

SELF ASSESSMENT FORM EXPLANATORY NOTES

EXPLANATORY NOTES FOR AEO SELF ASSESSMENT FORM (SAF)

The purpose of the AEO SAF is to help you as an applicant to understand the requirements associated with obtaining the AEO authorisation and provide Customs with information about you and your business in addition to that provided in your application.

These notes provide you with both guidance on how to answer the questions in the SAF as well as information on the standards customs administrations expect you to achieve and demonstrate to them in order to obtain the AEO authorisation.

According to point 4.2. of the regional AEO Procedure Manual in order to apply for the AEO authorisation the applicant shall submit a SAF, which the customs shall make available, together with the application.

1. This SAF is built on the provisions of the EAC Compliance and Enforcement Regulation as well as the regional AEO Procedure Manual. It aims to simplify and speed up the AEO application process.

It also allows for the Customs administration to get a good overall picture of the applicant together with the application form and that will result in speeding up the authorisation process. Economic operators are therefore invited to fill in the SAF in a correct way and answer to all relevant questions for their business.

You can find additional information about AEO programme on the EAC website and your national Customs administration's website.

Please note that it is important to read Part V (Authorized Economic Operators) of the EAC Compliance and Enforcement Regulation, the regional AEO Procedure Manual and regional AEO SOP carefully, before starting the application process.

2. The SAF is part of the AEO application and both parts have to be submitted together to the respective Partner State (PS) customs administration where you are established (the manner of submission will be dependent on the facilities that the relevant customs administration has in place).

It is recommended to contact the respective PS customs administration should you have any questions or require further information regarding the SAF or the application before submitting them.

3. The SAF contains the most important issues that can be of use for customs under each section. However, some issues do affect only certain actors in the international supply chain. You do not need to answer questions that are irrelevant for your business. Please answer these issues with "Not applicable" followed by a short comment on why it is not applicable.

If your company holds certificates, expert reports or any other conclusions from experts (for example economic reviews, international certificates etc.), please either provide them or make reference to them. Note that this is not absolutely necessary, but if you have any of them it could be useful information for customs administration and could result in speeding up the process.

If you do so, please specify the name or number of the document and keep this ready for an on-site audit by the customs administration. To speed up the process it might be also possible to submit the documents (the manner of submission will be dependent on the facilities that the relevant customs administration has in place) together with the SAF.

4. The completed AEO application and SAF shall be submitted to the customs administration in an electronic form (preferably) or in writing.

5. The information sent within the application process falls under the data security legislation and will be treated as confidential.

6. It should be noted that individual answers to questions are not considered in isolation, but as part of an overall assessment process in relation to the criterion concerned. One unsatisfactory answer to a single question may not lead to a rejection of the AEO application in case the criterion is shown to be fulfilled elsewhere in the process.

7. The conditions and criteria for an AEO authorisation are the same for all economic operators. However, customs authorities will take into account the size of the company (e.g. Small and Medium Sized Enterprises (SME)), legal status of company, structure, the key business partners and also the specific economic activity. This means that the implementation of measures in order to fulfil the criteria can vary from operator to operator depending on size for example, without challenging the compliance of the requirements.

6. Please note that compliance with the various requirements will be checked for the last 3 years preceding the submission of the AEO application. In case you have been established for more than 1 but less than 3 years, it will be assessed for the period you have been established and based on the information and records available.

8. An AEO authorisation is based on the same principles as other international standards and where internal quality assurance standards are being adhered to by the company. **You as applicant are responsible for having quality assured procedures** at your premises, for customs matters as well as security and safety. At the site visits your company should show the customs authorities that you have adequate internal procedures in place, in order to manage your customs and security and safety matters and adequate internal controls in order to assure that those procedures work properly.

The answers in the questionnaire submitted together with the application should be a summary of the internal procedures and instructions you have in place in order to give the customs an overall picture of your business. In order to reply to the questionnaire and to be prepared for the AEO validation process all the main departments of your business involved in the international supply chain such as customs, logistics, accounting, computing, purchasing, sales, security, quality departments will have to be involved in the process.

Section 1 COMPANY INFORMATION

The purpose of this section is mainly to get information giving the customs administration an overview on the company. The information requested can be given in a general way and serves as a snapshot of applicant's activities on the date of the application submission. If under any question a specific document is required it has to be provided together with the SAF.

1.1 Do you trade with businesses which are related to you?

This question applies to all applicants in all client categories.

The question is asking the applicant to indicate whether there are other business partners related to that company, for instance if the applicant is an importer we would like to know whether the supplier is a subsidiary of the same company located in another PS or third country.

1.2 Provide details of any independently accredited standards to which you adhere

This question applies to all applicants in all client categories.

The question is asking the applicant to indicate whether he has been qualified and accredited for any other standard certification, for instance ISO certification, environmental certification, security and safety certification etc.

Internal organization

This section seeks to know the organisational structure of the business entity. This will provide the guarantee that the relationship between customs and the entity will be maintained even after his accreditation.

1.3. Provide the contact details of the senior personnel responsible for customs matters in your organization. Please provide information on his professional background, in particular experience in customs matters.

This question applies to all applicants in all client categories.

The person in charge of customs matters is the person inside the company or a contracted person dealing with the applicant's customs matters.

This helps customs to know that they are dealing with skilled personnel in customs related matters.

1.4. Have you documented fall back procedures when key staffs are absent?

This question applies to all applicants in all client categories.

Please describe briefly how do you deal with temporary or short term absences of key staff e.g. customs manager, import clerk including how their normal responsibilities are covered and by whom.

Section 2 COMPLIANCE RECORD

The purpose of this section is mainly to show how the applicant adheres to the set customs procedures, laws and regulations.

You should not have committed any offence under customs laws, other taxation laws and laws of all relevant Government Agencies. However the record of compliance may be considered as acceptable if the offences are of low risk in relation to the number or size of the related operations/ activities.

2.1. Has any action been taken against your company on any offence committed under the laws, rules and regulations pertaining to Customs, Domestic Taxes and all relevant Government Agencies in the last 3 years? If yes, please specify type of offence and action taken?

This question applies to all applicants in all client categories.

2.2 Does your company owe any unpaid duties to the Customs Administration or have any other outstanding obligation to any of the EAC Revenue Administrations? If yes, please specify.

This question applies to importers, customs agents and exporters.

2.3 Provide brief details of any customs authorisation held or sought by your business which has been withdrawn, suspended or denied in the last 3 year.

This question applies to all applicants in all client categories.

2.4 Does your company have routines and/or instructions or guidelines on the notification of irregularities to customs? Are these instructions documented (e.g. work instructions, manuals, and other guidance documents)?

Over the last year, have you detected any irregularities (or presumed irregularities) and notified them to the competent authorities? Yes /No

This question applies to all applicants in all client categories.

The applicant is required to document procedures for identifying irregularities/ errors (nonconformities) and submit to customs/ regulatory authorities for further management.

For instance if the operator has identified irregularities/ errors (nonconformities) on his declaration like using wrong HSC, wrong currency, or omitted documents he/she will need to follow the laid out procedures to report to customs for rectification of the error.

2.5 Provide brief details of any compliance errors or irregularities you have discovered in your business in the last three years.

This question applies to all applicants in all client categories.

2.6 Have you taken any remedial action as a result of the above? If yes, please provide details of what you have done.

This question applies to all applicants in all client categories.

2.7 Do you have a documented personnel code of conduct? (Yes or No)

This question applies to all applicants in all client categories.

2.8 Have you been convicted for any criminal offence? (Yes or No), if yes provide details

This may include the directors, the staff dealing with customs related matters. The criminal offence conviction is done by court.

Section 3 MAINTENANCE OF RECORDS

The purpose of the questions under this section is mainly to give information to customs with regard to the accounting and logistical system and records you use. The accounting and logistical system should provide customs with insights into the flow of goods and flow of money related to the goods flow and the tax aspects are very much relevant in that respect. An audit trail of the tax relevant movement of goods gives customs the opportunity to cross check if goods can be surreptitiously introduced in international trade supply chains and it provides a clear indication on the licit purposes of a transaction.

3.1 Do you maintain a full audit trail of your customs activities? (Yes or No), If yes, please give details.

This question applies to all applicants in all client categories.

An audit trail is a process or an instance of cross-referring each bookkeeping entry to its source in order to check its accuracy. A complete audit trail also maintains a historical record that enables you to trace a piece of data from the moment it enters the trail to the time it leaves.

Accounting and logistical system

The applicant must maintain an accounting system which allows audit based customs control. To enable customs to apply the necessary controls you must allow customs to have physical and –in case your systems and records are kept electronically –electronic access to your records.

3.2 What accounting package/logistical application system (e. g sun system, sage e. t. c) do you use for your commercial management?

This question applies to all client categories.

3.3 Please provide the name of the software manufacturer.

This question applies to all client categories.

3.4 Where are your computer servers located?

This question applies to all client categories.

3.5 If the accounting system is automated, is it possible for Customs to interrogate and extract the data from the system? (Yes or No)

This question applies to all client categories.

Internal control system

The operator should have an administrative organisation which corresponds to the type and size of the business and which is suitable for the management of the flow of goods and have internal controls capable of preventing and detecting illegal and irregular transactions.

Internal policies and/or instructions should be documented either electronically or on paper. They must be known and applied within the organisation, be available to all users and of course continuously updated.

3.6 Have you documented procedures by which employees within the different units in your business operate? (E.g. depending on the business activity - sales, production, etc.) (Yes or No) If yes, please provide details.

These procedures should provide evidence that they are regularly and fully reviewed, document any changes and notify affected staff of the changes.

3.7 Does your company have an internal audit function? (Yes or No)

This question applies to all client categories.

3.8 Is there a framework established to take actions on recommendations of the Internal Audit? (Yes or No)

This question applies to all client categories.

3.9 Have your internal control processes been subject to any internal/external audit? (Yes or No)

This question applies to all client categories.

3.10 Have you documented procedures to regulate and control the use and access to key and confidential business information?

The company should have documented procedure for managing use and access to confidential information of the company e.g. payroll of staff, password management etc.)

Making customs declarations and the use of customs agents**3.11. Have you documented procedures for verifying the accuracy of customs declarations including those submitted on your behalf by a third party representative e.g. agent, forwarder e. t. c? Yes/No. If yes please describe briefly the procedures. If no, do you verify the accuracy of customs declaration? Yes/No. If Yes in what way?**

In case of importers, exporters, warehouse keepers, your procedures should include:

- how you ensure the completeness, accuracy and timeliness of customs declarations you make yourself, including performing management checks;
- presentation or availability of supporting documentation;
- up to date details (names and addresses) of customs agents/third parties used;
- how customs agents are appointed e.g. the credibility and suitability checks you perform before you appoint them;
- the circumstances when they are used;
- contracts detailing responsibilities, including the type of representation by customs agent;
- the way you provide clear and unambiguous instructions to your customs agent;
- how you provide supporting documents (e.g. licences, certificates etc.) to your customs agent, including presentation and retention/return;
- what the customs agent should do if the instructions are unclear;
- checking/verification of the accuracy and timeliness of your customs agent's work by you;
- how you notify your customs agent of any errors/amendments regarding cleared entries;
- dealing with irregularities;
- voluntary disclosures of errors to customs.

In case of customs representatives, your procedures should include:

- contracts detailing responsibilities,
- how you ensure the completeness, accuracy and timeliness of customs declarations you make, including performing management checks;
- prompt presentation or availability of supporting documentation;
- how your staff are aware of customers' and contract requirements;
- what you do if the customers' instructions are unclear or the details provided are incorrect;
- what you do if you discover any errors/amendments regarding cleared entries;
- voluntary disclosures of errors to customs.

Section 4 **FINANCIAL SOLVENCY**

Solvency means a good financial standing which is sufficient to fulfil your commitment with due regards to the characteristics of the type of business activity.

4.1 Are all your annual accounts up to date? (Yes or No)

This question applies to all applicants in all client categories.

4.2 Do you have copies of your external auditors' reports for the last 3 years? (Yes or No)

This question applies to all applicants in all client categories.

Section 5 SECURITY AND SAFETY STANDARDS

This section concerns the security and safety criterion for AEO. The self-assessment for this requirement shall comprise all the premises which are relevant to the customs related activities of the applicant. You should demonstrate a high-level of awareness on security and safety measures, internally and in your business activities with clients, suppliers and external service providers, considering your role in the international supply chain.

You should not confuse this with health and safety requirements.

Normally any procedures referred to in this Section are expected to be of a sufficient standard and detail to (a) clearly identify both the responsible person and their deputy(ies) and (b) to enable the deputy(ies) to act in the way designated by the responsible person.

All procedures should be documented and made available for customs authorities during the audit of the AEO criteria and will always be checked on site.

5.1. Have you documented procedures for back-up, recovery, fall back, archiving and retrieval of your business records? (Yes or No) If yes, please describe them briefly.

Your procedures should include on what kind of media the data is stored, in which software format the data is stored and whether the data gets compressed and at what stage. If a third party is used, please indicate the arrangements, the frequency and location of any back-up and archived information.

Please indicate how long the data is saved in the production system and how long the data is archived.

Please describe whether your company has a contingency plan for systems disruption/failure.

This question applies to all applicants in all client categories.

5.2 Have you documented procedures to protect your computer system against unauthorized access? (Yes or No)

If yes, please describe briefly what actions you have taken in order to protect your computer system from unauthorised intrusion. Your actions should consider:

- an updated safety plan describing the measures in place for protecting your computer system from unauthorised access as well as deliberate destruction or loss of information;

- details of whether you operate multiple systems at multiple sites and how they are controlled;
- who is responsible for the protection and running of the company's computer system (responsibility should not be limited to one person only, but to several persons who are able to monitor each other's actions);
- details of firewalls, anti-virus and other malware protection;
- a business continuity/disaster recovery plan in case of incidents;
- back-up routines including restoration of all relevant programmes and data following the disruption due to a breakdown of the system;
- logs where each user and his actions are recorded;
- whether the vulnerability management of the system is done periodically and by whom.

This question applies to all applicants in all client categories.

5.3 Have you documented procedures to ensure your company documents are secure? (Yes or No)

If yes, please describe briefly. Normally, these shall include:- how recording and back-up of documents including scanning and microfiche, and limiting access is done;

- an updated safety plan describing the measures in place to protect documents from unauthorised access as well as their deliberate destruction or loss;
- the filing and safe, secure storage of documents including responsibilities for their handling;
- dealing with incidents which compromise document security.

This question applies to all applicants in all client categories.

Logistical security

5.4 Which means of transport are normally used by your business?

This question applies to the movement of your imported and/or exported goods, as the case may be, between your premises and the border of the EAC, across the EAC territory and within different sets of premises.

You should list all modes of transport used starting or ending within your premises and entering the international supply chain.

This question applies to all applicants in all client categories except for cases of customs agents just dealing with customs documents.

5.5 Transport ownership – Does your company use transport as:

- a. sole ownership
- b. third party (e.g. external carriers, freight forwarders, etc.)

c. both

This question applies to all applicants in all client categories except for cases of customs agents just dealing with customs documents.

5.6 If “b” or “c” above, do you have agreements in place outlining responsibilities and procedures for the security of goods under conveyance? (Yes or No)

If yes, please describe briefly how you choose the external providers and how you establish whether the freight forwarder/carrier meets the security requirements.

This question applies to all applicants in all client categories except for cases of customs agents just dealing with customs documents.

Premises security

5.7 Have you implemented measures to secure your business premises? Describe briefly how the external boundary of your company’s premises is secured. How is compliance with these procedures checked? How, by whom and at what intervals are checks carried out on the fences and buildings? How are security incidents reported and dealt with.

This question is relevant for all actors in the supply chain.

5.8 Have you documented procedures for control of access to cargo areas? (Yes or No)

This question applies to all applicants in all client categories except for cases of customs agents just dealing with customs documents.

Personnel security

This question is relevant for all actors in the supply chain.

5.9. Please describe briefly how your employment policy deals with security and safety requirements? Who is responsible for this area? Are the security procedures recorded in writing? Yes/No. Describe briefly how compliance with these procedures is checked?

5.10 Are employees provided with identification while at work?

5.11 Does your company conduct trainings on security awareness programs to employees? (Yes or No)

If yes, please describe briefly:

- what is the frequency of the security and safety training?
- is this training internal or provided by an external supplier?

- Are there written records on these trainings (e.g. content, who has attended these?)

5.12 Do you carry out back ground checks on newly recruited staff? (Yes or No)

Please describe briefly: To what extent are the following types of employees subject to security checks (e.g. police checks to confirm that he/she has no criminal record)

- a) new employees who will be working in security-sensitive fields
- b) existing employees who are to be transferred into security-sensitive fields.

How is it ensured that when staffs leave, they no longer have any physical or electronic access to company premises or data?

Trade Partners

5.13. When entering into negotiated contractual arrangements with a trading partner, do you encourage your contracting party to assess and enhance its supply chain security?

This applies to all applicants in all client categories

While making contracts with trading partners the operator should ensure that the clause stating security responsibilities of the parties involved in the contract are covered, for instance transport contracts where by the transporter should be responsible for the security of the cargo they are transporting.

5.14. Have you established a system of reviewing relevant commercial information relating to your contracting party before entering into contractual relations?

This applies to all applicants in all client categories

There should be established guidelines or a mechanism of back ground check before entering a contract with any party.

Section 6 VOLUME OF BUSINESS

The questions under this section aim at providing customs with general overview of the volume of your business, including volume of customs related activities.

Fiscal statistics on Customs matters

6.1. Do you perform customs formalities in your own name and for your own account?

Are you being represented by someone regarding customs formalities, if yes by whom?

Do you represent other persons in customs formalities? If yes, whom? (Name the most significant clients)

6.2. What is the number of Customs declarations (imports, exports and re-exports, transit) made by your company in the last 3 years?

This question doesn't apply to transporters.

6.3 What is the total amount of Customs duties and taxes paid by your company in the last 3 years?

This question doesn't apply to transporters.

6.4. Has your company dealt in duty exempted goods in the last 3 years? (Yes or No)

If yes, please provide details regarding the scheme under which you were entitled on this.

This question doesn't apply to transporters.

Section 7 NATURE AND FLOW OF GOODS TRADED IN

Nature of goods

7.1. Provide a list of the main countries with which you trade in. (e.g. you import goods from, you export goods to, you transport goods between).

This question applies to all client categories.

7.2. Do you deal in goods which are subject to preferential rate of duty? (Yes or No). If yes, please give an overview of the preferential schemes you are using.

This question doesn't apply to transporters.

7.3. Do you deal in goods subject to licenses, permits, certificates or restrictions? If yes, please provide details.)

This question applies to all client categories.

Flow of goods

7.4. Have you documented procedures to control stock movement? (Yes or No)

This question doesn't apply to customs agents dealing with customs documents only.

Stock movement procedures should include, before and during the arrival of goods;

- purchase ordering procedures
- confirmation of order
- shipping/transport of goods
- supporting documentation requirements
- transport of goods from the frontier to your or your customers' premises
- receipt of goods at your or customers' premises
- payment/settlement
- how, when and by whom are goods entered into the stock record,

During the storage of goods,

- a clear assignment of a location for storage of the goods
- safe storage of dangerous/hazardous goods

- whether stock is recorded by value and/or quantity
- existence and frequency of stock-taking
- if a 3rd party's premises is used to store your goods, arrangements including reconciliation between your and 3rd party's stock record
- if a temporary location is used to store the goods,

7.5. Have you documented procedures to control your manufacturing processes? (Yes or No)

This question applies to manufacturers.

During the manufacturing process of goods,

- raising the works order
- requisitioning of stock items and delivery from storage
- manufacturing process, staff responsibilities, and records maintained
- recipe codes
- recording the manufactured product and unused stock in the stock records
- use of standard manufacturing methods in the production,

7.6 Have you documented procedures to control the delivery of goods to your customers? (Yes or No)

This question doesn't apply to customs agents dealing with customs documents only.

The procedures should include information about,

- receiving customer order and raising works or purchase order
- informing the warehouse of the sale order/release of the goods
- instructions to 3rd party if goods stored elsewhere
- picking
- packing procedures
- how, when and by whom are the stock records updated.