

# Auditing Your Export Controls

**“You can’t handle the truth!”** – A Few Good Men

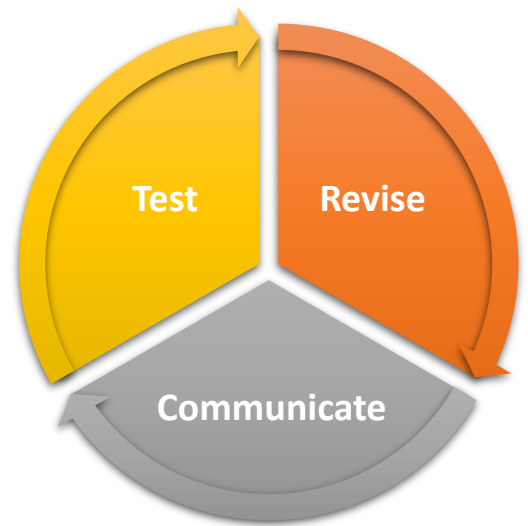
Audit programmes provide the overarching mechanism for oversight, transparency and accountability within a company’s Internal Compliance Programme (ICP). It is also a useful tool which helps businesses to identify potential risks or occurrences of non-compliance.

## **What does an export controls audit programme look like?**

There are various ways in which businesses can implement their export controls audit programme and there is not one specific format. Like with any element of an ICP, it is important that the function neatly integrates with the business structure and works for you. If it is not efficient, is too complicated / unusable or is unlike the rest of the company structure, it will not be effective and could potentially be ignored all together.

Effective audit programmes act as a check and balance for your export controls compliance activities. It tests the controls in place and the decisions made to detect any risks or vulnerabilities and highlights any potential instances of non-compliance.

Despite how the audit programme is structured, it is critical that the audit programme contains the following main elements:



1. Implement a documented and systematic process (i.e. schedule, methodology, notes, report, etc.)
2. Emulate the business’ other compliance audit programmes (i.e. anti-bribery, customs, tax, etc.)
3. Audit your procedures, a transactional sample, screening clearances & ECCN determinations
4. Ensure an independent approach – no one can check their own work
5. Refer the results to your investigation and corrective action procedure
6. Determine where the report is published (and the level of detail published) and who has access or should review it
7. Connect the audit requirements to the recordkeeping and document control procedure
8. Adequately communicate any amendments or instructions to the business as a result of the audit findings

## **Why is auditing important?**

Audits provide a structured system in which a business can review the current status of their ICP and state of compliance with export control regulations and requirements. Despite being an expectation of export control authorities across the globe, audit programmes support businesses to detect and eliminate potential risks and/or resolve actual instances of non-compliance. By implementing a robust audit programme a company demonstrates ownership of their ICP, transparency and accountability.

## **So now you know, what next?**

Once an audit is completed and the findings have been formally documented, any potential risks, identified gaps or suspected incidents of non-compliance should be investigated in line with the formalised process to identify root causes. Once these have been identified, comprehensive corrective actions should be developed and formally assigned to the appropriate parties for monitored implementation in accordance with the company's procedure. Any procedural amendments or additional requirements to your ICP and company requirements should be adequately communicated to the relevant and affected departments and individuals.

If non-compliance is confirmed through formal investigation, it is recommended that the business begin the voluntary disclosure process outlining the corrective actions being implemented.



**Export control regulations and associated threats evolve - so should your ICP!**

## **The Government authorities want to audit me – what do we do?**

Businesses should always be ready to be scrutinised as you never know when an audit may be required – maintenance of “audit ready” status. For all announced Government audits, all instructions issued prior to the audit should be followed in accordance with outlined timescales. It is recommended that a mock audit is conducted prior to the Government in order to ensure all documentation is ready, personnel understand what is required of them and reduce the chance of any surprises. Unannounced audits can be difficult due to the element of surprise. However, if a company is always “audit ready” then there is a reduced level of anxiety for all personnel.

## **At Customs Connect, we assist companies to:**

Develop their  
audit programme

Conduct  
independent  
export control  
audits

Train compliance  
personnel on audit  
methodology

Conduct mock  
audits

Provide on-site  
support during  
Government  
audits

If you are interested in learning more about export control audits or how we could assist you, please visit our website <https://customsconnect.co.uk/> or give us a call on +44 (0)845 519 0878.