

Introduction

An Internal Compliance Program or ICP is not software, but a set of policies, procedures and instructions designed to efficiently and effectively manage international sanctions and export control compliance risks in your organization.

Among many other reasons to implement an ICP, it is also a (EU) requirement for obtaining global export licenses, and can mitigate the consequences of an unintentional violation of international regulations.

Guidelines for preparing an ICP have therefore been made available by various governments. They are mutually comparable. However, an ICP is *always company-specific*.

Just writing down a procedure doesn't make for a well-functioning compliance program. It starts with a broad awareness - from high to low -, regular evaluation and adjustment of the various procedures and continuous support of the organization.

We call this the A4-approach, a pragmatic, lean-thinking method:

Aware (unconsciously incompetent)

Practical (online) training courses and workshops from the perspective of the employee, such as purchasing, sales, engineering, projects, and the perspective of directors and senior management.

Assess (consciously incompetent)

Periodically conducting a maturity scan on all elements of the ICP - even when an ICP is not yet in place - and proposing improvement actions.

Adapt (consciously competent)

Implementing and/or supporting improvement actions, such as drafting procedures and instructions, setting up systems, or training employees how to classify products or screen batches.

Assist (unconsciously competent)

Perform all common work in areas of sanctions and export control compliance, such as restricted party screening, export control classification of goods, technology and/or software, provide awareness and expert training, e-learning, daily transaction guidance and license applications.

Violation of sanction and export control laws is a crime. A criminal investigation follows from (possible) violations with potentially far-reaching consequences for the company, its directors and employees.

A well-functioning ICP is therefore vital. But how are you doing?

Answer the following 7 statements in all honesty.

In the orange box below each statement, write down the score whose description fully reflects your situation. On the last sheet you can copy the scores.

The outcome provides an indication of the maturity of your Internal Compliance Program. You can use the score to determine the areas that need improvement.

TIP: Have the self-assessment performed by a number of employees across different departments.

Take the average for an optimal picture in your organization.

1. Engagement of Management : the voice of the top		
<p>Engagement of senior executives is aimed at building compliance leadership (taking the lead) and a culture of regulatory compliance in the area of controlling trade in dual-use products, technology and/or services.</p> <p>Commitment indicates a clear, strong and ongoing commitment and support from senior executives. Management communicates clearly and regularly with employees about corporate commitment to foster a culture of compliance.</p> <p><i>Do you have a well-formulated and communicated engagement statement?</i></p>	0	There is no written management (policy) statement regarding sanction and export control compliance.
	1	There is a written (policy) statement. It is not actively communicated, published or updated.
	2	The executive statement is visibly present throughout the organization and is updated.
	3	The statement is part of consultation structures. Employees are held accountable for compliance.
	4	The policy statement is reviewed periodically. New activities or organizational units are reviewed against it.
	5	Compliance policies are part of all business processes. Management can be held accountable.

2. The compliance organization : Providing expertise to your business		
<p>Without a clear organizational structure and clearly defined responsibilities, an ICP will be insufficiently organized and the relevant roles will be insufficiently defined.</p> <p>The company has an internal organizational structure that is recorded in writing (for example, in an organizational chart). The persons in the company responsible for compliance are appointed</p> <p>All compliance functions, duties and responsibilities are defined, assigned and interrelated in such a way that management is assured that the company is in general compliance.</p> <p><i>How well is your compliance organized?</i></p>	0	Sanction and export control compliance roles are not defined or assigned to a person.
	1	One or more individuals have an ad hoc compliance role. This is not formalized or communicated in the organization.
	2	Compliance roles and responsibilities are defined, assigned and communicated throughout the organization.
	3	There is a compliance organization with separate policy, operational and control functions. Implementation is reactive to questions from the organization.
	4	Compliance officers are actively involved in export transactions and projects. Consultation structures have been set up with internal and external stakeholders
	5	Compliance is embedded in the organization's on-boarding and audit process. At a minimum, the head of the department serves on the management team and has far-reaching separate decision-making powers, including halting transactions.

3. Continuous learning : Creating awareness in your organization.		
<p>Training and awareness raising in the area of dual-use trade control is essential for staff to properly perform their duties and take compliance seriously.</p> <p>The company shall ensure, through training, that trade control staff for dual-use items, technology and/or services are aware of all relevant export control regulations and the company's ICP and any amendments thereto.</p> <p><i>When was the last time you trained your staff?</i></p>	0	No training or education will take place.
	1	Employees are trained ad-hoc on their own initiative, or by the organization on general awareness. Sanction and export control is unknown to the majority.
	2	Management has had general awareness training. There is awareness at board level.
	3	Management and assigned staff receive annual awareness training on laws and regulations. There is awareness at the management level
	4	All employees receive periodic training at various levels and content. Results are recorded.
	5	Training is part of the corporate training plan. It is actively managed for results.

4. For each export : Pre-export review		
<p>In terms of operational implementation, transaction screening is the most critical element of an ICP.</p> <p>This element contains the company's internal measures to ensure that no transaction is conducted without the required license or in violation of any relevant trading restriction or prohibition.</p> <p><i>Do you have all the proper procedures and controls in place? Is everyone aware of these procedures?</i></p>	0	Transactions are not checked for sanction and/or export control compliance.
	1	Customer screening takes place ad hoc with larger relationships. Results are not or hardly shared with the organization
	2	Export transactions are screened for relationship and destination before execution. Results are retrievable in (auxiliary) systems.
	3	Transactions are screened and monitored in advance and during execution. Procedures for screening, product classification and transaction assessment have been established and implemented.
	4	4W control (Who, What, Where, Why) has been introduced and implemented in all primary and supporting business processes.
	5	Transaction review is fully automated. Transactions are automatically blocked in case of possible discrepancies.

5. Continuous improvement : Performance assessment, auditing, reporting and corrective action		
<p>An ICP is not a static set of measures and therefore must be evaluated, reviewed and revised as demonstrably necessary to ensure regulatory compliance.</p> <p>Performance reviews and audits verify that the ICP is implemented to operational satisfaction and complies with applicable national and EU export control regulations.</p> <p>Corrective actions are the set of corrective actions to ensure the proper implementation of the ICP and the elimination of identified weaknesses in compliance procedures.</p> <p><i>How mature is your compliance program?</i></p>	0	No monitoring of, or improvement to, sanction and export control compliance processes takes place
	1	Deviations are reported ad hoc. Investigations take place in case of major (financial) risks. There is still little or no relationship with sanction and export control risks. There is hardly any communication.
	2	Only departmental level operational quality is monitored, recorded and adjusted within the department. Results are discussed in work meetings.
	3	Sanction and export control is included in company audits. Procedures for deviations have been established and implemented.
	4	Sanction and export control evaluation is part of work meetings and leads to concrete improvement actions.
	5	Periodically the compliance risks of all business processes are measured and translated into improvement actions. Reporting is part of the annual report.

6. Records and documentation : Archiving your information assessment		
<p>Proportionate, accurate and traceable record keeping of dual-use trade control activities is essential to your company's compliance efforts.</p> <p>A comprehensive record keeping system will assist your company in conducting performance reviews and audits that meet the requirements of EU and/or national documentation retention requirements, and it will facilitate cooperation with competent authorities in the event of a dual-use trade control investigation.</p> <p><i>How well is your information archived?</i></p>	0	Documentation and archiving does not take place, or hardly at all. Information can be destroyed unseen.
	1	Transaction data is archived at the individual level. A unified system or consistency is lacking.
	2	Files are created and retained at the departmental level in accordance with legal requirements. Information is present and conclusive.
	3	Procedures for documenting and archiving have been established and implemented throughout the organization.
	4	Information is captured and retained in operational systems. Full audit trail and backup is available.
	5	Both primary and secondary (email, reports, product data, etc) are stored in a structured manner. Substantiation of decisions made and transactions are fully reproducible.

7. Physical and Information Security : Securing your organization.		
<p>Controls on trade in dual-use items, including software and technology, are carried out under (inter)national security and foreign policy objectives.</p> <p>Given their sensitivity, dual-use items must therefore be "protected," and the availability of appropriate security measures helps to reduce the risk of unauthorized removal of or access to controlled items.</p> <p>Physical security measures are important, but because of the nature of the controlled software or technology in electronic form, compliance with dual-use trading regulations can be particularly challenging and information security measures must also be in place.</p> <p><i>How well organized is your security?</i></p>	0	There is little or no control over access to systems, locations and/or rooms. Anyone can gain access.
	1	Business space is accessible through a central entrance. Visitors are registered manually. Company systems are accessible only to staff or registered users.
	2	Access to locations is only possible with a pass or key system. Active management of (visitor) attendance/absence. Company systems are protected by a firewall.
	3	Business areas and systems for sensitive or strategic products are separated. Separate access procedures apply.
	4	Active monitoring and control of sites and systems. In case of deviations, immediate action is taken. Management is periodically informed of status and deviations.
	5	On- and Off-boarding procedures applicable to people and resources. Screening of visitors and employees for critical business processes. Full supply chain control at item level. Comprehensive (cyber) security measures and backup of company systems.

How are you doing?

Below is the summary of your score. If the first three elements are missing or inadequately present, the compliance program will be ineffective or inadequate. These weigh more heavily in the overall score.

	Score		Weight	=	Final score
1. Engagement of Management.		X	2	=	
2. The compliance organization		X	2	=	
3. Continuous learning		X	2	=	
4. Pre-export assessment.		X	1	=	
5. Continuous improvement		X	1	=	
6. Records and documentation.		X	1	=	
7. Physical and information security.		X	1	=	
				Total	
					/10
				Average	

And now?

Every organization, every product portfolio, every transaction is unique.

This assessment gives you initial insight into the state of your sanctions and export control compliance risks.

With this assessment, you are also now aware of the strengths and weaknesses of your compliance - now you know - and this knowledge comes with obligations.

Average Score	Findings	Improvement Focus
0 - 1	Your Sanctions and Export Control Compliance program is in poor shape. There is a lack of awareness at all levels. The risk of (unintentional) violations is high. Combined with the lack of a compliance program, this can lead to major financial and reputation damage. Awareness training at board, senior and middle management levels is important to create the necessary support in the organization	AWARE ASSESS
2 - 3	The elements of a good compliance program are in place to a greater or lesser degree. The basis is there. A detailed maturity scan will reveal where improvements can be made and what steps are needed.	ASSESS ADAPT
4 - 5	Your Sanctions and Export Control Compliance program is mastered. An independent assessment can provide insight into incompleteness that may arise due to company blindness. Support is possible in parts of the compliance process, training or just sparring. (Strange eyes see differently)	ASSESS ASSIST

Export Control Office as a Service™ - the affordable alternative

We are happy to help you improve your sanction and export control compliance.

Whether it is a full implementation of an ICP, or the support on parts of it, we are there for you with practical and affordable solution.



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