



EXPLANATORY NOTES TO COMPLIANCE CHECKLIST FOR AUTHORISED ECONOMIC OPERATOR (AEO) APPLICANTS AND CUSTOMS AUDITORS

This checklist is a self-assessed compliancy check to be furnished by AEO applicants as part of application requirements to be submitted with the AEO Application Form. Information and documents given in this checklist will be verified by Customs Auditors (CA) to confirm applicant's compliancy to Customs Regulation as well as the Security Requirements in the WCO SAFE Framework of Standards (FoS). The CA' verification report will be the determinant factor to successful accreditation of AEO status.

The Explanatory Notes to the Compliance Checklist should be used as a guide and reference to the applicants /auditors in completing the checklist and by CA in their verification process.

Section A: Conditions and Requirements to Demonstrate Compliance with Customs Requirements

This section requires applicants to give information on the company's history of infringements or other offences under the Customs Acts or any other legislation governed by Customs and also information on any arrears or refunds as one of compliancy indicators. The information should cover records of the last 3 years.

	COMPLIANCE CHECKLIST	EXPLANATORY NOTES
1.	<p>Infringement / offence committed under the Customs Act 1967 or any other national legislation</p> <p>a. Has your company been charged in court or compounded under the Customs Act 1967 or any other national legislation? If yes, please specify type of offence and action taken.</p>	<p>1. Applicants to give full details of the case(s) such as type of offences, those involved, courts judgement, status of the case and any other additional information as to what action has been taken to prevent similar occurrence.</p> <p>1. 1 CA to verify applicant's answers with the results of Vetting on Directors and Company from Police Department, Immigration, Companies Commission of Malaysia (CCM) and also from In-house Vetting.</p> <p>1. 2 CA to check the latest Form 49 to verify any current change of directors.</p> <p>1. 3 CA to verify that;</p> <p style="padding-left: 20px;">a. any charged employee is still employed by applicant,</p> <p style="padding-left: 20px;">b. any remedies and action taken by the applicant to prevent reoccurrences of the</p>
	<p>b. Has any of the directors of your company been charged in court or compounded under the Customs Act 1967 or any other national legislation? If yes, please specify type of offence and action taken</p>	
	<p>c. Has any of your employees been charged in court or compounded under the Customs Act 1967 or any other national legislation? If yes, please specify type of offence and</p>	

	action taken	offences or mistakes.
	d. Please specify names of appointed forwarding agents / shipping agents / forwarders / consultants. Please use attachment.	1.4 CA to verify the list of appointed forwarding agents / shipping agents / forwarders at all Customs Point of Entry and Exit with applicants records at the premise and with relevant states customs.
	e. Has any of them been charged in court or compounded under the Customs Act 1967 or any other national legislation? If yes, please specify type of offence and action taken	1.5 This is to show if applicants does a screening process to their business partner. CA should verify the status of the appointed agents with relevant states customs.
2	Does your company have any arrears with the Customs Department? If yes, please indicate :- a. the outstanding amount	2. Applicants should provide detailed statement on any arrears with Customs if any. 2.1 CA should verify information given with records from Revenue Accounting Section prior to audit visit. 2.2 CA to verify the applicant had appropriate channel or contact point to address any arrears on customs duties/tax
	b. expected date of settlement	
	c. reason for arrears (such as under declaration, wrong declaration, late submission, etc.)	
3	Has your company made any applications for refund to the Customs Department? If yes, please specify :- a. Number of refunds :	3 Applicants to provide detailed statement on refund and/or remission applied to any Customs department. Specifying the relevant provision such as; Sec. 93, 99, 95, Customs Act, Sec: 10, 29 Sales Tax Act, Sec: 11, Excise Act.
	b. Amount of refunds :	
	c. Reason for refunds :	
4	Availability of supporting documents at the time of submission of Customs declaration for Customs verification.	4. Applicant should show proof of the availability of the supporting documents at time of declaration.

	<p>a. Are you able to make available all supporting documents at the time of submission of Import/ Export declaration?</p>	<p>4.1 CA to verify the records during site visit.</p> <p>4.2 CA should also look at the security control of the documents, the time taken to provide the documents and number of staff who have access to the documents.</p>
<p>5.</p>	<p>Does your company deal with the goods listed under;</p> <p>a. Strategic Trade Act 2010 (STA) and,</p> <p>b. Goods which are under total prohibition or precursor chemicals which can be used in the manufacture of drugs or materials for weapons of mass destructions (WMD)?</p>	<p>5. Applicants should provide the list of goods dealt with under the Act, (if any) and provide relevant license or approval from MITI.</p> <p>5.1 CA to confirm that applicant maintains the List of Goods with the related information as required by Customs.</p> <p>5.2 CA to confirm that the movement of STA goods and Goods which are under total prohibition or precursor chemicals was declared to Customs. This is to ensure applicants' are aware of, and comply with the requirements of STA and relevant law and regulation</p> <p>5.3 CA to verify that applicant has appointed a designated person to handle STA goods and Goods which are under total prohibition or precursor chemicals.</p> <p>5.4 CA to note of any cases of non-compliance and advice applicants on the STA and relevant law and regulation requirements and reasonable period for applicants to comply.</p> <p>5.5 CA needs to familiarize themselves with the purpose and requirements of STA and relevant law and regulation and also applicant's responsibilities under the Act.</p>

Section B: Conditions and Requirements to Satisfactory System for Management of Commercial Records

Commercial records is an important reference to company financial management and its compliance to related laws and regulations. Verification purposes is to ensure that the applicant maintains a reliable and satisfactory system for Management of Commercial Records that is accessible to Customs for auditing and implementing a sufficient safety and security control over the systems and the fiscal records.

6.	Does your company adopt Malaysian Financial Reporting Standards (FRS)	<p>6.1 CA to confirm that applicant adopts Malaysian FRS.</p> <p>6.2. CA is to be familiar with Malaysian financial reporting standards and other common standards to be able to differentiate between Malaysian's and other reporting standards. It is must for companies operating in Malaysia to follow Malaysian reporting standards.</p>
7.	Does your company maintain a complete set of accounting books and records in a satisfactory manner?	7. CA to confirm applicant maintains a complete set of accounting records in a secured and satisfactorily manner.
8.	<p>Electronic Procurement and inventory Accounting System</p> <p>a. Does your company use electronic accounting System? If yes please specify;</p> <p>1. Types of software used.</p> <p>2. Date of implementation of the accounting system</p>	<p>8.1 CA to verify management and control of the systems.</p> <p>8.2 CA to get basic information on the systems such as name of the systems, software used, date of implementation, backup mechanisms and security control of the systems including;</p> <p>a. Responsible persons / accessibility to systems b. Back-up if systems interrupted / Power Failure / Systems Hacked. c. Systems security measures such as</p> <p>i. to detect unauthorized access ii. illegal transaction via systems iii. password control iv. level of accessibility v. provide systems guidelines.</p>
	b. Does your company have a procurement and inventory system?	8.3CA to verify the existence of the systems – to show CA how the system works and to get the basic information such as the name of the system, the software used and the date of implementation.
	c. Are your imported and local inventory / procurement records clearly delineated?	8.4 CA to check and verify the delineation of the imported and local inventory/procurement records.
	d. Can customs access to the system for testing and extract data from the system?	8.5 CA to test and extract relevant data and to confirm the ability of accessing the data in order to respond to Customs request.

9.	<p>Compliance with Companies Act 1965</p> <ul style="list-style-type: none"> • Does your company submit a copy of audited financial statement within 6 months from the end of financial year to Companies Commission of Malaysia (CCM)? 	9. CA to verify submission of Financial statement to CCM.
10	<p>Does your company maintain records on :</p> <p>a. Shipping documents</p> <ul style="list-style-type: none"> i. Packing List ii. Bill of Lading / Air Waybill iii. Certificate of origin 	<p>10.1 CA to verify maintenance of the records at the premise.</p> <p>10.2 Applicant need not submit copy of the records to customs with the application form.</p>
	<p>b. Commercial documents</p> <ul style="list-style-type: none"> i. Debit/ Credit Note ii. Payment records i.e. L/C, TT etc. iii. Purchase/ Sales Order iv. Purchase / Sales Invoice 	<p>10.3 CA to verify maintenance of records at the premise.</p> <p>10.4 Applicant need not submit copy of the records to customs with the application form.</p>
	<p>c. License/permit relevant to importation of merchandise If yes please specify in attachment</p>	<p>10.5 CA to verify maintenance of the records of the License / permit with the list of relevant goods.</p> <p>10.6 CA to request sample of permits if necessary.</p>
	<p>d. License/permit relevant to exportation of merchandise If yes please specify in attachment</p>	
	<p>e. Other documents i.e. Business agreement, contract etc. If yes please specify in attachment</p>	<p>10.7 CA to check records of Business documents such as</p> <ul style="list-style-type: none"> a. contract with suppliers, b. subcontract works, c. Sales and services contracts etc.
11	<p>Does your company maintain a proper archive record system which permits Customs to conduct audit on cargo movements relating to:</p> <p>a. Import If yes please specify</p> <ol style="list-style-type: none"> 1. Period of records maintain 2. Premise where the records is maintain 	<p>11 CA to verify the existence of such a system and</p> <ul style="list-style-type: none"> a. To check the functionality of the system b. To check security of records system c. To check security of premise where records are maintained.

	<p>b. Export If yes please specify</p> <ol style="list-style-type: none"> 1. Period of records maintain 2. Premise where the records is maintain 	
	<p>c. Transit If yes please specify</p> <ol style="list-style-type: none"> 1. Period of records maintain 2. Premise where the records is maintain 	
12	<p>Security measures on Information Management</p> <p>a. Does your company have an Information Management Policy to:</p> <ol style="list-style-type: none"> i. Determine and classify the level of access to information 	<p>12.1 CA to check that applicant have Documented Policy on Security measures of Information management</p> <p>12.2 CA to check if there is such a policy on</p> <ol style="list-style-type: none"> a. Limit on persons involved on different level of access of information b. Mechanisms & criteria to determine the level of information.
	<p>ii. Control access to information</p>	<p>12.3 CA to confirm that there is;</p> <ol style="list-style-type: none"> a. Mechanisms to control access b. Chain of command of those in-charge of access control c. a fall back procedure in the event where the person in-charge of the control access is not on duty, d. Mechanisms to terminate accessibility of assigned personnel who is no longer authorized to access the information.
	<p>iii. Assign personnel responsible for the storage of information</p>	<p>12.4 CA to confirm;</p> <ol style="list-style-type: none"> a. designated person in-charge of system management b. The procedure in storage of information, c. The responsible person(s) for the storage of information, d. The mechanisms to terminate accessibility of assigned personnel who is no longer responsible for the storage of information, <p>12.5 CA to get the documentation or chart of this responsibilities flow.</p>

<p>iv. Detect discrepancies (e.g. improper access, tampering or altering of data)?</p>	<p>12.6 CA to verify that there is a guideline or mechanism to detect discrepancies and action needed to be taken.</p>
<p>b. Does your company maintain internal monitoring control systems on Information Management? If yes, please specify whether the system is manual or automated</p>	<p>12.7 CA to confirm of the existence of internal monitoring control systems on Information management and the method of implementation applied.</p>
<p>c. Is your system able to identify improper access, tampering or the altering of business data?</p>	<p>12.8 CA to ask for demonstration of the systems and if the system is manual, to find out how regular is monitoring being done to identify improper access, tampering or the altering of business data.</p> <p>12.9 CA may also ask if there were any incidents of discrepancies before to check if the monitoring systems and procedures are effective in detecting and preventing the incident.</p>

Section C: Financial Viability

This section of Financial Viability is to give the current overview of the applicant financial stability and if it is viable to be given AEO Status.

<p>13 .</p>	<p>Please state your paid-up capital.</p>	<p>13. This information could be verified from the company's annual statements.</p>
<p>14 .</p>	<p>What is your annual turnover for the past three (3) years?</p>	<p>14 This information could be verified from the company's annual statements.</p>
<p>15 .</p>	<p>What is your annual profit/loss for the past three (3) years?</p>	<p>15 This information could be verified from the company's annual statements.</p>

Section D: Consultation, Co-Operation and Communication

This section seeks the applicant's awareness and efforts in gauging the changes in customs regulation and other law requirements to ensure consistent compliance in its daily operation.

16	<p>Has your company designated a person at least at managerial level with experience / knowledge on customs matters or has undergone Customs Course as a liaison with Customs?</p>	<p>16.1 CA to get the list of the designated staff(s) and courses attended and/or sight the qualification documents, if any.</p> <p>16.2 CA to interview the designated staff(s) and test them on their knowledge on customs procedures and legislation.</p>
17	<p>a. Has your company an AEO unit to be responsible for managing and handling all AEO matters and communication with Customs?</p> <p>b. Whether the following items are covered by the responsibility and operation of AEO Unit?</p> <p>i. Develop and review company's Compliance Checklist and operational procedure manuals such as security manual, security policy manual and internal security manual. The Unit is also responsible in developing internal control framework of the company's supply chain.</p> <p>ii. Consultation, communication, coordination and information sharing within the company.</p> <p>iii. Develop and implement crisis management procedures in the company.</p> <p>iv. To Coordinate with Human Resource Section in implementing in-house training program.</p> <p>v. To check and review the credibility and performance of the contracting party</p> <p>vi. To take measures in improving of the company's operation from the internal audit team's recommendations. Report need to be submitted to AEO Unit and will be analyzed.</p>	<p>17.1 CA to confirm by the org. chart of AEO unit and list responsibilities of each persons in the units</p> <p>17.2 CA to confirm and verify that the responsible person have the authority such as being assigned to higher status than the other operational sections or having capability of management of the entire operations.</p> <p>17.3 CA to verify the application documents on the authority or status of the responsible person.</p> <p>17.4 CA to confirm the relevant documents such as company's policy and staff's manual in order to verify whether the following points are the operation of AEO Units.</p> <p>a. Develop and review company's Compliance Checklist and operational procedure manuals</p> <p>b Consultation, communication, coordination and information sharing within the company</p> <p>c Develop and implement crisis management procedures including documentation and implementation of contingency plan for emergency security situations and for disaster incident recovery</p> <p>d. Coordination on planning in-house training, preparing of materials and trainers for the training ,and keeping the records of the training</p> <p>e. Checking and review the credibility and performance of the contracting</p> <p>f. Improving of the companies operation</p> <p>g Reporting to top management on AEO program</p>

	<p>c. Has your company designated a trained / experienced person / unit with enough authority handling on AEO matters?</p>	<p>17.5 CA to confirm that the person/unit in charge of AEO operation have the control of training program on AEO matters</p> <p>17.6 CA to compare the information provided in the application form with the company rule and regulation</p> <p>17.7 CA to get the list of the experienced/trained staff(s) and verify their qualification.</p> <p>17.8 CA to also note if they required further training in AEO matters with customs in future.</p>
18	<p>a. Does your company have any mechanism of information sharing within the organization?</p>	<p>18.1 CA to check document to confirm the internal communication mechanism employed by the applicants for e.g.: office rules and regulation, communication manual and policy and safety rules</p> <p>18.2 CA to confirm and verify the effectiveness of information access and sharing</p>
	<p>b. Does your company have any mechanism of notifying customs and/or other relevant government authorities on any illegal or suspicious activities as appropriate and timely?</p> <p>i. Electronic media /telecommunication</p>	<p>18.3 CA to verify the mechanism / guideline stated by the applicant and any sample of communication documents such as contacts, e-mails, letter to Customs or FMM and attendance to any liaison committee with Customs or other relevant government agencies.</p> <p>18.4 CA to also check availability of communication chart and relevant agencies and personnel to contact in case of emergency.</p>
	<p>ii. Correspondence</p>	
	<p>iii. Liaison committee with customs or other relevant government agencies</p>	
	<p>iv. Channel issues through Federation Malaysia Manufacturing (FMM)</p>	

Section E: Education, Training and Awareness

This section seeks the applicant's efforts in ensuring training and updating of his staff with necessary knowledge and information to maintain safety and security in their work as required by the law.

19	<p>Does your company have a systematic training program for your personnel including the members of board of directors on:</p> <p>a. risks associated with movement of goods in the international trade supply chain?</p> <p>b. customs procedures</p> <p>c. safety and security awareness on premise</p> <p>d. security on cargo movement</p>	<p>19.1 CA to verify the training program and the implementation of the program specifically on the four aspects of security on movements of goods, stated here. Details such as the participants list, schedule of the training, resources persons / trainers employed, training modules and methods of training are some of the information to look for in order to verify the program.</p> <p>19.2 If the applicant do not have the training program or these modules in their training program, CA to find out when they are going to implement them.</p> <p>19.3 In case a third party is appointed to conduct the training CA to ensure the competency of the trainers.</p>
20	<p>Does your company include the following in its security awareness module on cargo/premise security and information technology system?</p> <p>a. Recognizing potential threats</p> <p>b. How to maintain cargo integrity</p> <p>c. How to protect access control Please provide details.</p>	<p>20.1 CA to verify that the security awareness module includes these three subjects. If there isn't, CA to take note when the applicant is able to implement them.</p> <p>20.2 CA to also advise applicant that his AEO application will be on hold until they are able to conduct the modules within a specified period of time.</p>
21	<p>a. Does your company document and maintain records on training programs and number of personnel trained?</p> <p>If yes, is your company able to provide details on request?</p>	<p>21.1 CA Verify the records and details of the training program.</p>

	b. Does your company have the mechanism to assess the effectiveness of the training program?	<p>21.2 CA to verify training assessment mechanism implemented by applicant by checking training records and reports</p> <p>21.3 CA to confirm the company's training program includes-</p> <ul style="list-style-type: none"> a. risks associated with movement of goods in the international trade supply chain, b. customs procedures , c. safety and security awareness on premise and conveyances, d. Information technology system e. management of accidents, disaster and investigation f. management of crisis and recovery
	c. Does your company review the training program regularly?	21.4 CA to verify training review schedule and the relevant reports
22 .	Is your company able to provide awareness program and briefing to customs on your company's internal information systems, security system and processes?	22. CA to request for company's briefing on their internal information systems, security system and processes.

Section F: Information Exchange, Access and Confidentiality

Information provided in this section is to assess the level of applicant's information management and security control and to see if it is at par with the international standard.

23 .	<p>a. Is your company's mode of payment of customs duties via the electronic fund transfer (EFT)?</p> <p>b. Is your company able to make available declarations and proof payment of duty as and when requested by Customs?</p>	<p>23.1 CA to verify the answer by checking SMK and applicants systems.</p> <p>23.2 CA to verify the answer by checking company's payments records via the systems or the physical records.</p> <p>23.3 CA to confirm the following details:</p> <ul style="list-style-type: none"> a. There is a section responsible in ensuring that Guarantee letter are in order and valid. b. Company has to open an account with a nominated bank for purpose of duty payment through EFT.
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24	Does your company adopt recognized international standards in your in-house information system relating to import / export cargo clearance? Please specify	24. CA to verify the certification standards and to ask applicants to demonstrate the adoption of such standards in cargo clearance process.
25	Does your company have a documented information security policy and procedure and/or security-related controls such as firewalls, passwords, etc., in place to protect the AEO's electronic systems from unauthorized access? If yes, please specify	25. CA to check and verify if the information security policy and control procedure was documented and to get the applicant to show that security access to protect the AEO electronic systems is in place.
26	Does your company have procedures and back-up capabilities in place to protect against the loss of information? If yes, please specify	26. CA to view the procedure documents and to check how often back-up is done, how long do you take to back-up, and where do you keep your back-up data. To request for briefing on backup procedures.

Section G: Cargo Security

Management of Cargo security at the operators' premise is pertinent in ensuring that goods are secure to minimize risk and to keep with the international standard.

27	a. Does your company implement and maintain a <u>security policy manual</u> on the following :	27.1 CA to confirm the existence and implementation of the security policy manual for movements of goods for import and export.
	(i) For the movement of goods 1. on importation 2. on exportation	27.2 CA to view the security policy and to compare it with the actual implementation at its premise
	(ii) Manufacturing of goods	27.3 CA to check if the same manual was established at each respective area and applied during the operation.
	(iii) Warehousing of goods	27.4 CA to check that security procedures on handling of cargoes such as a. sealing procedures, b. ensure seals used are up to international standard (ISO 17712) c. a designated cargo inspection at loading area
	(iv) Loading and unloading of goods at the premises	

	(v) Conveyance /carriers of goods	<p>(well lighted, security features – CCTV in working condition with proper monitoring system)</p> <p>d. Examination of arriving cargoes.</p> <p>27.5 CA to check the control procedure of entrance and exit of the loading area</p> <p>27.6 CA to check the list of authorized persons into the loading area</p>
	b. Does your company delegate any third parties to operate the following :	27.7 CA to verify and confirm that the security control and procedure implemented by the third party are of the same standard as at the applicant's premise.
	i. For the movement of goods 1. on importation 2. on exportation	27.8 CA to confirm the existence and implementation of the security policy manual for movements of goods for import and export by the third party.
	ii. Manufacturing of goods	27.9 CA to view the security policy of the third party and to compare it with the actual implementation and to ask the third party to demonstrate.
	iii. Warehousing of goods	27.10 CA to check if the same manual was established at each respective area and applied during the operation.
	iv. Loading and unloading of goods at the premises	27.11 CA to check that security procedures on handling of cargoes such as a. sealing procedures, b. ensure seals used are up to international standard (ISO 17712) c. a designated cargo inspection at loading area (well lighted, security features – CCTV in working condition with proper monitoring system)
	v. Conveyance / carriers of goods	<p>27.12 CA to check the control procedure of entrance and exit of the loading area</p> <p>27.13 CA to check the list of authorized persons into the loading area</p>

28	<p>a. Does your company develop and maintain an internal security policy manual which contains detailed guidelines on procedures to be followed to preserve the integrity of cargo while in its custody?</p> <p>b. Does the same are also maintained by third party?</p>	<p>28.1 CA to confirm that the internal security policy manual provide guidelines on procedures in maintaining the integrity of cargo in custody and to ensure that it is established and applied throughout the premise.</p> <p>28.2 CA to confirm that similar guidelines are provided by the third party.</p> <p>28.3 CA to check if the applicant have documented all the procedures of security handling of cargoes and provide a review and improvement mechanism of the procedures in the policy.</p>
29	<p>Do your company and the third party have the following in place?</p> <p>a. Reporting mechanism for employees to report cargo-related incidents.</p> <p>b. Investigation procedures to investigate cargo-related incidents.</p> <p>c. Corrective measures after these cargo-related incidents and reported and investigated.</p>	<p>29.1 CA to confirm that there is such mechanism provided and to get a copy of documented mechanism to get sample of real cases (if any) from the applicant's premise and the third party (if any).</p> <p>29.2 To interview the employees of the details of the reporting procedure (for example if they know how to report, whom to report to when they find an incidents)</p> <p>29.3 CA to confirm if investigation procedures are in place.</p> <p>29.4 CA to get a list of persons in charge of the investigation.</p> <p>29.5 CA to look into previous investigation report (if any) and to confirm if it was done according to the stipulated procedures.</p> <p>29.6 CA to confirm if the corrective action was taken and it was recorded. CA to note some example of the action to prevent reoccurrence of the same incident.</p>

30	<p>a. Does your company have different storage areas for imported goods, local goods and goods for export?</p>	<p>30.1 CA to inspect the containers and cargo area</p> <p>a. To check the applicant's security procedures to Check that empty container were not tampered with before loading of goods for export (7 points structure check as recommended by WCO SAFE FoS)</p> <p>b. To look at the actual operation of loading or to ask the applicant to explain the details of the procedures.</p> <p>c. To confirm that the procurements records of imported goods, locally purchased goods and goods to be export are clearly delineated.</p>
	<p>b. Does your company store containers and cargo in a secured area to prevent unauthorized access and/or tampering?</p>	<p>30.2 CA to verify that cargo and containers are stored in a secure area and applicants implements security procedure to prevent unauthorized access and/or tampering</p> <p>30.3 CA to check if there is a periodic check on cargo storage facilities.</p>
31	<p>Does your company maintain a management policy manual on checking the security policy of a business partner with sealing responsibilities in the supply chain is in place to ensure the integrity of cargo while in its custody? <i>If yes, please provide details</i></p>	<p>31.1 CA to confirm that the applicant's management policy manual includes sealing responsibilities of the business partners.</p> <p>31.2 To check if the security policy of sealing responsibilities is included in the contract agreement with the business partner</p>
32	<p>Does your company have a drivers' guide to educate drivers on the following?</p> <p>a. Inspection of conveyance. Please provide details....</p>	<p>32.1 CA to request briefing by supervisor on the drivers' guide.</p> <p>32.2 CA also to interview the driver on awareness of the procedures such as inspection of conveyance.</p>
	<p>b. Policies on keys, parking area, refueling and unscheduled stops. Please provide details....</p>	<p>32.3 CA to verify that the policies are being practice by the driver. To get some proof of practice such as refueling and log book.</p>

	<p>c. Reporting procedures for accident / emergencies Please provide details....</p>	<p>32.4 CA to verify that reporting procedures is in place and to confirm its implementation by applicant.</p> <p>32.5 CA to view records of previous case of accidents / emergencies reported,</p> <p>32.6 CA to request samples of report.</p>
	<p>d. Reporting irregularities in loading, locking and sealing Please provide details....</p>	<p>32.7 CA to verify the existence of reporting mechanism is in place and to confirm implementation of procedures.</p> <p>32.8 CA to view records of previous cases of <i>irregularities in loading, locking and sealing</i>.</p> <p>32.9 CA to request samples of report.</p>
	<p>e. Security of goods Please provide details....</p>	<p>32.10 CA to check that driver's guide includes instructions on securing and control of cargo/goods during movement, refueling, schedule/unscheduled stops.</p>
33	<p>Does your company have an internal compliance program on Strategic Trade Goods and Goods which are under total prohibition or precursor chemicals which can be used in the manufacture of drugs or materials for weapons of mass destructions (WMD)?</p>	<p>33. CA to verify that the internal compliance program exists and is being applied by applicant.</p>

Section H: Conveyance Security

Conveyance Security is one of the elements emphasize in the International Chain Security Standards. An AEO is required to comply with the standard in ensuring recognition of the international trade community and success in MRA with other countries.

34.	<p>Does your company have procedures in place to ensure that all transport conveyances used for transportation of cargo within its supply chain are capable of being effectively secured?</p>	<p>34.1 CA to verify that the procedures are in place</p> <p>34.2 CA to view physical security of transport conveyances such as the locking and sealing facilities</p>
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		34.3 CA to view movement records of transport conveyances
35.	Does your company have procedures in place to ensure that all transport conveyances are secured when left unattended? <i>If yes, is there procedure to check for security breaches upon return?</i>	35.1 CA to verify that the procedures are in place and able to ensure security of unattended conveyance. 35.2 CA to check the area where the transport / conveyance was left unattended 35.3 CA to also get a sample of security breached cases and the reason of the breach and action taken to prevent reoccurrence of the incidents.
36.	Are all operators of conveyances used for the transportation of cargo trained to maintain the security of the transport conveyance and the cargo at all times while in custody?	36 CA to check list of all operators of conveyance and against the list of training and the date it training given. To also check the schedule, trainers and the content of training
37.	Does your company have a drivers' guide to educate drivers on the following? a. Inspection of conveyance	37.1 CA to request briefing by supervisor on the drivers' guide. 37.2 CA also to interview the driver on awareness of the procedures in inspection of conveyance.
	b. Policies on keys, parking area, refueling and unscheduled stops.	37.3 CA to verify that the policies are being practice by the driver 37.4 CA to get some proof of practice such as records of scheduled/unscheduled stops, refueling and log book. 37.5 CA to check the records, protocols and safe keeping of conveyance keys.
	c. Reporting procedures for accident / emergencies.	37.6 CA to verify the existence of reporting procedures and to confirm its implementation by applicant. 37.7 CA to view records of previous case of accidents / emergencies reported,

		37.8 CA to request samples of report.
	d. Reporting irregularities in loading, locking and sealing	37.9 CA to verify that reporting mechanism is in place and to confirm implementation of procedures. 37.10 CA to view records of previous cases of <i>irregularities in loading, locking and sealing</i> . 37.11 CA to request samples of report.
	e. Maintaining records of the above reports to be made available to Customs	37.12 CA to check that driver's guide includes instructions on securing and control of cargo/goods during movement, refueling, schedule/unscheduled stops.
38.	Does your company inspect the physical integrity of the container structure, including the reliability of the locking mechanisms of the doors?	38 CA to inspect the containers and cargo area <ul style="list-style-type: none"> - To check the applicant's security procedures - To request for records of physical integrity inspection - To assess the locking mechanism of the conveyance
39.	Does your company maintain regular inspection records on potential places of concealment of illegal goods on transport conveyances?	39 CA to view records of regular inspection by the applicant or by the business partner, especially the 7 points check.
40.	Does your company have procedures in place for employees or operators of conveyances to notify Customs or other relevant body of any unusual, suspicious or actual breach of transport conveyance security?	40.1 CA to confirm that there is such procedures in place. 40.2 CA to get sample of cases (if any) from the applicant premise. 40.3 CA To interview the employees on the details of the reporting procedure (for example if they know how to report, whom to report to when they find an incidents.
41.	Does your company develop and maintain a security policy manual on which contains detailed guidelines on sealing responsibilities	41.1 CA to confirm that the applicant's management policy manual includes sealing responsibilities.

	and other security related measures to be followed to preserve the integrity of cargo while in its custody?	<p>41.2 CA to confirm designated persons responsible for sealing.</p> <p>41.3 CA to verify and record other security related measures.</p> <p>41.4 CA to check if the security policy of sealing responsibilities is included in the contract agreement with the business partner</p> <p>41.5 CA to confirm application of ISO 17712 standard on container seals.</p>
42.	<p>Does your company have an established framework for Global Positioning System (GPS) to check the route and the mode of transportation, as well as to properly track the movement of the cargoes?</p> <p>a) Please state person in charge on GPS</p>	42. CA to confirm establishment of the framework and the person in charge.
43.	Are loaded conveyances stored in a secured area to prevent unauthorized access and/or tampering?	43. CA to inspect and assess the security of the area.

Section I: Premises Security

44	<p>a. Does your company conduct periodic and ad-hoc examination on and keep records of, incoming and outgoing persons, vehicles and cargoes to and from your premise?</p> <p>b. Does your third party conduct periodic and ad-hoc examination on incoming and outgoing persons, vehicles and cargoes to and from your premise?</p>	<p>44.1 CA to visit the gate and confirm that examination is being done by checking the records of incoming/outgoing examination</p> <p>44.2 CA to verify the procedure flow and actual implementation by Applicant</p>
45	<p>a. Is there external perimeter fencing around buildings, warehouse and storage facilities?</p> <p>b. Does the building in your premise certified for safety by relevant bodies?</p>	<p>45.1 CA to visit the perimeter and confirm on the fencing of the building and warehousing are secure and properly maintain.</p> <p>45.2 CA to confirm the Certificate of Fitness on the building</p>

46	<p>a. Does your company have sufficient physical security provided in ensuring safety of goods and premises such as locking devices, barrier, fencing and lighting, placement of guards, including setup of close circuit television (CCTV) and periodic patrolling?</p> <p>b. Is similar security features also applied by the third party?</p>	<p>46.1 CA to confirm and assess that;</p> <ul style="list-style-type: none"> a. Number of gates is kept to minimum necessary for proper access and safety b. All gates are manned. It is also acceptable if the gates are control with crossing bar from remote location. c. Gates are secured with locking devices. d. Gate keys are manage properly e. Adequate lighting is provided inside and outside facilities (gates, storage facilities, fences, parking areas) f. Regular patrolling of the area g. Maintaining a functional alarm system and CCTV especially at manufacturing, storage and loading facilities h. Monitoring of CCTV is by designated person i. Private passenger vehicles are prohibited from parking at the storage and loading facilities <p>46.2 CA to confirm implementation of the similar security features by the third parties.</p>
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Section J: Personnel Security

47	Does your company, to the extent legally possible, scrutinize the background of prospective employees?	47. CA to asses recruitment policy in term of security background
48	Does your company conduct periodic or ad-hoc background checks on employees in security sensitive positions?	<p>48.1 CA to check records or schedule of periodic background checks</p> <p>48.2 CA to assess the criteria of the security sensitive positions</p>
49	Does your company have employee identification procedures in place such as security passes, etc.?	<p>49.1 CA to verify employee identification procedures is in place</p> <p>49.2 CA to assess control of security passes/card to personnel.</p> <p>49.3 CA to check if applicant have high level of security for highly sensitive area – storage area, IT center, CCTV monitoring room etc.</p>

50 .	Does your company have procedures in place to identify, to record and to deal with unauthorized or unidentified persons?	<p>50.1 CA to verify the identification procedures is in place.</p> <p>50.2 CA to confirm that the procedures include checking on visitors/ vehicles/ escorting visitor by authorized personnel within the premise.</p> <p>50.3 CA to confirm procedures for disabling of ex-employee access card</p> <p>50.4 CA to assess the flow chart of action to be taken in dealing with intruders.</p> <p>50.5 CA to confirm procedures of disseminating information regarding termination of employees (bulletin board, website, printed media)</p>
51 .	Does your company have procedures in place to expeditiously remove identification, premises and information systems access for employees who has been terminated?	<p>51.1 CA to verify the procedure</p> <p>51.2 CA to test the system</p>
52 .	Does your company have a punitive regulation established to deal with any misconduct of staff? If yes, please specify?	<p>52.1 CA to verify the punitive regulation and Code of Conduct</p> <p>52.2 CA to find out what is the measures, who will conduct and how is it carry out</p> <p>52.3 CA to check the Database of personnel with misconduct</p>

K. TRADING PARTNER SECURITY

53 .	<p>a. Does your company have security requirements for trading partners?</p> <p>b. Does the security requirements for trading partners includes under Strategic Trade Act 2010 (STA) and Goods which are under total prohibition or precursor chemicals which can be used in the manufacture of drugs or materials for weapons of mass destructions</p>	<p>53.1 CA to verify the security requirements for trading partners in the agreement.</p> <p>53.2 CA may check contracted agreements to verify that security requirements are included</p> <p>53.3 CA to verify the trading partner business documents to confirm if the security requirements were included such as maintenance and</p>
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	(WMD)?	<p>implementation of a security policy manual to handle and maintain the integrity and security of goods in accordance with the AEO requirements;</p> <p>53.4 CA to verify necessary written document signed between company and third party.</p> <p>53.5 CA to confirm that the company, and to any extent possible, to require all their contracting parties to comply to all other relevant laws and regulations of other government agencies, such as immigrations and Companies Act, IPR or Quarantine.</p>
54	<p>Does your company specify the requirements in your contractual arrangements with your trading partners that they will assess and enhance their supply chain security in accordance with WCO SAFE Framework of Standards? <i>If yes, is the company able to make this information available upon request?</i></p>	<p>54.1 CA to verify the security requirements for trading partners in the agreement.</p> <p>54.2 CA may check contracted agreements to verify that security requirements are included</p> <p>54.3 CA to request the applicant to explain about the operation manual of the contracting parties</p> <p>54.4 CA to inquire and confirm the company's selection criteria includes participation or certification by any compliance program administered by other countries such as AEO, C-TPAT or ISO.</p>
55	<p>Does your company review relevant commercial information relating to the other contracting party before entering into contractual relations?</p>	<p>55.1 CA to confirm the mechanisms of reviewing commercial information before entering into contractual relations</p> <p>55.2 CA to confirm the mechanism of evaluating the performance, security measures and the financial standing of a third party before entering into a contractual agreement.</p> <p>55.3 CA to confirm the company's evaluation process before continuing next term of third party contract</p> <p>55.4 CA to verify and confirm list of contracted parties and the relevant delegated operations.</p>

56	Are you able to make available to Customs a copy of a contract with your trading partner?	56. CA to verify the establishment of procedures and control mechanism when engaging contractual arrangements with trading partners or delegating of operations to third parties.
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L. CRISIS MANAGEMENT AND INCIDENT RECOVERY

57	Does your company have a documented contingency plan for emergency security situations and for disaster incident recovery?	57.1 CA to request for briefing and a copy of the contingency plan 57.2 CA to request the flow chart of the reporting process
58	Does your company have periodic training of employees and testing of the emergency contingency plan? <i>If yes, please provide schedule of periodic training and testing.</i>	58.1 CA to verify the training program and to confirm numbers of employees involved 58.2 CA to request for the training materials, resources persons/trainers, photos and records of training session
59	Is your company ISO compliance? <i>If yes, please specify.</i>	59. CA to verify certificates
60	Has your company ever experienced any accident/disaster related to the cargoes processed under the operations of the company? a) If any please specify the actions taken.	60. CA to confirmed the experience and preventive measures taken under the Company's Contingency plan

Section M. Measurement, Analyses and Improvement

61	a. Does your company undertake periodic assessment of the security risk in your operations and take appropriate measures to mitigate risks? <i>If yes, please provide schedule and appropriate measures taken.</i> b. Does your company undertake measures to	61.1 CA to verify periodic assessment of security risk 61.2 CA to request briefing on measures to mitigate risk 61.3 CA to verify measures taken by applicant to ensure the legality of cargo and operations e.g. compliance to law and regulations such as STA
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	ensure the legality of cargo and operations?	and any permit requirement.
62 .	Does your company conduct regular self-assessment on your security management system? <i>If yes, please provide schedule</i>	62.1 CA to verify and request for briefing on the company's self-assessment framework 62.2 CA to confirm that applicant have an internal audit team, conduct auditing at least once a year and maintain records of evaluation 62.3 CA inform applicant on the necessity to report to customs of any irregularities of security management systems and measures taken to address the problem.
63 .	a. Does your company have a full document of the self-assessment procedure and the responsible parties? b. Does your company certified under any customs compliance program administered by other countries such as AEO, C-TPAT or ISO.	63.1 CA verify the company rule and regulations including feedbacks from relevant section in their review assessment result 63.2 CA to confirm whether the company has identified and established criteria for the purpose of auditing compliance to the AEO Program.
64 .	Does your company include in the review assessment result, the feedback from the designated parties and recommendations for possible enhancement to be incorporated in a plan for the forthcoming period to ensure continued adequacy of the security management system?	64.1 CA to verify that there is a mechanism of review in accordance with the result of internal audit, feedback and recommendation for enhancement. 64.2 CA to advice applicant to report findings of internal audit to the executive management. 64.3 In the case where report findings of internal audit was not reported to the executive management for the enhancement to be properly addressed and appropriate action taken accordingly within a reasonable time limit, CA to advice applicant to start doing so.

Section N: Implementation of Customs Procedures

<p>65</p>	<p>Does your company have guideline in place to ensure that Import /Export declaration is made accurately based on relevant documents in accordance to Customs procedures?</p>	<p>65.1 CA to confirm that the person in charge of AEO activity have read the AEO program requirements as stipulated in the paragraph 9 to 13 of the Information Guidelines and the condition in the Application Form</p> <p>65.2 CA to confirm that the company have the mechanism to ensure correct declaration to Customs and able to submit list of goods with relevant details inclusive of goods under STA and prohibited items.</p> <p>65.3 CA to confirm company should be able to make available the list of raw materials, finished products, their HS Codes and the relevant regulations relating to the materials or products, such as approval permit or license.</p> <p>65.4 CA to confirm that they will be able to access and extract import/export details for auditing purpose.</p> <p>65.5 CA to confirm the mechanisms of sharing of the list among relevant units, maintenance and updating the list of goods submitted under the AEO operation.</p>
<p>66</p>	<p>Does your company or your appointed contracting party have the capability to ensure the following elements :</p> <ul style="list-style-type: none"> a. Lodgment of the duty payment declaration by the deadline stipulated in the Customs Law. b. Preparing the correct duty payment declaration, i.e. preparing the duty payment declaration based on relevant documents including the import permission and import list. 	<p>66.1 CA to confirm that the person in charge of Customs declaration to have relevant skill and knowledge of customs laws and regulation and able to use Customs Declaration Systems.</p> <p>66.2 CA to confirm company's implementation of correct declaration by checking their previous records.</p> <p>66.3 CA to verify the implementation of correct customs process applied by the company by checking the work flow chart, reference documents, manuals and guidelines provided by the company to the relevant workers. Reference documents or media should include current and updated Customs Laws and Regulation, HS Tariff Codes other relevant information required.</p>

I hereby declare that the above information provided are true and correct. I also undertake to inform Royal Malaysian Customs immediately of any changes in the particulars declared on this compliance checklist. I hereby agree that should any information be found false or incorrect, Royal Malaysian Customs has the right to reject my application or cancel my status.

Date :.....

.....

(Applicant's Signature)

Name of Applicant :

Designation of Applicant :

Company's Official Stamp :

Audited by:

.....
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Customs Official Stamp

.....
()

Customs Official Stamp

Date:

Date: