**Guidance on Internal Audit of Internal Compliance Programme**

1. Holders of Bulk Permits issued under the Strategic Trade Scheme (STS) are required to conduct an internal audit of their Internal Compliance Programme (ICP) at least once every 18 months.
2. The internal audit aims to ensure that:
3. ICP elements are properly implemented within a company
4. ICP processes are followed within the company by carrying out documentary verification as well interviews with the employees
5. Any non-conformances are detected, addressed and if necessary, reported to Singapore Customs within 7 days of discovery
6. This document provides guidance to companies on the scope to be covered during the internal audit. The internal audit held should minimally address the areas mentioned in this document.
7. Any documents referenced during the audit, names of employees spoken to and the outcome of the particular section should be documented under the ‘Remarks by Assessor’ column. A copy of any documents referenced must be made and attached to the audit checklist.
8. Should there be any non-conformance detected, the non-conformance detected and the corrective actions to be implemented must be documented and attached together with the checklist. A sample of such a report can be found in Annex A.

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| **No** | **Questions** | **Additional Notes** | **Remarks by Assessor**  ***(Please include names of employees interviewed, outcome as well as unique reference number of documents checked. Also indicate if there are any areas of concern or non-conformance detected.)*** |
| **A** | **Policy Statement** | | |
| 1 | Does the policy statement state the company’s commitment to comply with the Singapore’s Strategic Goods (Control) Act (SGCA)? |  |  |
| 2 | Is the policy statement reviewed to ensure relevancy with current policy direction on export control? | State date the statement was last reviewed. If the date is more than a year away, state the reason why it was not reviewed after the previous review. |  |
| 3 | Is the policy statement signed by a member of the company’s senior management? |  |  |
| 4 | Is the policy statement circulated to all staff? | Indicate how the policy was circulated (e.g. email/notification letter/acknowledgement in writing/induction training/etc) and the date when it was last circulated. |  |
| 5 | Are the company’s service providers, customers and suppliers made aware of the company’s export control policy? | Indicate how the various parties are made aware of the company’s export control policy. |  |
| **B** | **Product Classification** | | |
| 1 | Is there a process to classify all products exported by the company according to Singapore’s latest control list? |  |  |
| 2 | Is there a process to review the classification of existing products when there is a change in Singapore’s control list? |  |  |
| 3 | Is there a process to review the classification of existing products whose specifications have been modified? |  |  |
| 4 | Is there a process to classify new products by the company? |  |  |
| 5 | Is the person doing classification sufficiently trained to determine the classification of the item? | Indicate the background/training of the person/people involved in classification |  |
| 6 | Are all product classification outcomes documented? | State where they are documented |  |
| 7 | Is information on the classification of the products readily available to everyone who needs it? | State who has access to the information and why |  |
| **C** | **Order Screening** | | |
| 1 | Before releasing items controlled under SGCA, does the company have processes to ensure that:   1. a valid End User Statement (EUS) is in place? 2. the transaction is covered by a valid Bulk or Individual Permit? 3. all end user and red flag screening processes have been completed as required? 4. the export license from the exporting country to Singapore is in place (applicable if the item(s) is controlled from the country from which the item was exported to Singapore)? 5. any applicable re-export license that may be required from the country of origin of the item for the item to be exported to the intended destination/consignee/end-user from Singapore is in place? |  |  |
| 2 | If the above is not fulfilled, is there a process to hold shipments till the necessary documents are in place or processes have been fulfilled? |  |  |
| 3 | Is there a process to ensure that the transaction is covered by the appropriate  Strategic Goods TradeNet® Permit? |  |  |
| **D** | **End User Screening** | | |
| 1 | Is there a process to screen the consignee/end user prior to transacting with them to ensure that they are not a party of concern for export control purposes? |  |  |
| 2 | Is there a process to screen the consignee/end user prior to transacting with them to ensure that they are not subject to any sanction imposed by the United Nations Security Council? |  |  |
| 3 | Is red flag indicator screening carried out prior to transaction? |  |  |
| 4 | Is there a checklist to facilitate the red flag indicator screening? |  |  |
| 5 | Are employees aware of the red flags and how they can be detected? | Interview some employees involved in the process. List the names of the employees, the questions asked and the responses gathered. |  |
| 6 | Is the red flag indicator screening reviewed if there is a change in the business terms? |  |  |
| 7 | Are all end user and red flag screening results documented? |  |  |
| 8 | Are all end user and red flag screening results reviewed by a person other than the one who carried out the screening? |  |  |
| 9 | Are the relevant employees able to explain the follow up actions to be taken in cases where there are any red flags on the transaction or when the end user is a black listed party? | Interview 5 employees involved in the process. List the names of the employees, the questions asked and the responses gathered |  |
| **E** | **Training** | | |
| 1 | Is there an awareness training programme on Strategic Goods Control for all employees? | Indicate the content covered during the training and the people who conducted the training |  |
| 2 | Is this training and refresher trainings held regularly? | Indicate the frequency of the training and attach copies of any attendance logs |  |
| 3 | Are there measures in place to assess the effectiveness of the training? | Indicate how the effectiveness is measured. |  |
| 4 | Does the company keep up with the changes to the laws with regards to strategic goods? | Indicate how the company ensures that it is kept informed with the changes |  |
| **F** | **Internal Audit** | | |
| 1 | Is the internal audit conducted at least once every 18 months? |  |  |
| 2 | Is there an escalation process if any non-conformances are detected during the internal audit? | Please indicate process to report to SC. |  |
| 3 | Is there a process to inform Singapore Customs within 7 days of discovery of any non-conformance to the SGCA? |  |  |
| **G** | **Strategic Goods Control Officer (SGCO)** | | |
| 1 | Does the company promptly inform Singapore Customs, when a new SGCO is nominated? |  |  |
| 2 | Does the SGCO have a clearly defined job scope which includes ensuring that all exports from the company comply with Singapore’s Strategic Goods (Control) Act? | Attach copy of the SGCO’s job description |  |
| 3 | Is the SGCO’s contact details made known to all staff? | Indicate how the contact details are made known to all staff. |  |
| **H** | **Record Keeping** | | |
| 1 | Are commercial and compliance documents kept for a period of at least 5 years? |  |  |
| 2 | Verify at least 10 Strategic Goods past transactions to ensure that the following records are correct, kept and maintained:   1. Appropriate Strategic Goods TradeNet® Permit that was declared prior to transfer 2. Export permit from the country from which the item was exported to Singapore 3. Applicable re-export licenses that may be required from the country of origin of the item for the item to be exported to the intended destination/consignee/end-user from Singapore 4. The Red Flag indicator screening and denied party list screening have been carried out 5. End User Statement/Certificate 6. Necessary endorsements have been made as required by the company’s SOP 7. Invoice 8. Bill of Lading/ Airway Bill 9. Contract for the acquisition/ disposal of goods or technology related to the permits | Indicate the permit numbers that were checked and if there was any non-conformance detected. |  |

Name and designation of Auditor (s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date of Audit: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Undertaking (To be signed by personnel holding the position of Director or above)**

I have read the completed audit checklist on the audit conducted on my company’s Internal Compliance Programme. I have also noted the non-conformances detected (if any) and will follow up to ensure that they will be acted upon and reported to Singapore Customs within 7 days of discovery if necessary.

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| Name | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Designation | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Signature | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Date | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Company Stamp |  |

<< Company Letterhead>>

Report Ref number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| --- | --- | --- | --- |
| **Name of Person who discovered non-conformance** |  | | |
| **Date Discovered** |  | | |
| **Date of Incident** |  | | |
| **People Involved and their designation(s)** |  | | |
| **Details of non–conformance (to be filled in by person who discovered non-conformance)** | | | |
|  | | | |
| **Signature of person who discovered non-conformance** |  | | |
| **Requires reporting to Singapore Customs?** | **Yes / No** | | |
| **Signature of Strategic Goods Control Officer** |  | | |
| **Details on why the non-conformance occurred** | | | |
|  | | | |
| **Corrective measures to be implemented** | | | |
|  | | | |
| **People tasked to implement measures and their designation(s)** |  | | |
| **Remarks (if any)** |  | | |
|  | | | |
| **Date implementation is completed** |  | | |
| **Name and signature of person overseeing implementation of corrective measures** |  | **Date:** |  |
| **Name and signature of Strategic Goods Control Officer** |  | **Date:** |  |
| **Name and signature of personnel who signed the Undertaking section of the audit checklist** |  | **Date:** |  |