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SEPTEMBER 22, 2010 CLIENT ALERT: ISA PROGRAM **UPDATE/CHANGES**

On September 20, 2010, the Department of Homeland Security, Office of the Inspector General (OIG) issued an audit report of U.S. Customs and Border Protection's (CBP) Import Self-Assessment (ISA) program (click [here](#) to visit our site to review the report – listed under “News”). The audit report made several recommendations to CBP concerning the administration of the ISA program and the agency has concurred with all of the OIG recommendations.

Most noteworthy to both current ISA program participants as well as those parties contemplating ISA membership, is the OIG recommendation to CBP to enhance the ISA Annual Notification Letter/Annual Self-testing requirements. In this regard, CBP recently (this month) updated the agency's ISA handbook to reflect new program requirements (click [here](#) to review the updated handbook). Noteworthy changes include:

- Current ISA program members will be expected to provide a more comprehensive Annual Notification Letter (“ANL”) to CBP as well as turn over the results of the participant's self-testing plan for CBP review. (We note that ISA participation traditionally has required a “Self-testing” plan and an Annual Notification letter – the new Handbook updates the ANL contents and participants can now expect to provide the self-test plan results to the agency. Previously, CBP had not ordinarily required that the results be disclosed to the agency.)
- Criteria and requirements for an ISA program applicant's Self-Testing plan have been enhanced (with greater detail required to the applicant's risk assessments and plan testing methodology).
- Potential periodic CBP site visits to ISA program members (“Continuation Review Meetings”) to ensure compliance with program requirements

While the updated ISA requirements will likely require some additional work by program participants and applicants, the ISA key program benefits have not changed – including removal from CBP audit pools and enhanced prior disclosure benefits.

We believe that despite the additional ISA requirements described above, the program continues to offer significant benefits to current and potential ISA members. In our experience, ISA program participation has proven to be of great value to our client members – particularly for those clients who have previously undergone the rigors and business-disruptive aspects of a CBP audit/Focused Assessment. In addition, we know of several instances where ISA's enhanced prior disclosure benefits have resulted in very significant savings in penalties and customs duties.

If you have any questions concerning ISA, the OIG Report or the updates to CBP's ISA Handbook, please contact Rob Pisani (+1.202.466.0960), Mike Roll (+1.310.826.4410) or Brett Harris (+1.845.255.1850).