

Republic of the Philippines

Department of Finance

**Bureau of Customs**

1099 Manila

**Annex C**

**RISK EVALUATION GUIDE**

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| **IMPORTANT NOTICE:** This reference guide contains some of the basic tools, resources, and examples AEO applicants should consider using when conducting a risk assessment on their international supply chain(s). The information contained herein is intended to serve as a guide, and is not “all inclusive” of what should be included in an international supply chain security risk assessment.  The Five (5) Step Risk Assessment Process includes:   1. Mapping Cargo Flow and Identifying Business Partners (directly or indirectly contracted); 2. Conducting a Threat Assessment focusing on: Terrorism, Contraband Smuggling, Human Smuggling, Organized Crime, and conditions in a country/region which may foster such threats and rate threat – High, Medium, Low; 3. Conducting a Vulnerability Assessment in accordance with AEO Minimum Security Criteria and rate vulnerability – High, Medium, Low; 4. Preparing an Action Plan; and 5. Documenting How Risk Assessments are conducted |
| **PART I. MAPPING CARGO FLOW AND IDENTIFYING BUSINESS PARTNERS.** Illustrate herein or attach illustration of your end to end cargo flow including all business partners directly or indirectly involved in the process. |
| **A. CARGO FLOW:** |
| B. **IDENTIFY BUSINESS PARTNERS.** Identify each of the parties involved in the movement of cargo or documents and their role, such as but not limited to manufacturers, government agencies, freight forwarders:     |  |  |  |  |  | | --- | --- | --- | --- | --- | | Business Partner | Process involved | End to End Cargo Flow | Known Details About Provider | Risk Rating  (High, Medium, Low) | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |  |  |  |  |  | |
| **II. THREAT ASSESSMENT.** It is recommended to assign a threat risk rating based on the following.  1. **Low Risk** - No recent incidents/intelligence/information  2. **Medium Risk** – No recent incidents/some intelligence/information on possible activity  3. **High Risk** – Recent incidents and intelligence/information  A Score of 3 in any of the following areas would deem the supply chain as “High Risk”  1) Terrorism  2) Contraband Smuggling  3) Human Smuggling  4) Organized Crime |
| **III. VULNERABILITY ASSESSMENT**  One method that may be used to conduct a vulnerability assessment is sending security surveys to Business Partners who are not eligible or do not participate in the AEO program. Security surveys should be based on the process performed by the business partner in the international supply chain (e.g. Procurement, Production, Packing, Storage, Loading/Unloading, Transportation, and Document Preparation). Questions should ask the business partner to describe security measures used, and not only be “Yes/No” questions. The survey should address whether or not a system of checks, balances, and accountability are in place, particularly in areas of Securing Instruments of International Traffic, Tracking and Monitoring Cargo, Seal Security, and Business Partner Screening (sub-contracted).  The following are recommended risk rating of vulnerabilities for minimum-security criteria categories: Business Partner Requirements, Securing Instruments of International Traffic, Procedural Security, Physical Security, Physical Access Controls, Personnel Security, Security and Threat Awareness Training, and Information Technology Security.    1 - Low Risk - Meets all applicable Minimum Security Criteria (Musts and Shoulds)  2 - Medium Risk - Meets all applicable “Musts” Minimum Security Criteria, but does not  meet all “Should” |
| **IV. Develop an Action Plan** |
| **V. Enumerate the procedure of how risk assessment is conducted.** |