

A 5 Step Risk Assessment Process For Your Supply Chain

(Adapted from the C-TPAT 5 Step Risk Assessment Process Guide -

http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/ctpat/ctpat_partners/scra/supply_chain_assess_guide.ctt/supply_chain_assess_guide.pdf)

STEP	PROCESS	DESCRIPTION	BENEFIT
1	<p>Map cargo flow and identify business partners (directly or indirectly contracted e.g. supplier, consolidator/freight forwarder, trucker, loading/unloading, broker, etc.)</p>	<ul style="list-style-type: none"> • Map out the business’ entire supply chain • Analyze all parties involved in a shipment from the point of origin to final destination 	<p>It enables businesses to highlight where and when cargo is most vulnerable and hence action can be taken.</p>
2	<p>Conduct a threat assessment</p>	<ul style="list-style-type: none"> • This is a holistic evaluation of all possible threats (e.g. contraband smuggling, human smuggling, organized crime, theft, terrorism, etc.) to the supply chain from each country of origin, each business partner, and must be based on quantitative evidence. • Evidence from trusted open source websites can be a great resource to identify threats. 	<p>The risks along the supply chain when identified can be rated as :</p> <ul style="list-style-type: none"> • High – recent incidents and intelligence/information • Medium – No recent incidents/some intelligence/information on possible activity • Low- no recent incidents/

			intelligence/ information
STEP	PROCESS	DESCRIPTION	BENEFIT
3	Conduct a vulnerability assessment	<p>This should be conducted on all business partners and service providers throughout your supply chain to ascertain their level of vulnerability in the context of the AEO programme's minimum security criteria. The following should be done:</p> <ul style="list-style-type: none"> • Identify the process they perform • Verify that partners meet applicable minimum security criteria • Rate their compliance within each applicable minimum-security criteria category (high, medium, low) <p>A security questionnaire, an on-site assessment, an annual business review are methods that can be used in conducting assessment.</p>	<p>This process helps businesses to identify and focus on the areas of their supply chain in need of strengthening. The vulnerabilities along your supply chain, when identified, can be rated as:</p> <p>Low risk – meets all ('musts' & 'shoulds') applicable security criteria</p> <p>Medium risk – meets all applicable 'musts' in the security criteria but does not meet all the 'shoulds'</p> <p>High risk – does not meet the minimum security requirements</p>
4	Prepare an Action Plan	<ul style="list-style-type: none"> • Where vulnerabilities are identified, a corrective action plan relating to that business partner must be determined to adequately address the weakness. 	<p>Deficiencies in the supply chain can be prioritized and risks can be appropriately managed.</p>

		<ul style="list-style-type: none"> • Prioritize the deficiencies, nominate who is responsible, and establish documentation for dates of completion and verification. 	
STEP	PROCESS	DESCRIPTION	BENEFIT
5	Document how the organization's supply chain risk assessments are conducted	The company's approach, policies and procedures for conducting an international supply chain security risk assessment must be documented. This include, inter alia, dates and frequency of assessments; follow-up procedures; responsible parties for specified functions in this step, etc.	This step facilitates continuity of the process of assessing the organization's international supply chain, thereby ensuring that the threats to and vulnerabilities within the chain are minimized.