

FOCUSED ASSESSMENT PRE-ASSESSMENT SURVEY QUESTIONNAIRE

The purpose of this document is to obtain information from the importer about its import operations over compliance with CBP laws and regulations. The contents of the PASQ will be tailored based on the auditors' analysis the importer's import activity and the audit team's initial assessment of the potential risks for each of the audit areas that was identified in the PAR. Auditors may adapt or modify this document as needed or may develop alternate formats. Auditors may also request copies of documentation in conjunction with the PASQ.

PRE-ASSESSMENT SURVEY QUESTIONNAIRE	
INSTRUCTIONS TO THE IMPORTER FOR COMPLETING THE PASQ	
Please respond to all questions. The information you provide will assist us in focusing on the specific risks relative to your imported merchandise and the processes/procedures used to mitigate the risk of being noncompliant with CBP laws and regulations. In addition, your responses will help us to identify the individuals that are responsible for performing the procedures and the types of documentation that will be available for us to review. The audit team will review your responses and prepare supplemental questions that will be discussed with your personnel to further our understanding of your processes and procedures. This PASQ file is a word document that may be filled in with your responses and returned to the auditors either as a word or portable document format (pdf) file. We request that your <u>complete response</u> be provided to us by [insert date] so we may prepare our questions prior to the Entrance Conference.	
POINT OF CONTACT INFORMATION	
Name(s) of the person(s) preparing the form: <i>If there are multiple preparers, you may identify a single person that can be contacted to obtain clarification of the responses.</i>	
Title(s):	
Phone Number(s):	
E-mail address(s):	
Section 1 - Information about [name of importers]'s organization and policy and procedures pertaining to CBP activities	
1.1	Describe the company's mission statement, code of ethics/conduct, and company's objectives?

1.1.1	How is the mission statement, code of ethics/conduct, and company's objectives disseminated within the organization?
1.2	Who is responsible for assessing the risks to achieving the company's objectives? <i>Indicate if there is a subgroup or individual responsible for assessing the risk for being noncompliant with CBP laws and regulations.</i>
1.2.1	Describe how the risk assessment is accomplished. <i>Indicate, for example, when/how often the risk assessment is performed, what information is used, what thresholds/tolerances the company considers to be acceptable.</i>
1.2.2	When was the last risk assessment performed? <i>Describe any significant changes that were made as a result of the risk assessment.</i>
1.3	Who, within your company, has overall responsibility for ensuring compliance with CBP laws and regulations? • <i>Indicate if there is an import function or department and describe the chain of command (e.g., identify who they report to).</i> • <i>Alternately, your company may entrust compliance to a Customs broker, Customs consultant, or other outside agent. Identify them and indicate who within your company (i.e., individuals or groups) is/are responsible for interacting with the broker, consultant, or other outside agent (i.e., providing information to them and monitoring their work).</i>
1.3.1	If there is an import function or department, provide the following information: • How is it staffed? <i>Indicate if an individual is assigned as the manager and identify the number of employees that report to them.</i> • How long has the manager been assigned to his or her position? • What are the responsibilities of the manager and how are they accountable? <i>Indicate if they are responsible for providing weekly activity reports and describe any performance measures.</i>
1.3.2	If compliance has been entrusted to a Customs broker, Customs consultant, or other outside agent (i.e., no import department per se), provide the following information: • How long has the company engaged the current broker, consultant, or other outside agent? • Describe the processes used to communicate information and to monitor their work? <i>Indicate if there is a written contract or agreement.</i>
1.4	Who is responsible for developing and maintaining the written policies and procedures used to ensure compliance with CBP laws and regulations? • How often are the written policies and procedures updated?
Section 2 – Information about the valuation of imported merchandise	

2.1	What basis of appraisalment is used for the value of imported merchandise?
2.2	Who is responsible for transacting with the foreign vendors? <i>Identify all individuals or groups/departments that are responsible.</i>
2.2.1	Describe how transactions are negotiated with foreign vendors? <i>Describe all processes used and the conditions that apply.</i>
2.2.2	Describe the terms of sale used? <i>If there are different terms of sale, explain the conditions when each is used.</i>
2.2.3	If applicable, describe the terms/conditions when discounts or rebates are made?
2.2.4	If applicable, describe any additional expenses such as management fees or engineering services that are separately billed by the foreign vendors?
2.2.5	What documentation shows the terms of sale and prices (e.g., contracts, distribution and other similar agreements, invoices, purchase orders, bills of lading, proof of payment, correspondence between the parties, and company reports or catalogs/brochures)?
2.3	Describe the accounting procedures for recording purchases and payments.
	• What accounts are used to record <u>purchases</u> of foreign merchandise? <i>Identify or provide a list of vendor codes.</i> • What accounts are used to record <u>payments</u> made to foreign vendors? <i>Explain the methods of payments used (e.g., wire transfer, letters of credit).</i>
2.4	If applicable, what accounting data/reports are provided to the import function or department? <i>Indicate how often data/reports are provided (e.g., quarterly reports of price adjustments for purchases from foreign vendors).</i>
For risk pertaining to related party transactions	
2.5	Describe the nature of the relationship between your company and the related foreign vendor/seller? <i>Indicate if your company is the exclusive U.S. importer.</i>
2.5.1	Describe any financial arrangements (e.g. loans, financial assistance, and expense reimbursement) between your company and the foreign vendor/seller?
2.5.2	If applicable, explain the terms and conditions of goods sold to your company on consignment.
2.5.3	Describe how prices between your company and the foreign

	vendor/seller/manufacture are determined? <i>Identify all sources of data used and explain the accounting methodology or computational formulas where appropriate. If transaction value is used, indicate if your company supports circumstances of sale or test values. If applicable, provide the following information:</i>
	- Describe when price adjustments are made. - Identify any additional expenses such as management fees or engineering services that are separately billed to your company.
2.5.2	Explain how transactions are accounted for? <i>Indicate if your company maintains its own accounting books and records.</i>
2.5.2.1	What intercompany accounts are used?
For risk pertaining to statutory additions	
2.6	<u>Assists</u>
2.6.1	If applicable, describe the type of assists that are provided to the foreign vendors for free or at a reduced cost (e.g., tooling, hangtags, art or design work).
2.6.2	Who decides (or determines) that the assists will be provided? <i>Identify all individuals or groups/departments that are involved in the decision.</i>
	- When is it decided that the assists will be provided? - What accounts are used to record the costs of the assists?
2.6.3	Describe the procedures used to ensure that the costs of the assists are included in the values declared to CBP. <i>Indicate who decides how the actual cost of the assist will be apportioned to the imported items and explain how the apportioned cost is tracked.</i>
2.7	<u>Packing</u>
2.7.1	If applicable, describe the type of packing (i.e., labor or materials), containers (exclusive of instruments of international traffic), and coverings of whatever nature that is separately paid to the vendor to put the imported merchandise in condition ready for shipment to the United States.
2.7.2	Who decides (or determines) that the cost of packing will be separately charged? <i>Identify all individuals or groups/departments that are involved in the decision.</i>
	- When is it decided that the cost of packing will be separately charged? - What accounts are used to record the costs of packing, containers, and coverings?
2.7.3	Describe the procedures used to ensure that the cost of the packing is included in the

	values declared to CBP.
2.8	<u>Commissions</u>
2.8.1	If applicable, describe the terms of sale with foreign vendors that require your company to separately pay for “selling agent” commissions. <i>Identify the vendors.</i>
2.8.2	Who decides (or determines) that “selling agent” commissions will be paid directly to the intermediary?
	• When is it decided that the “selling agent” commissions will be paid directly to the intermediary? • What accounts are used to record the payment of these commissions?
2.8.3	Describe the procedures used to ensure that these commissions are included in the values declared to CBP.
2.9	<u>Royalty and License Fees</u>
2.9.1	If applicable, describe the terms of sale with foreign vendors that require your company to pay, directly or indirectly, any royalty or license fee related to the imported merchandise as a condition of the sale of the imported merchandise for exportation to the United States. <i>Identify the vendors.</i>
2.9.2	Who decides (or determines) that royalty or license fees will be paid as a condition of the sale?
	• When is it decided that royalty or license fees will be paid as a condition of the sale? • What accounts are used to record the payment of the royalty or license fees related to imported merchandise?
2.9.3	What procedures ensure that royalty or license fees are included in the values declared to CBP?
2.10	<u>Proceeds of Any Subsequent Resale, Disposal, or Use</u>
2.10.1	If applicable, describe any agreements with the foreign vendors where the proceeds of any subsequent resale, disposal, or use of the imported merchandise accrue directly or indirectly to the foreign vendor. <i>Identify the vendors.</i>
2.10.2	Who decides (or determines) that the proceeds of any subsequent resale, disposal, or use of the imported merchandise will accrue directly or indirectly to the foreign vendor?
	• When is it decided that the proceeds of any subsequent resale, disposal, or use of the imported merchandise will accrue directly or indirectly to the foreign vendor?

	What accounts are used to record the payment of these proceeds?
2.10.3	Describe the procedures used to ensure that proceeds of any subsequent resale, disposal, or use of the imported merchandise accruing directly or indirectly to the foreign vendor are included in the values declared to CBP.
Section 3 – Information about the classification of imported merchandise	
3.1	Who is responsible for determining how imported merchandise is classified? <i>Identify all individuals or groups that are responsible.</i>
3.1.1	What records and other information (e.g., product specifications, engineering drawings, physical items, laboratory analyses, etc.) are used to determine the classification of merchandise?
3.2	Does your company have a classification database?
3.2.1	If there is a classification database, do you archive previous versions of it? <i>Indicate how long previous versions are retained.</i>
3.2.2	If there is a classification database, is a copy provided to the broker? <i>Indicate how it is provided to the broker.</i>
3.2.3	If there is a classification database, what procedures ensure that the information in the database is accurate?
Section 4 – Information about special classification provisions HTSUS 9801	
4.1	Describe the type of merchandise that is imported under HTSUS 9801.
4.2	Who decides (or determines) that products of the United States will be returned after having been exported? <i>Identify all individuals or groups/departments that are involved in the process.</i>
	- When is it determined that products will be returned after having been exported? - What documentation/records are maintained for the exported items?
4.3	Describe the procedures that ensure the exported items have not been advanced in value or improved in condition by any manufacturing process or other means while abroad.
4.4	Describe the procedures that ensure that drawback has not been claimed for the exported items.
Section 5 – Information about special classification provisions HTSUS 9802	

5.1	Describe the type of merchandise that is imported under HTSUS 9802.
5.2	What documentation/records are maintained for the exported items?
5.3	For items imported under HTSUS 9802.00.40/9802.00.50: What documentation/records support the cost or value of the repair?
5.4	Describe the procedures or means (e.g., unique identifiers) used to ensure that the articles exported for repair or alterations are the same articles being re-imported.
5.5	For items imported under HTSUS 9802.00.40/9802.00.50: Describe the procedures that ensure the foreign operation (e.g., repair or alteration process) does not result in the exported item becoming a commercially different article with new properties and characteristics.
5.6	Describe the procedures that ensure that drawback has not been claimed for the exported items.
Section 6 – Information about GSP/FTA	
6.1	If applicable, identify the name and MIDs for all of the foreign vendors from whom items are imported under GSP/FTA.
6.2	Describe any agreements with unrelated foreign vendors. <i>Indicate if the unrelated vendors are required to provide cost and production records to CBP or are legally prevented from releasing the records.</i>
6.3	Describe the procedures used to ensure the origin of articles imported under GSP (or FTA) is wholly the growth, product, or manufacture of the BDC (or FTA country)? <i>Identify who performs the procedures and when/how often the procedures are performed.</i>
6.3.2	What documentation/records are verified? <i>Indicate if copies of the documentation/records are retained on file or may be obtained upon request.</i>
6.4	Describe the procedures used to ensure the cost or value of the material produced in the BDC (or FTA country), plus the direct processing cost, is not less than 35 percent of the appraised value of the articles at the time of entry into the United States? <i>Identify all individuals/groups that perform the procedures and when/how often the procedures are performed.</i>
6.4.1	What documentation/records are verified? <i>Indicate if copies of the documentation/records are retained on file or may be obtained upon request.</i>

6.5	What documentation is maintained on file showing that the articles are shipped directly from the BDC (or FTA country) to the United States without passing through the territory of any other country, or if passing through the territory of any other country, that the articles did not enter the retail commerce of the other country?
Section 7 – Information about NAFTA	
7.1	Who is responsible for maintaining the certificates of origin from NAFTA vendors?
7.2	Describe the procedures used to ensure that imported items are eligible for NAFTA?
Section 8 – Information about AD/CVD	
8.1	Who decides (or determines) that items may be subject to AD/CVD? <i>Indicate when and how often items are reviewed.</i>
8.1.1	What information is used to determine whether items may be subject to AD/CVD? <i>Identify all individuals or groups/departments that provide information as well as the documentation/records used.</i>
8.2	Describe the procedures used to ensure that the correct (true) country of origin is identified for items subject to AD/CVD.
8.3	Describe the procedures used to ensure that the correct AD/CVD case numbers are identified on the entry.
Section 9 – Information about IPR	
9.1	Identify all imported items for which your company has authorizations from the holders of IPR such as trade names, trademarks, or copyrights). <i>Describe the item and indicate the type of IPR.</i>
9.2	Who decides (or determines) that an imported item may have IPR belonging to other entities? <i>Indicate when and how often items are reviewed.</i>
	• When is it decided that an imported item may have IPR belonging to other entities? • What information is used to determine that the items have IPR belonging to other entities? <i>Identify all individuals or groups/departments that provide information as well as the documentation/records used.</i>
9.3	Describe the procedures used to ensure there is a valid authorization/agreement between your company and the owner of the trade name, trademark, copyright or patent prior to the importation of the items?

9.4	What accounts are used to record royalties, proceeds, and indirect payments related to the use of the IPR?

REQUEST FOR DOCUMENTATION

DATE OF REQUEST:

RESPONSE DUE:

SUBJECT: *When submitted in conjunction with the PASQ, the subject matter may be "Information about the organization and policies and procedures relative to compliance with CBP laws and regulations."*

Item no.	Description of Documentation
1	A copy of the organizational chart, if there is one.
2	A copy of written policies and procedures used to ensure compliance with CBP laws and regulations (e.g., an Import Compliance Manual).
3	A copy of the GL working trial balance for the period ending [xxxx] and description of accounts used.
4	A copy of written accounting procedures for recording purchases and payments.

INSTRUCTIONS FOR PREPARING THE PRE-ASSESSMENT SURVEY QUESTIONNAIRE

(Instructions should be deleted from the copy sent to the importer.)

This file contains an example PASQ and is not intended to provide a comprehensive or exhaustive list of questions. Auditors are not required to ask the questions that are shown and will modify the contents of the PASQ to correlate with the risks identified in the PAR. Auditors use their professional judgment to decide what questions and information are relevant for the facts and circumstances of the audit.

FA PAS Appendix IX contains an example PASQ that uses tables which may be modified using the Table Tools on the menu bar (the cursor must be in the table in order to see this toolbar option).

- There are general instructions to the importer that explains how the information will be used. It may be modified to include the importer's name and a date for them to return the completed response.
- There is a section for the importer to identify the individual(s) that prepared the responses, with the option to identify a single person who may be contacted to obtain clarification about the PASQ responses. A suggested alternative would be to have the importer provide the name, title, phone number, and email address for the individuals that prepared the responses at the beginning of each Section.

The PASQ is typically used to ask questions about internal control and to obtain information that will help the auditors to finalize their assessment of inherent risk. Auditors use their judgment to develop the format and content of the questionnaire. For example, the format of the PASQ may be arranged to have sections for the five control components, or may be arranged by audit areas (e.g., value, classification, HTSUS 9801, etc.) to obtain additional information about inherent risks.

The amount and types of questions is a matter of professional judgment. For example, auditors may use a "layered" approach to initially obtain information about the control environment and to identify individuals from various departments that are most knowledgeable about the processes and procedures used (e.g., accounts payable, purchasing) that will be interviewed subsequent to the entrance conference.

Auditors may request copies of documentation in conjunction with the PASQ. An example of a Request for Documentation is provided at the end of the PASQ. The form and content of requests for documentation is a matter of professional judgment.

The example PASQ Section 1 contains questions about the importer's organization and policies and procedures. The questions correlate to the components of internal control: control environment and risk assessment. The questions are designed to find out "who" is responsible for ensuring compliance with CBP laws and regulations, "when" procedures are performed, and "how" the procedures accomplish some aspect relative to compliance with CBP laws and

regulations. Responses to these questions aid in understanding the importer's core values and allocation of resources for customs compliance, and may be used to develop interview and walkthrough questions that are appropriate for the company's size and structure.

The example PASQ Section 2 contains questions about the valuation of imported merchandise. These question could be arranged in various ways (e.g., categorized to ask questions about bona fide sale, basis of appraisement, value of merchandise from related vendors or unrelated vendors, etc.).

- There is a series of questions to find out (i) what basis of appraisement is used, (ii) who is responsible for negotiating prices with the vendors, and (iii) what accounts are used to post transactions that may be relevant to declared value. Responses to these questions should aid in obtaining accounting information and identifying the specific risks for value relative to the importer's import activity.
- There is a series of questions for related party transactions to find out the nature of the relationship between the buyer and seller and, whether the importer uses transaction value as the basis of appraisement, whether the importer plans to support circumstances of sale or test values. Responses to these questions should aid in assessing whether there is a bona fide sale and determining the basis of appraisement that is being used.
- There is a series of questions to find out (i) which of the statutory additions may be relevant, (ii) which accounts are used to records payments for them, and (iii) what procedures ensure amounts are included in declared value. Responses to these questions should aid in identifying accounting information, and aid in assessing the significance of inherent risks for value and identifying control activities for value.

The example PASQ Section 3 contains questions about the classification of imported merchandise. There is a series of questions to find out (i) who is responsible for determining the classification, (ii) what records or other information used, (iii) whether there is a database, and (iv) what controls are in place for maintaining and using the database. Responses to these questions should aid in assessing control risk and planning the audit evidence that will be obtained.

The example questions in PASQ Sections 4 through 9 may be used to obtain information about other audit areas. These questions are designed to find out (i) what types(s) of items are imported, (ii) who decides that items will be imported that may be subject to the risks relative to the audit area, (iii) when it is decided that the items may be imported, (iv) what records or other information is used, and (v) what procedures are used to mitigate the risk of noncompliance (i.e., control points). PASQ Section 5 contains a few questions that are relevant to HTSUS 9802.00.40/50; it is noted that similar types of questions may be added to solicit information for the other subheadings as appropriate for the facts and circumstances of the audit. Responses to these questions should aid in assessing inherent risk and control risk and planning the audit evidence that will be obtained.