Annex 1

Guidance material - SAFE Framework of Standards: Pillar 1, Standard 9

Security Assessments

Overview

Identifying the 'gaps' and uncovering non-compliant activity concerning the movement of goods in international supply chains can be complex and resource intensive as it is often facilitated by internal conspirators who operate discreetly. The associated risks are not always visible and are significantly more challenging to uncover when compared to conventional border risks, which are typically identified by following prescribed high-risk indicators at the cargo reporting and import / export entry processing level.

Organized crime groups (OCG), along with violent non state actors, have demonstrated increasing levels of skill and adaptability in effectively infiltrating and exploiting gaps and vulnerabilities in global cargo supply chains and recruiting or coercing internal conspirators to facilitate their illicit activities. These challenges are compounded when Customs and other competent authorities do not incorporate adequate strategies for the mitigation of supply chain risks that consider internal conspirators or insider threats.

Under modern risk management principles, (ISO 31000) an initial step involves 'risk identification'. This part of the risk assessment process aims to determine, understand and describe the potential areas of risk. During the risk identification step, the use of current, credible and factual data will assist in the subsequent development of effective risk management strategies.

Objective / Purpose

According to Standard 6.1 of the General Annex of the Revised Kyoto Convention, all goods, including means of transport, which enter or leave the Customs territory, regardless of whether they are liable to duties and taxes, shall be subject to Customs control.

At the same time, the SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE FoS): Pillar 1, *Standard 9 – Security Assessments* notes that Customs administrations should work with other competent authorities to conduct *security assessments* involving the movement of goods in the international supply chain and to commit to resolving identified gaps expeditiously.

If completed correctly, the self-security assessment will enhance and streamline how Customs exercise control. Security assessments formalise the process on how to gather current, credible and factual data concerning how traded goods move through the international supply chain.

Collecting contemporary insights into how goods are transported, handled, stored and cleared will support WCO Members and other competent authorities in illuminating the threats and vulnerabilities whilst also identifying opportunities to reduce or mitigate associated risks that surface in the international supply chain.

Completing Security Assessments

Security assessments should be complemented by site visits and where possible, physical inspections of the operating environments, which could include Customs premises, cargo terminals, airport environments, sea cargo container ports, etc. Efforts should be made to engage with the internal stakeholders within Customs, the business community and the relevant competent authorities associated with the international supply chain.

Upon initial completion, security assessments should be validated by Customs and any other competent authority that has contributed to it. In addition, they should be reviewed and updated periodically to ensure they remain current and valid.

Reporting and Resolving the Identified Gaps

It is important to have an accurate and validated record of the activities surrounding a security assessment. A good approach is to summarize the findings in a report format. It is also important to substantiate quotes and comments made by stakeholders during the assessment process and to do it in a way that respects any request for anonymity.

Risk and vulnerability mitigation strategies will depend on the extent of the issues identified during the security assessment. Any potential treatment actions should include the views and perspectives of the associated competent authorities that may be impacted.

Once reports are compiled, recommendations can be made and validated. Plans and strategies that are tailored towards short term, middle term and longer-term solutions can then be devised.

WCO Reference Material

The WCO has developed a range of products that may be consulted to assist Members while completing certain security assessment aspects. These include:

- The SAFE Framework of Standards to Secure and Facilitate Global Trade
- The Customs Risk Management Compendium, Volume 2: 2_11 *Insider Threats*
- CLiKC! – Securing the Cargo Supply Chain: Effective and Balanced Customs Controls
- CLiKC! – Securing the Cargo Supply Chain: Preparing for Future Challenges

SAFE: Pillar 1, Standard 9
Security Assessments

When undertaking security assessments of cargo movements in Customs controlled cargo supply chains, the following themes should be considered and assessed.

Doing so will increase understanding of the operating environment and help identify the gaps and vulnerabilities that need to be resolved.

This self-assessment is split across seven main themes that impact on security and broader supply chain integrity. Part 8 relates to reporting, recommendations and resolutions.

***Note to Members:** *this document serves as a guide and provides a minimum set of themes to consider. Members are encouraged to expand their focus to suit their particular operating environment.*

1. The Business & Trading Environment
2. The Threat Environment
3. Known Vulnerabilities & Gaps in the International Supply Chain
4. Partnerships: Customs to Customs
5. Partnerships: Customs to Business
6. Partnerships: Customs to Other Government & Inter Government Agencies
7. Capabilities & Resources
8. Reporting, Recommendations & Resolutions

Part 1: The Business & Trading Environment

Q1: Who are the primary supply chain business operators and entities that engage with your Administration?

Number of Customs brokers.
Number of cargo depots.
Number of warehouse operators.
Number of container terminal operators.

a. Are any of the business operators required to obtain formal qualifications to operate? If yes, list and explain.
b. Are any of the business operators required to obtain a license to operate? If yes, list and explain.

Q2: For the business entities identified above, to what extent does your Administration actively monitor general compliance with Customs and other border related laws?

E.g. cargo depot spot checks, Customs Broker audits, warehouse operator audits, data analytics tools for anomaly detection?

Q3: How many international ports operate and are overseen by your Administration?

Provide an overview of each port, for example, to describe the types of sea cargo ports and note the types of merchant vessels that arrive at your ports, as appropriate e.g. Bulk, Container, RoRo, Tanker.
Provide an overview and description of the air and air cargo ports.
Provide an overview and description of railway and road cargo ports.
Provide an overview and description of any small craft, pleasure craft, cruise ship or fishing ports.

Q4: Who are the commercial carriers that deliver cargo (air/sea/road/rail) to your ports?

E.g. which airlines or merchant shipping vessel companies?

Q5: Who are the main trading partners, in terms of imported and exported goods?

Tip: consider where the goods originate (first loading port) not just the last port of call.

Q6: Do the identified cargo carriers report their arrival and cargo details (cargo manifest) ahead of their arrival?

a. If yes, do they report electronically or by other means?
b. If electronically, how long in advance of goods arriving do they report?

Q7: Do the carriers report accurately concerning the original loading port of the cargo?

a. Research and respond accordingly.

E.g. a container that is loaded onto a vessel in Port A but is later transshipped in Port B should be reported to Customs as: Port of loading: Port A. Last port of call: Port B.

Q8: Does any cargo arrive via a transshipment port, transit route, or free trade zone?

a. If yes, describe the particular arrangements.

Q9: Describe the process for cargo clearance and what type of 'Customs controls' apply to cargo that is awaiting clearance and release by Customs?

E.g. what happens to a cargo consignment from the moment it is unloaded until the time that it is released to the importer – how is it transported, where does it go, and who handles it?

Q10: Describe the level of involvement or Customs control for exported goods.

Q11: Are you aware of any impending changes that may have an impact on Customs processes, border clearance functions, or the way in which Customs operates?

E.g. increased focus on revenue collection, government border policy changes, new airports or seaports being opened, new responsibilities for Customs?

Q12: Has your Administration completed a 'Digital Risk Assessment' in the past, for example, to assess how 'Digital Ready' the administration is?

a. If yes, how do the results impact on overall integrity in the international supply chain?
b. If no, does your Administration plan to carry out a Digital Risk Assessment?

Q13: What security measures (e.g. encryption methods) are used for the transmission and storage of electronic data?

a. If none exist, does your Administration plan to integrate any such security measures?

Q:14 Does your Administration offer 'remote system accesses' for officers?

a. If yes, are there secure protocols in place for such remote access e.g. can the activity of users who access systems remotely be monitored?

Q15: Does an incident response plan exist to mitigate digital-security breaches?

a. If yes, how thorough is the plan and when was it last updated?
b. If no, does your Administration plan to implement such a response plan?

Part 2: The Threat Environment

Q1: From a Customs perspective, what are the threats (real, emerging and perceived) that may impact on supply chain integrity in your environment?
Q2: What types of border related crimes are most common in your operating environment? E.g. wildlife crime, tobacco smuggling, illicit narcotics trafficking, intellectual property rights crime, revenue-based fraud / evasion, weapons trafficking, counter proliferation and strategic trade violations etc.
Q3: Are you aware of any Organized Crime Groups, violent non-state actors or other illegitimate actors operating in your cargo or supply chain environment? a. If yes, describe what type of response or control measures are in place and by which agencies. Tip: consider researching various sources: open source, WCO RILO, Interpol, UNODC, etc.
Q4: Is your Administration familiar with the concept of insider threats[1] posed by internal conspirators who work in the supply chain? a. If yes, describe the level of activity attributed to internal conspirators. E.g. corrupt personnel who work in supply chain roles.
Q5: Is your Administration familiar with the 'Rip on / Rip off' method used to transport illicit goods? a. If yes, describe the level of activity seen or experienced.
Q6: Is your Administration familiar with the 'Drop at Sea' method used to transport illicit goods? a. If yes, describe the level of activity seen or experienced.
Q7: Is your Administration familiar with the 'Under Hull Attachment' method used to transport illicit goods? a. If yes, describe the level of activity seen or experienced.

[1] corrupt personnel who work in supply chain roles, see WCO Customs Risk Management Compendium, Volume 2 for further guidance.

Part 3: Known Vulnerabilities & Gaps

Q1: Are there particular weaknesses or gaps in the way that Customs or other competent authorities exercise Customs control i.e. how they manage the movement, handling, storage, or clearance of international cargo in the supply chain? E.g. this could be outdated legislation and limited regulatory powers or lack of access to information concerning who is employed in a sea or airport environment.
Q2: In the past 12-24 months, has the media reported on any negative aspects concerning the way that Customs or other relevant competent authorities carry out their duties? If yes, provide the relevant details. E.g. consider any negative publicity or concerns being raised with the way that borders are managed.
Q3: In the past 12-24 months, has Customs or other relevant competent authorities come under any form of criticism for failing to carry out their duties effectively? a. If yes, provide the relevant details. E.g. consider any negative publicity or concerns being raised with the way that borders are managed.
Q4: How would you rate the level of security of the areas, business premises, and facilities that fall under the control of Customs? E.g. secured fencing, CCTV coverages, locked doors, swipe access, which can be recorded, etc.
Q5: Has your Administration previously conducted any security assessments or reviews of security within or around Customs-controlled areas? a. If yes, provide the relevant details.
Q6: Does your current Customs Act and/or associated legislation allow for the following, with just cause or suspicion, within a designated Customs controlled area: - Questioning of persons - Search of persons - Search of vehicles - Inspection, screening, or search of consignments or packages - Detention of persons - Seizing or detaining goods, consignment, or packages
Q7: Describe any factors that may impact officers from your Administration in executing the powers described in (Question 6 above)

Q8: Does your Administration offer anonymous channels for reporting suspicious activities, code of conduct breaches or unethical behavior? a. If yes, how are these channels managed and are any results communicated across your Administration?

Part 4: Partnerships: Customs to Customs

Q1: What is the name of the domestic Customs clearance system in use?

1.1 For carriers that report manifest data electronically, what system do they report to – is it the domestic Customs clearance system or another system?
1.2 Does the domestic system allow risk assessment (selectivity, profiling, and targeting) at the manifest level, before a Customs entry has been lodged?
1.3 Does the domestic system allow risk assessment (selectivity, profiling, and targeting) once a Customs entry has been lodged?

Q2: What is the Customs working relationship with the WCO and the international Customs community?

E.g. is Customs involved and engaged with regional and international partners? Does your Administration attend regular meetings, workshops and seminars, coordinated by WCO or others?

Q3: How would you describe the working relationship with the Customs administrations of your main trading partners (identified in Part 1)?

E.g. do official avenues exist that enable the exchange of timely information on Customs matters?

Q4: Do you share land borders with others?

a. If yes, list the border crossings, noting the type of presence Customs has e.g. permanent, temporary, none?

Q5: Does your Administration engage with the respective WCO Regional Intelligence Liaison Office (RILO)?

a. If yes, how frequently
b. If no, what are the potential reasons?

Q6: Does your Administration have current access to the WCO Customs Enforcement Network platform?

a. If yes, how often do you submit reports?

Q7: How is operational risk assessment managed for imported and exported goods?

E.g. does your Administration have an in-house risk management unit that oversees selectivity, profiling, and targeting functions for imported/exported goods and their conveyances?

Q8: Has Customs signed any Mutual Recognition Arrangements with other Customs authorities? a. If yes, provide the relevant details.
Q9: Are officers in your Administration familiar with the WCO CLiKC! platform? If yes, are officers encouraged to make use of the available learning material.
Q10: Are officers in your Administration familiar with the updated Volume 2 of the RM Compendium and how to access it?

Part 5: Partnerships: Customs to Business

Q1: Do Customs or another competent authority have a campaign or programme where members of the public or the business/trade community can report suspicious activities that relate to Customs, border clearance, and supply chain matters? E.g. New Zealand Customs Service: Border Protect initiative.
Q2: Is the Authorized Economic Operator (AEO) programme available to traders that engage with your Administration? If yes, a. How many AEO's are registered? b. Does Customs deliver any type of security related training for the AEO? c. Does Customs have an ongoing dialogue with the AEO?
Q3: Are persons employed in supply chain roles or cargo handling roles required to undergo any form of 'pre-screening' or 'pre-approval' process prior to seeking employment (or access) in an air or seaport environment? a. If yes, provide the relevant details. E.g. a background or criminal history check? This can be carried out by a government agency and/or the actual company employing the individual.
Q4: Are the business entities working in supply chain roles required to hold a license to operate? If yes, provide the relevant details for each entity. E.g. are cargo depot operators, warehouse operators, or customs brokers required to obtain a license or permit to carry out business under a particular regime?
Q5: Does your Administration have a presence at the container ports and terminals in your country/territory? a. If yes, note the type of presence Customs has e.g. permanent, temporary, seasonal.
Q6: Does your Administration have a presence at the international postal / mail centers? a. If yes, note the type of presence Customs has e.g. permanent, temporary, seasonal.
Q7: Does your Administration have a presence at fast parcel (express carrier) handling and clearing centers? If yes, note the type of presence Customs has e.g. permanent, temporary, seasonal.
Q8: Does your Administration have a presence at air Cargo handling and clearing centers? a. If yes, note the type of presence Customs has e.g. permanent, temporary, seasonal?

Part 6: Partnerships: Customs to Other Government Agencies

Q1: Note the Government stakeholders and agencies that are involved with the handling or clearance of international goods. E.g. which other government departments have a role to play in clearing international goods or their conveyances – this could be permit issuing agencies, bio-security, transport regulatory bodies, police or others.
Q2: What is the level of the working relationship (mutual cooperation) with the stakeholders and agencies referenced above?
Q3: Is information exchanged freely with such agencies? Describe where relevant, noting how the information is exchanged: electronically or otherwise.
Q4: Do Customs have existing memorandum of understandings (MoU) or joint information sharing arrangements with these agencies? Describe where relevant.
Q5: Do Customs share common facilities, equipment, or databases with these agencies? a. If yes, describe. b. If no, are there opportunities to do so?
Q6: Do Customs conduct any joint cargo risk assessments or inspections with these agencies? a. If yes, describe. b. If no, are there opportunities to do so?
Q7: Do Customs have access to intelligence holdings from other government agencies? a. If yes, describe in general terms, as appropriate. b. If no, are there opportunities to access such intelligence? E.g. financial records, criminal history, criminal affiliations of suspects.

Part 7: Capabilities & Resources

Q1: Has Customs received any particular training on the topic of 'internal conspirators' or across the topic of supply chain integrity more broadly? a. If yes, approximately how many officers have received training on the topic?
Q2: Are you a Member of the Passenger and Cargo Control Programme (PCCP)? If yes, a. How many officers have received training under the PCCP?
Q3: Does your Administration have a Functioning K9 (specially trained detector dogs) unit that can be deployed to screen cargo?
Q4: Does your Administration have access to NII equipment such as x-ray, radiation detection, trace detection, raman spectroscopy, or other types of detection tools or equipment? a. If yes, provide an overview of the equipment in use, explaining where the equipment is deployed (e.g. imports, exports) and the percentage of cargo subject to NII.
Q5: Does your Administration have access to inspection drones or similar types of remotely operated inspection technology? These drones could be deployed on land, air or water.
Q6: Does your Administration have access to CCTV of controlled areas, such as airport and seaport environments? a. If yes, provide an overview of functionality and reach
Q7: Does your Administration possess or otherwise have access to water, land, air or other patrol (surveillance) type assets. a. If yes, provide an overview of functionality and reach. E.g. patrol vessels, patrol airplanes
Q8: Does your Administration own or have access to technology that enables vessels or other types of craft to be monitored at sea, around your region? a. If yes, provide an overview of the arrangements and functionality of the technology.
Q9: Does your Administration have a college or dedicated training academy? a. If yes, provide an overview of the training curriculum offered.

Part 8: Recommendations, Resolutions & Reporting

It is important to have an accurate and validated record of the security assessment. A good approach is to summarize the findings in a report format. It is also important to substantiate quotes and comments made by certain people but also to do it in a way that respects any request for anonymity.

When completing a report, the following structure can be used:

1. **Executive Summary / Overview**

2. **Methodology of Conducting the Assessment:**

Outline the areas, teams, and stakeholders that provided input (internal & external).
Outline where any site visits were undertaken.
Note any reviews of particular policies, procedures, and MoUs.
Note the authorized clearing or validating officer for the report.

3. **Main Themes:**

3.1 <u>The Business & Trading Environment</u>
   i. Identified positives
   ii. Identified gaps or vulnerabilities

3.2 <u>The Threat Environment</u>
   i. Identified positives
   ii. Identified gaps or vulnerabilities

3.3 <u>Known Vulnerabilities & Gaps in the International Supply Chain</u>
   i. Identified positives
   ii. Identified gaps or vulnerabilities

3.4 <u>Partnerships: Customs to Customs</u>
   i. Identified positives
   ii. Identified gaps or vulnerabilities

3.5 <u>Partnerships: Customs to Business</u>
   i. Identified positives
   ii. Identified gaps or vulnerabilities

3.6 <u>Partnerships: Customs to Other Government & Inter-Government Agencies</u>
   i. Identified positives
   ii. Identified gaps or vulnerabilities

3.7 <u>Capabilities & Resources</u>
   i. Identified positives
   ii. Identified gaps or vulnerabilities

4. Recommendations and Resolutions

This part of the report should involve and seek considered feedback from the relevant stakeholders that are likely to be impacted.

To assist with future planning, any recommendations can be clustered into common areas of interest. In addition, the recommendations can be linked to short, middle, and longer-term timeframes. For example:

1. Recommendations on officer-based capability development and capacity building
   1a. Short Term
   1b. Middle Term
   1c. Long Term
   Comments:

2. Recommendations on external engagement and collaboration
   2a. Short Term
   2b. Middle Term
   2c. Long Term
   Comments:

3. Recommendations on equipment, systems, and technology-based improvements
   3a. Short Term
   3b. Middle Term
   3c. Long Term
   Comments:

4. Recommendations on procedural and legislative reform
   4a. Short Term
   4b. Middle Term
   4c. Long Term
   Comments:

5. Validation by the appropriate senior administration delegate or delegates

Validation and sign off for the report by an authorized officer.