP) is a written document that details a company's plan to correct each noncompliant area found during the Focused Assessment (FA). It includes a timetable for developing and implementing the company's corrective action. When an FA indicates the need for corrective action by the company to correct deficiencies and ensure future compliance, the related FA report will recommend that the company prepare and implement a CIP. The account manager (AM) or the designated CIP point of contact will work with the importer to help determine the cause and effect of any noncompliance, which will assist the company in developing the CIP.

Procedures

Time Frames

If the Pre-Assessment Survey (PAS) and/or Assessment Compliance Testing (ACT) phase of the FA disclose unacceptable risks to Customs that the company's importing process may result in significant noncompliance with laws and regulations, the company will be asked to develop and implement a CIP. The company will be given a conditional period of 6 months from the date of the report to implement its CIP. If at the end of the 6-month conditional period the company has not implemented the CIP but has demonstrated significant progress, extensions may be granted at the company's request. If the CIP has not been implemented within the 6-month time frame and the company has not demonstrated significant progress, the FA team will consider referring the company to Customs Headquarters for escalated action or possible enforcement action.

CIP Development

The first step in developing the CIP is for the company to determine the cause of any noncompliance. This will involve a thorough review of the company's current internal control structure and a determination of where the breakdown in the internal controls occurred. For example, if the FA disclosed undeclared assists, the company would need to determine why assists were not declared (e.g., the company's Purchasing Department did not inform the Import Department that the importations involved assists).

The second step is for the company to determine the necessary corrective actions to correct the deficiency and ensure future compliance. This may involve trial and error to determine what corrective actions will actually work. Using the example above, the company may determine that its internal control procedures need to be revised to ensure that the Purchasing Department informs the Import Department of any assists. This could involve revising its written procedures and developing a log of assists that the Purchasing Department provides to the Import Department.

The third step is for the company to outline the corrective actions to be taken and how the system will be changed to accommodate the corrective actions and to provide timeframes for implementation and validation. This plan should include a timetable for developing and implementing the corrective action and the requirements for monitoring and submitting supporting documentation, such as an import procedure manual, internal control manual, or other evidence documenting the corrective action.

The corporate level of the company should transmit the plan in writing to the appropriate AM or the designated CIP point of contact. Upon full implementation, the company should validate whether the corrective action taken was effective.

Upon Customs receipt of the CIP, the company will be notified in writing of the status of the CIP and its related supporting documentation. The letters will inform the company whether the CIP and supporting documentation reasonably address the deficiencies noted on the audit result sheets and/or whether additional information is necessary.

CIP Contents

The CIP should identify the company point of contact, describe the noncompliant area, illustrate the corrective action, and project the completion, implementation, and validation target dates. A suggested format (template) is provided for preparing a CIP.

Responsible Official
The CIP should identify by name and title the person assigned to coordinate the CIP process. That person should be the company's primary point of contact regarding the CIP.

Deficiency Disclosed on the Result Sheet
The CIP should clearly state the deficiencies found during the FA for each noncompliant area and should refer to the result sheet(s) describing the noncompliant condition.

Action Steps
The company should include a full explanation of any corrective action steps taken and/or planned to correct the noncompliant areas. A step-by-step outline is necessary for the integration of each affected department involved with the company's Customs transactions.

Supporting Documentation
Copies of supporting documentation (department operating manuals illustrating the change, policy statements, or other evidence documenting the corrective action for action steps already completed) should be attached to the CIP. The nature of the required action steps should determine the kind of supporting documentation provided.

Target Dates
A target date should be established for each action step required to correct a deficiency. The company should inform Customs when it expects to complete the action steps.

Responsible Department
In some cases, more than one department may be responsible for addressing an action step. The action plan should reference all departments assigned to address each action step.

Validation Action

As the final action step, the company should describe the validation action. It should include the testing methodology to be used, the person who will conduct the testing, the number of transactions to be tested, the dates testing will begin and conclude, and the date the results will be forwarded to Customs. It is important to note that Customs will not normally conduct the follow-up review until the company has completed its validation action.

Approving Official
The CIP should be signed and transmitted at the corporate level and include the name and the position title of the office and the date issued.

Follow-up Review

After the CIP has been fully implemented and a reasonable time has elapsed since its implementation, the FA team will perform a follow-up review to determine whether the corrective actions taken have eliminated the unacceptable risks to Customs. This follow-up may involve a review of the actions taken by the company to correct the problem(s) and tests of the areas previously identified as noncompliant. If the results show that the company has corrected the problems, then the FA team will issue an opinion that the company is an acceptable risk. If the results show that the company has not corrected the problems, then the FA team will issue an opinion that the company is an unacceptable risk. If the results show that the company has not corrected the problems, then the FA team will consider referring the company to Customs Headquarters for escalated action or possible enforcement action.

COMPLIANCE IMPROVEMENT PLAN
(Suggested format)

Company Name			
Date Compliance Improvement Plan Prepared			
CIP CONTENTS			
Name/Title of Responsible Official			
Deficiency Disclosed on the Audit Results Sheet *(should be taken from the "Condition" section of the Results Sheet)*			
Corrective Action		**Target Date**	**Responsible Department**
(Specific action steps to be taken to correct the deficiency)	*(Supporting documentation to be submitted)*	*(Expected completion date for each action step)*	*(Title of department assigned to address each action step)*
Validation Action *(Description of testing methodology to be used)*			
Approving Official/Title			**Date**