



# Privacy Impact Assessment Update

for the

## Customs Trade Partnership Against Terrorism (CTPAT)

**DHS Reference No. DHS/CBP/PIA-013(a)**

**January 3, 2022**



**Homeland  
Security**



## Abstract

The Customs Trade Partnership Against Terrorism (CTPAT) is a U.S. Customs and Border Protection (CBP) voluntary trade partnership program in which CBP and members of the trade community work together to secure and facilitate the movement of legitimate international trade. The program focuses on improving security throughout the supply chain, beginning at the point of origin (including manufacturer, supplier, or vendor), through a point of distribution, to the destination. CTPAT member companies, called partners, agree to implement certain security procedures throughout their supply chains to protect those supply chains from terrorist infiltration and other illegal activities that threaten the security of the United States. CBP is publishing this Privacy Impact Assessment (PIA) Update to provide notice of: (1) the CTPAT Trade Compliance Program; (2) the collection of additional data elements for the CTPAT Security Program; and (3) an update to the proposed National Archives and Records Administration records retention schedule.

## Overview

In 2013, CBP issued DHS/CBP/PIA-013 Customs Trade Partnership Against Terrorism (CTPAT)<sup>1</sup> to provide transparency for the CTPAT program. The original PIA focused on the CTPAT Security Program, a voluntary public-private sector partnership program between CBP and international supply chain stakeholders such as importers, carriers, consolidators, licensed customs brokers, and manufacturers to strengthen cargo security.<sup>2</sup> As a supply chain security program for international cargo and conveyances, CTPAT increases security measures, practices, and procedures throughout all sectors of the international supply chain. The program focuses on improving security from the point of origin (including manufacturer, supplier, or vendor) through a point of distribution to the final destination. The current security criteria for CTPAT Security Program members address a broad range of topics including personnel, physical, agricultural, cyber, business partner, and procedural security; access controls; education, training, and awareness; manifest procedures; conveyance security; threat awareness; and documentation processing. The criteria offer a customized solution for the members, while providing a clear minimum standard that approved companies must meet.

CTPAT Security Program benefits are offered to only the most secure and compliant program participants. To uphold this relationship, CBP requires the trade partner to assume

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<sup>1</sup> See U.S. DEPARTMENT OF HOMELAND SECURITY, U.S. CUSTOMS AND BORDER PROTECTION, PRIVACY IMPACT ASSESSMENT FOR THE CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM (CTPAT), DHS/CBP/PIA-013 (2013), available at <https://www.dhs.gov/privacy-documents-us-customs-and-border-protection>.

<sup>2</sup> On October 13, 2006, the President signed the Security and Accountability for Every Port Act of 2006 (SAFE Port Act), 6 U.S.C. § 901 note, which legislatively authorized the establishment of CBP's Customs Trade Partnership Against Terrorism program.



responsibility for securing its supply chain according to agreed-upon security standards and implementing changes as needed. Businesses accepted into the CTPAT Security Program agree to take actions to protect their supply chain, identify security gaps, and implement specific security measures and best practices in return for certain benefits that may speed-up processing of their shipments by CBP. Businesses eligible to fully participate in the CTPAT Security Program include U.S. importers and exporters; U.S./Canada highway carriers; U.S./Mexico highway carriers; rail and sea carriers; licensed U.S. Customs brokers; U.S. marine port authority/terminal operators; U.S. freight consolidators; ocean transportation intermediaries and non-operating common carriers; Mexican and Canadian manufacturers; and Mexican long-haul carriers.

To participate in the CTPAT Security Program, a company is required to submit a confidential online application using the CTPAT Portal.<sup>3</sup> The CTPAT Portal is the public-facing portion of the CTPAT Security Program system used by companies to submit information about their company and supply chain. As part of the application process in the CTPAT Portal, companies create a Security Profile (SP) and a narrative description of the procedures the business uses to adhere to each CTPAT Security Program criteria or guideline articulated for their particular business type (e.g., importer, customs broker, freight forwarder, air, sea, and land carriers, and contract logistics providers), together with any supporting documentation.<sup>4</sup> The company provides information that is focused on the security procedures of their business (e.g., whether the business conducts background investigations on employees), rather than the individuals related to those businesses (e.g., a list of employee names). Upon completion, the company submits the application to CBP via the CTPAT Portal.

Upon receipt, a CBP Supply Chain Security Specialist (SCSS) reviews and vets the application by conducting various systems checks, including, but not limited to TECS,<sup>5</sup> Automated Commercial Environment (ACE),<sup>6</sup> Automated Targeting System (ATS),<sup>7</sup> and queries of publicly available data (e.g., Google search). Derogatory vetting results are evaluated by the SCSS and a

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<sup>3</sup> Launched in 2014, the CTPAT Portal is designed to streamline applications to U.S. partnership programs, add functionality requested by CTPAT Partners, and meet DHS mandated security requirements. The portal provides flexibility to adapt to future data requirements and administer multiple partnership programs, e.g., CTPAT and CTPAT Trade Compliance within a single site. The CTPAT Portal is available at <https://ctpat.cbp.dhs.gov/trade-web/index>.

<sup>4</sup> The CTPAT minimum security criteria can be found at: <https://www.cbp.gov/border-security/ports-entry/cargo-security/ctpat-customs-trade-partnership-against-terrorism/apply/security-criteria>.

<sup>5</sup> See U.S. DEPARTMENT OF HOMELAND SECURITY, U.S. CUSTOMS AND BORDER PROTECTION, PRIVACY IMPACT ASSESSMENT FOR THE TECS SYSTEM: CBP PRIMARY AND SECONDARY PROCESSING, DHS/CBP/PIA-009 (2010 and subsequent updates) and TECS SYSTEM PLATFORM, DHS/CBP/PIA-021 (2016), available at <https://www.dhs.gov/privacy-documents-us-customs-andborder-protection>.

<sup>6</sup> See U.S. DEPARTMENT OF HOMELAND SECURITY, U.S. CUSTOMS AND BORDER PROTECTION, PRIVACY IMPACT ASSESSMENT FOR THE AUTOMATED COMMERCIAL ENVIRONMENT, DHS/CBP/PIA-003 (2015), available at <https://www.dhs.gov/privacy-documents-us-customs-and-border-protection>.

<sup>7</sup> See U.S. DEPARTMENT OF HOMELAND SECURITY, U.S. CUSTOMS AND BORDER PROTECTION, PRIVACY IMPACT ASSESSMENT FOR THE AUTOMATED TARGETING SYSTEM, DHS/CBP/PIA-006(e) (2017), available at <https://www.dhs.gov/privacy-documents-us-customs-and-border-protection>.



CTPAT Security Program supervisor for approval. The SCSS uses a combination of an internal module of the CTPAT Portal and the CTPAT Security Program SharePoint site to store vetting results and application decisions. The SCSS routinely conducts vetting on partners to ensure companies remain low risk.<sup>8</sup>

Once CBP completes the application review process, CBP initially designates approved businesses as Tier One certified partners who may then be eligible for beneficial processing. Companies that have passed the initial CTPAT application phase and had its security profile approved are designated as Tier One certified partners. In order to become a Tier Two partner, CBP makes a site visit to the business to validate the partner's supply chain security. As part of the validation process, CBP physically verifies that the security profile submitted by the partner is accurate and matches the business's submissions, and that its supply chain complies with CTPAT Security Program minimum security criteria. Tier Two partners receive a lower likelihood of cargo examinations and become eligible for priority "front-of-the-line" cargo inspections at ports of entry, should an examination be required. Importers achieve Tier Three status if the validation process shows the partner exhibits security best practices that exceed the minimum-security criteria. In turn, Tier Three partners receive the facilitated processing of Tier One and Tier Two status as well as (1) further reduction in the likelihood of cargo examinations; (2) highest priority when examinations of cargo are required; (3) inclusion in joint incident management exercises; and (4) participation in secure supply chain pilot programs.

## Reason for the PIA Update

CBP is publishing this update to the original 2013 PIA to address the following: (1) introduce the CTPAT Trade Compliance Program, which is available to companies already designated as a CTPAT Security Program partner; (2) the collection of additional data elements for CTPAT Security Program company owners and designated company points of contact; and (3) document the change to the proposed National Archives and Records Administration records retention schedule.

### 1. CTPAT Trade Compliance Program

As described above, the original 2013 PIA primarily focused on the CTPAT Security Program, which falls under CBP's larger Trusted Trader framework.<sup>9</sup> In addition to the CTPAT Security Program, the Trusted Trader framework also previously included the Importer Self-

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<sup>8</sup> Highway carriers participating in CBP's Free and Secure Trade (FAST) program are initially vetted through FAST and then re-vetted and certified by CTPAT.

<sup>9</sup> The strategy for the Trusted Trader framework is based on a continuum of activity providing a consistent level of engagement between the trade and regulatory government partners that demonstrates the highest level of commitment in practice to security, compliance, and partnership within the global supply chain. This is a trusted relationship that is articulated with trading and/or facilitative benefits, streamlining the global trading process, allowing focus and global attention on those that pose the highest risk.



Assessment (ISA) program.<sup>10</sup> Certified partners in the CTPAT Security Program could voluntarily participate in the ISA program, which provided meaningful benefits that were tailored to industry needs and required that importers demonstrated readiness to assume responsibilities for managing and monitoring their own compliance through self-assessment. On June 16, 2014, CBP provided public notice<sup>11</sup> of the transformation from the ISA program to the CTPAT Trade Compliance Program, which provides importers and exporters a process to achieve an integrated partnership program for security and compliance.

The CTPAT Trade Compliance Program is a voluntary program that is mutually beneficial to both CBP and the importer, as it increases importer compliance and the flow of legitimate cargo into the United States. This program is built on the knowledge, trust, and willingness to maintain an ongoing relationship between CBP and importers that, like the former ISA program, allows importers to monitor their own compliance through self-assessment. In exchange for compliance with regulatory trade requirements imposed by CBP and other government entities, the CTPAT Trade Compliance Program offers several benefits for importers, which are a combination of legacy CTPAT and ISA benefits, including:

- Access to an assigned National Account Manager (NAM), who acts as an advisor and liaison between CBP and the CTPAT Trade Compliance Program member;
- Opportunity for the importer to apply for coverage for multiple business units within their company;
- Removal of the importer from the Regulatory Audit's (RA) audit pool established for Focused Assessments (however, importers may still be subject to a single-issue audit to address a specific concern); and
- Ability to receive Importer Trade Activity (ITRAC)<sup>12</sup> data free of charge directly through the CTPAT Portal.

An importer must meet the following criteria to become eligible for the CTPAT Trade Compliance Program: (1) be a current Tier Two or Tier Three member of the CTPAT Security Program; (2) be a U.S. or Canadian resident importer; (3) have a minimum of two years import experience; and (4) maintain no evidence of financial debt to CBP.

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<sup>10</sup> The ISA program was a voluntary approach to trade compliance. The ISA program was superseded by the CTPAT Trade Compliance Program.

<sup>11</sup> See 79 Fed. Reg. 13992.

<sup>12</sup> The Office of Trade (OT) provides ITRAC data to Importers of Record, to filers, and to their legal representatives, who have submitted requests under the Freedom of Information Act (FOIA). ITRAC is company-specific import data placed in an MS-Access 97 database and provided on CD-ROM for a processing fee via the Freedom of Information Act (FOIA) process.



If an importer meets these eligibility standards, the importer will be automatically notified of their potential eligibility within the CTPAT Portal.<sup>13</sup> To apply for the CTPAT Trade Compliance Program, the company completes the following: (1) the CTPAT Trade Compliance Eligibility Questions; (2) the CTPAT Trade Compliance Questionnaire; and (3) a Memorandum of Understanding (MOU). Upon submission of these items in the CTPAT Portal, CBP begins reviewing the application process.

### Eligibility Questions

The importer must complete a series of eligibility questions to determine its suitability for the CTPAT Trade Compliance Program. A complete list of eligibility questions is included in Appendix A to this PIA, but the list generally consists of questions such as, “Are you willing to complete a Memorandum of Understanding and Trade Compliance Questionnaire?” and “Do you agree to notify CBP of all major organizational changes?” Once the eligibility questions are answered in full, importers who favorably responded to the eligibility questions are automatically directed to the CTPAT Trade Compliance application screen. If an importer does not meet the eligibility prerequisites, it will receive an ineligibility notification within the portal and will be unable to proceed to the CTPAT Trade Compliance questionnaire.

### Questionnaire

Importers are required to submit a questionnaire and accompanying documentation as evidence that their company has implemented internal controls within their import process. Importers complete this questionnaire through the CTPAT Portal and CBP uses the information to begin the vetting and application review process.

The questionnaire has several sections for the importer to provide responses to questions relating to import activity, internal controls, risk assessment, and periodic testing results. A copy of the questionnaire is included as Appendix B to this PIA. As an example, companies are asked if they monitor/track their annual duties, fees, and taxes paid to CBP to ensure bond sufficiency. If the response is yes, the company is asked to briefly describe how this is done and include how payments of duties and fees are made. In addition to the business practice-related questions, the questionnaire asks the company to provide contact information such as company name, company address, phone number, company website, company type (e.g., public or private), and information related to the company point of contact (e.g., name, title, phone number, and email address).

As part of the application process, companies are asked to submit supporting

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<sup>13</sup> The CTPAT Portal streamlines applications to U.S. partnership programs and meets DHS mandated security requirements. The CTPAT Trade Compliance section of the portal serves as a central electronic location for CTPAT Security Program importers to learn more about the CTPAT Trade Compliance Program and apply when eligible. Launched in 2019, the CTPAT Trade Compliance section of the portal complements the existing Security section of the CTPAT Portal and provides an electronic and streamlined process for eligible importers to apply and manage their status in the CTPAT Trade Compliance Program.



documentation, including their documented policies and procedures relating to the import process, organizational chart for their compliance department, and a self-testing plan.<sup>14</sup>

To assist importers in completing the questionnaire, CBP developed a CTPAT Trade Compliance Handbook to refer to during the application process.<sup>15</sup> The handbook allows importers to easily access links with valuable information to address questions and concerns that may arise during the completion of the questionnaire.

### Memorandum of Understanding (MOU)

After finishing the questionnaire, the company then completes a MOU within the portal. This is a standard template that importers complete by inserting company-specific information. The MOU outlines both importer and CBP responsibilities and identifies all the entities within a company covered by the MOU, in cases where a company has multiple divisions. Importers may submit one MOU and list each eligible entity to be covered under the MOU, to include the complete name of the importer, company address, and Importer of Record (IOR) number(s). Signing the MOU is part of the application process and must be done prior to CBP beginning the application review and vetting process. Once the importer answers the eligibility questions, completes the application questionnaire, and uploads the requested supplemental documents, the portal generates a MOU between the importer and CBP. The importer adds all entities intended for coverage under the MOU and signs it. While the importer signs the MOU at this point in the process, CBP does not sign the MOU or enter into the agreement until after completing vetting.<sup>16</sup>

### *CBP Application Review Process*

Once an application is submitted, the account is considered to be officially under review and the company will not be able to modify the information submitted. Upon submission, the CBP CTPAT Trade Compliance Team<sup>17</sup> accesses and reviews the application package within the CTPAT Portal. If questions from this team arise during the review process, an alert will appear in the “Action Items” section of the CTPAT Portal for the importer to review and address. The

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<sup>14</sup> A CTPAT Trade Compliance partner must design a self-testing plan to address the areas of risk based on the company’s risk assessment. CBP allows flexibility and does not dictate specific testing requirements, because self-testing is part of the monitoring activities of a company’s system of internal control. It is important that a company has the flexibility to design a program that fits its specific needs. Therefore, each company performs its own risk assessment, develops its own control procedures, and designs its own self-testing program to monitor and mitigate risk and ensure that import transactions are accurate and compliant with CBP laws and regulations. The goal is to identify and eliminate vulnerabilities in a company’s import compliance program.

<sup>15</sup> See <https://www.cbp.gov/border-security/ports-entry/cargo-security/ctpat/trade-compliance>.

<sup>16</sup> Once a company is approved to take part in the CTPAT Trade Compliance Program, the company may amend its MOU to add an entity previously not covered by the original MOU. To add an entity, the company must submit a revised MOU reflecting both current and additional business units, addresses, and associated IOR number(s). CBP will review the amended MOU as it would a new MOU submitted with a CTPAT Trade Compliance application.

<sup>17</sup> The CBP CTPAT Trade Compliance Team is responsible for reviewing the application and granting CTPAT Trade Compliance Program approval. The CTPAT Trade Compliance Team consists of representatives from the Trade Compliance Branch, Office of Trade, Regulatory Audit, and a designated National Account Manager.



company will also receive an email informing them of the awaiting message in the Action Items section. CBP uses a combination of an internal module of the CTPAT Portal and a CTPAT SharePoint site to store information collected during this process, such as the risk assessment, vetting results, and application decisions.

After review, CBP schedules a formal Application Review Meeting (ARM) with the importer, which includes a risk assessment and review of the company's internal controls to determine their readiness to assume the responsibilities for self-assessment. The risk assessment process is critically important as it allows importers to better understand their supply chains, where the vulnerabilities lie within those supply chains, and determine what to do to mitigate any risks identified. Importers are required to complete a Risk Assessment to analyze external threats against company procedures, to identify where vulnerabilities exist, and to determine what procedures can be implemented or improved to reduce such risk. When the importer demonstrates readiness to assume the responsibilities for self-assessment, CBP establishes the partnership by signing the CBP portion of the MOU. CBP is committed to working with the importer to approve the application and will work with the importer to obtain additional information to establish eligibility for the CTPAT Trade Compliance Program. However, if the importer fails to establish eligibility, CBP will deny the application. CBP will provide a notice to the importer with the reasons for the denial and will allow the importer 120 days to correct and resubmit the application.

CTPAT Trade Compliance Program members continue to receive the benefits of CTPAT Security Program in addition to the Trade Compliance benefits so long as the importer fulfills the continuing responsibilities of the Program. CTPAT Trade Compliance Program members are responsible for continuing to comply with Program requirements. Responsibilities include:

- Maintain membership in CTPAT Security;
- Continue to comply with all applicable CBP laws and regulations;
- Maintain an internal control system;
- Make appropriate disclosures to CBP (such as post-summary corrections and misclassification errors);
- Submit an Annual Notification Letter to CBP to reaffirm that the participant continues to meet the Program's requirements through the CTPAT Portal; and
- Notify CBP of major organizational changes as soon as possible through the CTPAT Portal.

#### Annual Notification Letter (ANL)

To maintain program membership, an importer must complete an Annual Notification Letter, which notifies CBP of any business modifications that may have an impact on its customs operations and to reaffirm its commitment to the requirements listed in the Trade Compliance



MOU and other program documentation. This letter is submitted electronically through the CTPAT Portal and is due annually within 30 days of the anniversary of the program acceptance date. The Annual Notification Letter collects the following six categories of information: (1) Company Information: Organizational and/or Personnel Changes; (2) Import Activity Changes; (3) Internal Control Adjustments and Changes; (4) Risk Assessment Results; (5) Periodic Testing Results; and (6) Disclosures of any issues discovered during self-testing (e.g., post summary corrections and misclassification errors).

### Continuation of Trade Compliance Program

After an importer has been in the CTPAT Trade Compliance Program for 5 years, a Continuation Review Meeting (CRM) may be considered; however, risk indicators or non-compliance with the CTPAT Trade Compliance Program requirements may warrant a Continuation Review Meeting prior to the 5-year period. The purpose of the Continuation Review Meeting is to assess whether the participant is continuing to fulfill the CTPAT Trade Compliance Program requirements. If CBP identifies weaknesses or noncompliance, the participant will be notified as early as possible and will have the opportunity to correct any issues.

CBP will remove participants from the CTPAT Trade Compliance Program for any issues that pose a significant risk to compliance with CBP laws and regulations and/or failure to demonstrate they have fulfilled Program requirements.

## **2. Collection of New Data Elements for CTPAT Security Program**

In 2020, CBP updated the vetting process used to determine whether a company is eligible to participate in CTPAT. CBP vets both new companies seeking enrollment and companies already enrolled in the CTPAT Security Program at least once annually.

CTPAT is a program designed for low-risk companies. Program members receive benefits such as lower examination levels and expedited clearance of cargo through FAST lanes at CBP land border crossings, therefore the identification of high risk and or current violators is an essential part of CBP's risk management strategy. CBP expanded the vetting process to require additional data elements to screen companies more effectively and accurately. The newly added data elements enhance CBP's ability to identify companies and their points of contacts/owners' involvement in illegal activities that may threaten the safety of U.S. borders and cargo entering and exiting the United States.

With this PIA Update, CBP is collecting additional information related to the individual company owner and company point of contact. CBP separately issued an update to the CTPAT System of Records Notice (SORN)<sup>18</sup> to provide notice of this new collection:

- Date of Birth;

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<sup>18</sup> DHS/CBP-018 Customs Trade Partnership Against Terrorism (CTPAT), 86 Fed. Reg. 15241 (March 22, 2021).



- Country of Birth;
- Country of Citizenship;
- Travel Document number (e.g., visa or passport number);
- Immigration status information (e.g., A-Number, Naturalization number);
- Driver's license information (e.g., state and country of issuance, number, date of issuance/expiration);
- Social Security number (SSN);
- Trusted Traveler membership type and number (e.g., FAST/NEXUS/SENTRI/Global Entry ID); and
- Registro Federal de Contribuyentes (RFC) Persona Fisica (for Mexican Foreign Manufacturers, Highway Carriers, and Long Haul Carriers Only).

This information and the company information will be screened against existing CBP information sources and systems, including, but not limited to TECS,<sup>19</sup> ACE,<sup>20</sup> and ATS,<sup>21</sup> as well as publicly available search engines (e.g., Google, Yahoo), and Dun & Bradstreet.<sup>22</sup>

### **3. Retention Requirements Update**

The 2013 PIA stated that CBP was in the process of developing retention requirements for approval by the National Archives and Records Administration. The previous PIA stated that CBP was proposing to retain information collected by the company and results generated by CBP for no more than 5 years beyond the application or partner's enrollment, whichever is longer, and no more than 25 years for any derogatory information. With this update, CBP is now retaining the information collected by companies and results generated by CBP for the period during which the application is pending decision by CBP and for the period of active membership of the business entity, plus 20 years after program membership has ended. Where information regarding the possible ineligibility of an applicant for CTPAT membership is found, it will be retained by CBP

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<sup>19</sup> See U.S. DEPARTMENT OF HOMELAND SECURITY, U.S. CUSTOMS AND BORDER PROTECTION, PRIVACY IMPACT ASSESSMENT FOR THE TECS SYSTEM, DHS/CBP/PIA-009 (2010 and subsequent updates), available at <https://www.dhs.gov/privacy-documents-us-customs-and-border-protection>.

<sup>20</sup> See U.S. DEPARTMENT OF HOMELAND SECURITY, U.S. CUSTOMS AND BORDER PROTECTION, PRIVACY IMPACT ASSESSMENT FOR THE AUTOMATED COMMERCIAL ENVIRONMENT, DHS/CBP/PIA-003 (2006 and subsequent updates), available at <https://www.dhs.gov/privacy-documents-us-customs-and-border-protection>.

<sup>21</sup> See U.S. DEPARTMENT OF HOMELAND SECURITY, U.S. CUSTOMS AND BORDER PROTECTION, PRIVACY IMPACT ASSESSMENT FOR THE AUTOMATED TARGETING SYSTEM, DHS/CBP/PIA-006 (2007 and subsequent updates), available at <https://www.dhs.gov/privacy-documents-us-customs-and-border-protection>.

<sup>22</sup> Dun & Bradstreet, Inc. is a company that provides commercial data, analytics, and insights for businesses.



for 20 years after the denial to assist with future vetting, or consistent with the applicable retention period for the system of records from which such information was derived, whichever is longer.

## Privacy Impact Analysis

### Authorities and Other Requirements

Since the publication of the 2013 PIA, there are no changes to the legal authorities and/or agreements that define the collection of information for CTPAT. However, on March 22, 2021, CBP published an update to the CTPAT SORN<sup>23</sup> to provide notice of the integration of the CTPAT Trade Compliance Program into the CTPAT framework and the collection of additional data elements from the individual company owner and company point of contact. CBP is also in the process of revising the CTPAT Paperwork Reduction Act (PRA) package, under OMB control number 1651-0077.

### Characterization of the Information

CTPAT continues to collect the information described in the 2013 PIA. However, in addition to the existing data elements, CTPAT is expanding the collection of data elements for individual company owners and individual company points of contact to include: date of birth, country of birth and/or citizenship, travel document number (e.g., passport number, visa number), SSN, immigration status information (e.g., A-Number and Naturalization number, if applicable), driver's license information, NEXUS/SENTRI/Global Entry ID, and Registro Federal de Contribuyentes (RFC) Persona Fisica (needed for Mexican Foreign Manufacturers, Highway Carriers, and Long Haul Carriers). Furthermore, since CTPAT now includes the CTPAT Trade Compliance Program, CBP collects the following information as part of the CTPAT Trade Compliance Program application process:

- Company name;
- Business address;
- Phone number;
- Company website;
- Company type (public or private); and
- Company owner/point of contact information (e.g., name, date of birth, title, phone number, and email address).

Additionally, the company provides operational information to CBP through various documents requested through the application and to demonstrate its ability to continue to remain in compliance with the program requirements. Operational company information is provided through

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<sup>23</sup> DHS/CBP-018 Customs Trade Partnership Against Terrorism (CTPAT), 86 Fed. Reg. 15241 (March 22, 2021).



the Annual Notification Letter; import activity change records; internal control adjustments and change records; risk assessment results; periodic testing results; and disclosures. Since the publication of the 2013 PIA, there have been no changes as to how CBP uses information from commercial sources or publicly available data or how the accuracy of CTPAT data is ensured.

**Privacy Risk:** There is a risk of over-collection due to the expanded collection of information regarding company owner and company point of contact.

**Mitigation:** This risk is mitigated. The majority of information that CBP collects is related to the company's business operations. With this update, CBP is now expanding the collection to include additional data elements related to the individual company owner and company point of contact. CBP is collecting this information to enhance the screening of companies. Previously, the CBP vetting process primary focused on conducting screening on the company. CBP is now enhancing the screening process to screen individuals related to the company (e.g., company owner, company point of contact). The additional information enables CBP to conduct system checks using additional identifiers that could not previously be accomplished. This may help CBP uncover additional potentially derogatory information that may not have previously been uncovered during the former vetting process that only used business information. The additional identifiers allow CBP to search a wider range of systems and databases to help CBP determine whether a company is considered high-risk and may be involved in illegal activities.

### **Uses of the Information**

CBP continues to use the company information, including personally identifiable information for the company owner and company point of contact, to determine eligibility for the CTPAT Security Program. More specifically, CBP uses the information to verify the identity of a company's partners, determine enrollment level, and provide identifiable "low risk" entities with fewer random checks and facilitated processing. With this PIA Update, CBP has integrated the Trade Compliance Program into the CTPAT framework. Similar to CBP's use of company information to determine eligibility for the CTPAT Security Program, CBP uses company information to determine eligibility for the CTPAT Trade Compliance Program, which allows importers to monitor their own compliance through self-assessment. In both programs, the information is cross-referenced with data maintained in CBP's other cargo and enforcement databases, which is then shared with other law enforcement systems, agencies or foreign entities, as appropriate, when related to ongoing investigations or operations. Information is also used to analyze, measure, monitor, report, and enhance business supply chains to permit facilitated processing of CTPAT partner shipments by CBP.

### **Notice**

CBP is providing general notice of the expansion through this PIA Update and the CTPAT SORN published on March 22, 2021. The CTPAT Portal continues to provide a Privacy Act



Statement regarding the authority of CBP to collect the requested information and identifying the use of the information. Furthermore, CTPAT continues to be a voluntary program in which partners must apply. There are no new risks to notice.

### **Data Retention by the Project**

With this update, CBP is documenting a change in the proposed retention. CBP previously proposed to retain the company information and results generated by CBP for no more than 5 years beyond the application or partner's enrollment, whichever is longer, and no more than 25 years for any derogatory information. CBP is now proposing to retain the information for the period during which the application is pending decision by CBP and for the period of active membership of the business entity, plus 20 years after program membership has ended. Where information regarding the possible ineligibility of an applicant for CTPAT membership is found, it will be retained by CBP for 20 years after the denial to assist with future vetting, or consistent with the applicable retention period for the system of records from which such information was derived, whichever is longer.

**Privacy Risk:** There is a risk that CBP will retain information for longer than necessary.

**Mitigation:** This risk is mitigated. Although there is always an inherent risk with retaining data for any length of time, CBP carefully considered the operational need to retain the information for longer than what was previously proposed. CBP Office of Field Operations and the Records Management Division collaboratively worked together to develop a retention plan that takes both the operational need and the concept of data minimization into consideration. This retention period allows CBP to address any follow-up inquiries or requests related to the application, including inquiries related to law enforcement, public safety, and national security. Retaining the company information also permits CBP to reference the information for historical purposes and future vetting. This new proposed retention schedule is both consistent with the concept of not retaining information for longer than necessary, as well as ensuring that CBP continues to have access to these vital records for a designated period.

### **Information Sharing**

CBP continues to share CTPAT information for vetting and supply chain security purposes with federal, state, local, foreign, and private entities in strict compliance with the CTPAT SORN, published in the Federal Register. In addition, CBP continues to partner with several countries through signed Mutual Recognition Arrangements (MRA). CBP is concurrently publishing an update to Appendix B of the original 2013 PIA to make transparent the additional countries that have signed MRAs. There are no new risks to information sharing.

### **Redress**

There are no changes to redress as a result of this update. Company owners and points of contact can update and edit information directly within the CTPAT Portal. Individuals may also



continue to seek access to CTPAT information by filing a Privacy Act/Freedom of Information Act (FOIA) request. Furthermore, CTPAT partners continue to be responsible for correcting any erroneous information within the CTPAT Portal. If CTPAT partnership is suspended or removed, the business continues to have the same appeal opportunities as described in the 2013 PIA. Appeals can be sent to CBP Headquarters, to the attention of the Executive Director, CTPAT Program Division:

Executive Director  
Cargo and Conveyance Security  
U.S. Customs and Border Protection  
1300 Pennsylvania Avenue N.W., Room 2.2A  
Washington, D.C. 20229

### **Auditing and Accountability**

This update does not impact auditing and accountability. There are no new risks associated with auditing and accountability.

## **Responsible Official**

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## **Approval Signature**

Original, signed copy on file at the DHS Privacy Office.

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Lynn Parker Dupree  
Chief Privacy Officer  
U.S. Department of Homeland Security



**APPENDIX A:**

**Trade Compliance Eligibility Questions**

#	Eligibility Questions / Requirements	Yes	No
1.	Do you have a general authority to do business without requiring the approval of another person outside the United States or Canada?	Yes	No
2.	Are you an active United States importer or Non-Resident Canadian importer who meets the requirements set forth in 19 CFR Part 141, including in particular, sections 141.17 and 141.18?	Yes	No
3.	Do you maintain separate books and records for your United States / Canada operations, prepare separate financial statements, maintain accounts for the imported goods, and are you responsible for payment of import duties and taxes?	Yes	No
4.	Do you possess a valid continuous importation bond filed with CBP?	Yes	No
5.	Are you willing to complete a <a href="#">Memorandum of Understanding (MOU)</a> and <a href="#">Trade Compliance Questionnaire</a> ?	Yes	No
6.	Do you maintain an internal control system that is designed to provide assurance of compliance with CBP laws and regulations?	Yes	No
7.	Do you perform annual risk assessments to identify risks to compliance with CBP laws and regulations?	Yes	No
8.	Do you maintain and make appropriate adjustments to the system of internal controls?	Yes	No
9.	Have you designed an annual self-testing plan in response to identified risks? Do you implement corrective action in response to errors and internal control weaknesses disclosed by self-testing?	Yes	No
10.	Do you maintain an audit trail of financial records to CBP declarations, or an alternate system that ensures accurate values are reported to CBP?	Yes	No
11.	Do you make appropriate disclosures through a prior disclosure, reconciliation, post summary corrections, or a supplemental letter to CBP?	Yes	No
12.	Are you willing to submit an Annual Notification Letter (ANL) certifying that you continue to meet CTPAT Trade Compliance requirements as listed in <a href="#">the Handbook</a> ?	Yes	No
13.	Do you agree to notify CBP of all major organizational changes?	Yes	No



## APPENDIX B

### Trade Compliance Application Questions

#### I. Company Information

##### 1. Company Information **(Required Document):**

- Date Prepared;
- Company Name;
- Business Address;
- Phone Number;
- Company Website;
- Company Type: Public or Private;
- Business Fiscal Year;
- Name, Title, Phone Number, and email address of company contact; and
- Please describe the overall organization/operating structure and provide organizational chart of the company.

##### 2. IOR(s) Numbers:

- o Note, if the IOR number (s) in the Trade Compliance application is also used for Drawback and/ or FTZ activities, those activities will be included in the Trade Compliance application review process unless you choose otherwise.
- o If the Drawback or FTZ activity use a different IOR number, please specify those IOR numbers if you'd like them included in this Trade Compliance application.
- Provide the names and addresses of any related foreign and/or domestic companies, such as the company's parent, sister, subsidiaries, or joint ventures.

##### 3. Do all of your company's business units/subsidiaries operate under a centrally controlled customs compliance policy/system? **(Y/N)**

- If no, describe how the compliance system operates in other divisions/subsidiaries. **(Open Text)**

##### 4. Does your company maintain an in-house compliance department dedicated to maintaining and updating your company's operations in adherence to government regulations, laws, executive orders and procedures that will affect your CBP operations? **(Y/N)**

- If so, please provide details on management and operational activities performed by this department.

**(Required Document—Organizational Chart/ Free Text)**



5. If not in house (per #4 above), do you have a contract with a CBP brokerage house or consulting service to provide this advisory assistance? **(Y/N)**
  - Would you like this company/firm to participate with you in the Trade Compliance application/review process? If yes, which company/firm? **(Y/N – Free Text)**
6. Does the company have compliance training (external, internal, or both) that provides pertinent training for its internal compliance office and other departments that are involved with CBP related activities? **(Y/N)**
  - If so, evidence of the training program, such as a training log that describes course taken and attendees, must be included in the application. **(Y/N – Required Document)**
7. Is your company applying to Trade Compliance due to successfully completing a Focused Assessment (FA)? If so, please provide your invitation letter from the Trade Compliance Branch. **(Y – Required Document)**

## II. Import Activity

8. Does the company monitor/track its annual duties, fees, and taxes paid to CBP to ensure bond sufficiency?
  - If yes, briefly describe how this is done and include how payments of duties and fees are made? (i.e. PMS, ACH, Debit, Credit or by Broker)? **(Y/N – If Y, Supporting Text Required)**
9. Has the company's surety been required to pay a claim on its behalf in the past 5 years?
  - If yes, please provide claim details. **(Y/N – If Y, Supporting Text Required)**
10. Does the company own, or hold a licensed to use, trademarks, or copyrights for goods it imports into the United States? **(Y/N)**
  - If yes, please identify the imported merchandise that falls under the license agreement or pertains to the company owned intellectual property rights (IPR). **(If Y, Supporting Text Required)**
11. Does the company import products that are subject to an exclusion order from the International Trade Commission (ITC)? **(Y/N)**
  - If yes, please list them. **(If Y, Supporting Text Required)**

## III. System of Internal Controls

12. Does your company have a written, comprehensive system of internal controls for its import processes that is consistent with the five interrelated components of internal control as defined by Committee of Sponsoring Organizations of the Treadway Commissions (COSO) published report entitled "Internal Control-Integrated Framework": **(Y/N – Check)**
  - Control environment



- Risk assessment
- Control activities
- Information and communication
- Monitoring

13. Do the company's written internal control procedures focus on ensuring trade compliance for the following areas? **(Y/N Check all of the applicable options below)**

- Value
  - All elements of costs are included.
  - All additions to the price paid or payable such as assists are also included etc.
- Drawback
- Foreign Trade Zone
- Classification
- Country of Origin
- Free Trade Agreements
- AD/CVD
- Forced Labor **Note: CBP is still determining social compliance disclosure requirements.**
- Other

#### IV. Risk Assessment Results

14. Is your company prepared to provide risk assessment testing results to include areas of potential risks? **(Y/N)**

- If so, please summarize the risk management and assessment process. **(Free Text)**

#### V. Periodic Testing Results

15. Do the company's internal control procedures include a process for conducting periodic self-testing to include reporting results and implementing corrective actions? **(Y/N)**

- If so, please provide details. **(Free Text)**

16. Do you make adjustments to your internal control system when tests or other information shows a need for improvement with your compliance procedures? **(Y/N)**

- If so, please provide details. **(Free Text)**



17. Does your internal control process include a record keeping system that maintains evidence of testing and testing results for at least three years and enables you to submit documents in a timely manner to CBP upon request, to include tests and test results? **(Y/N)**

- If so, please provide details. **(If Y, Supporting Text Required)**

## VI. Prior Disclosures

18. What processes do you have in place to initiate appropriate disclosures to CBP when issues are discovered through your self-testing?

- Provide Response. **(Free Text)**

## VII. Government Agency Affiliation

19. Do you participate in any other partnership programs with any other government agencies? (Check one or more of the applicable options below) **(Y/N Check One)**

- Food and Drug Administration (FDA)
- Consumer Product Safety Commission (CPSC)
- Not Applicable
- Other