

*The International
Trade Compliance
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Experts for
129 years!*

What is a Focused Assessment?

A Focused Assessment is the principal method by which U.S. Customs & Border Protection gauges importer compliance with the Customs Regulations. In the mid-1990s the Customs Modernization Act created a partnership between Customs and the importing community. In exchange for less day-to-day regulatory oversight importers were tasked with assuming a greater burden for their own compliance with the Customs Regulations. Customs established a formal process to gauge importer compliance known, then, as Compliance Assessment.

In 2001, the assessment process was significantly revised and newly titled Focused Assessment. This revised process permitted Customs to gauge importer compliance now using a risk based approach in the audit environment. Under the old program, the Regulatory Audit division of Customs had little or no discretion in respect of how they would approach and undertake the audit of an importer. The scope of the review, the number of records to be reviewed, the audit methodology and, the evaluation of results was largely dictated to the audit team. Due to this regimented philosophy, if a problem was found with an importer's compliance, the audit team was required to continue the audit process until they, not the importer, had quantified the universe of non-compliance. Compliance Assessments could, sometimes, go on for years.

As Customs & Border Protection needed to better allocate its human resources to both address its myriad of other regulatory obligations and expand upon the number of importer audits it could undertake, the Focused Assessment paradigm was developed. This model incorporates a "risk based" approach. CBP Regulatory Audit now has the discretion to assess the risk of non-compliance posed by the importer. They can then focus on only those trade activities engaged in by the importer that appear to pose the greatest risk of non-compliance.

When an importer is selected as a candidate for a Focused Assessment it will be required to respond to two extensive questionnaires about its business and be requested to submit a copy of its internal customs compliance procedure manual. The manual is a critical element in Regulatory Audit's evaluation of the overall risk posed by the importer.

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What is a Focused Assessment? *continued . . .*

The absence of a compliance procedure would, logically, indicate that there is a greater potential for things to go wrong.

The Regulatory Audit team will evaluate questionnaire responses, the quality of the importer's compliance procedure and the wealth of information Customs possesses about the importer within Customs' own systems. They will then make a determination as to the scope of the Focused Assessment of that particular importer. In other words, the scope of the audit is based on the evaluation of risk of non-compliance posed by the importer; a determination that is now within the purview of the audit team to make.

Having been selected as a candidate for a Focused Assessment does not necessarily mean that the importer has done something wrong or that CBP has the importer under some special scrutiny. Rather, it is more likely that, in seeking to gauge the compliance of all importers, the candidate's "number came up". These assessments are not just targeted toward the largest of importers. The program has been in effect since 2001 and most of the big importers have been through it. Smaller importers are just as susceptible to being selected since, often times, they are the ones who can pose a greater risk of non-compliance.

Being prepared well in advance for a Focused Assessment means more than simply being ready for an audit. An importer who begins an internal process now to ensure its own compliance will create an air of business certainty based on sound business practices.