



How to

Prepare for a Focused Assessment in 6 Steps

Preparing for a Focused Assessment is a serious undertaking for any company. After all, if the Focused Assessment doesn't go well, you could incur substantial penalties as well as significant additional duty payments. Once you receive notification, you typically have some time before the formal assessment process begins. You should use this time wisely and complete the following steps.

What is a Focused Assessment?

A Focused Assessment is a comprehensive audit by US Customs and Border Protection (CBP), which assesses internal controls over import activities to determine an importer's level of compliance. It usually focuses on the importer's processes for classification, valuation, special trade programs, and CBP trade priority issues.



1. Gather your team

A cross-organizational team should be assembled that includes not only the import compliance manager but also representatives from purchasing, accounting, and other import departments. It is also essential that a representative from General Counsel, and perhaps outside Customs Counsel, participate as well.



2. Review your procedures

During this time, the assembled team should carefully review the company's import compliance procedures and verify that those procedures are being followed. In those areas where shortcomings are identified, a quick internal review should be conducted by pulling entries and reviewing them closely for errors. It sometimes helps to have a third party Customs expert, such as a global trade consulting firm or law firm, assist in this process.



3. Consider filing a Prior Disclosure

If the company determines that significant additional duties are owed, the importer will have the opportunity to consider filing a Prior Disclosure with CBP before the formal initiation of the Focused Assessment. This matter will require the input of the General Counsel and outside Customs Counsel. If errors are found and the Prior Disclosure is filed in a timely fashion, the importer can significantly reduce or even eliminate potential penalties.



4. Update your procedures and address flaws

While conducting the internal review, make sure that you take advantage of this opportunity to update processes and address any flaws that you identify. This will demonstrate to CBP a true commitment to compliance once the official Focused Assessment begins.



5. Assemble and review the materials for CBP

The letter officially commencing the Focused Assessment will include a comprehensive questionnaire that addresses a wide range of trade compliance process issues and requests a good deal of information from the importer. The assembled team should be responsible for assembling and carefully reviewing all of these materials before they are submitted to CBP.



6. Work with CBP to determine scope

Another important task is to work with CBP in advance of the Focused Assessment's official start to ensure that the scope of review, as well as the business units involved, is manageable for both CBP and the company. For example, many large companies have multiple business units widely dispersed geographically. There may be great variance between these business units in the types and volume of imports and the trade processes used. Typically, CBP is willing to work with the importer to address only those business units and locations that make the most sense for both parties from a resource allocation standpoint.

Key Takeaway

All of these steps will help ensure that the Focused Assessment goes as smoothly as possible. But, perhaps the best lesson here is that much of the stress associated with a Focused Assessment can be significantly reduced if companies implement effective compliance programs and review their trade processes on an ongoing basis — before receiving notice that a Focused Assessment is imminent.

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