

# SCAN INSIGHT

*The Quarterly Newsletter from Supplier Compliance Audit Network Association*



## IN THIS ISSUE:

- Chair Message - 2
- News & Updates - 3
  - 2022 Priorities - 4
  - Re-Validation Experience - 5
- Factory & Suppliers
  - Audits, Keys to Success - 7
- Q4 Stats - 9

## CONNECT WITH SCAN



[SCAN Association](#)



[info@scanassociation.com](mailto:info@scanassociation.com)



[www.scanassociation.com](http://www.scanassociation.com)



[Past Newsletters](#)

# MESSAGE FROM THE CHAIR

*Jennifer Kissner | Newell Brands*

Greetings and welcome to 2022.

I hope everyone has had a healthy start to 2022.

It seems like the world has gone crazy and it has become difficult to find a work/life balance. I know as a trade compliance professional I am feeling the craziness both at home and at work. In the world of trade, we are dealing with the transportation crisis, port congestion, astronomical container costs, driver shortage, forced labor enforcement, strained China trade relations, 301 tariffs with limited or no exclusions, and now the Russia/Ukraine war with daily sanctions, the list goes on and on.

The one consistent and positive environment in my world is SCAN. SCAN is solid, our foundation is strong, our membership has grown, we continue to expand our offers such as the self- assessments, supplier-initiated audits, CBP recognized immersive audit program and soon we will have a logistics service providers audit. There are new initiatives for 2022 that will continue to grow the SCAN foundation. You will hear more about the 2022 goals and initiatives in our April member's meeting.

With all of the excitement, growth and activity that SCAN is undertaking as a recognized supply chain security leader, " we need your help"! Being part of a SCAN committee or the SCAN Board of Directors not only benefits your company by having a voice in the priorities and direction of SCAN as an organization but there are personal benefits as well. The participation will enhance your resume and provide an opportunity for personal and professional growth as well as being able to network with other large importers in benchmarking CTPAT programs.

Consider becoming part of a SCAN committee or the Board, you won't regret your decision!

Jen

# SCAN NEWS & UPDATES

## SCAN BOARD OF DIRECTORS & COMMITTEE CHAIRS



### Board Chair

Jennifer Kissner | Newell Brands



### Vice Chair

Ken McElroy | The Home Depot



### Past Chair

Lisa Schulte | Target



### Treasurer

Pat Cerisano | Husky Injection Molding



### Secretary

Lesa Hubbard | JCPenney



### Committee Chair: Audit

Open



### Committee Chair: IT

Jodi Nesbitt | Meijer



### Committee Chair: Service Providers

Scott Hannaford | Canadian Tire



### Committee Chair: Logistics Service Provider (LSP)

Open



### Committee Chair: Membership/Public Relations

Open



### Member At Large

Nick Matlach | Hasbro, Inc.



### Member At Large

Andrea Morreira | Lowe's Company, Inc.



### Executive Director

Dave Blackorby



### Coordinator

Summer Backstrom

## WELCOME OUR NEWEST BOARD MEMBER



**ANDREA MORREIRA**  
Lowe's Company, Inc.

Andrea Morreira is the Sr. Analyst of Customs Compliance and Security at Lowe's. Andrea manages the operations/partnership with the Customs Broker and SCAN. Andrea's career started in inventory management but transitioned to Import Transportation nearly 10 years ago.

While with Lowe's, she has implemented new programs, executed new contracts, and reduced annual spending. Andrea has a master's degree in Operations Management with the intent of pursuing a Customs Broker License. Andrea will serve on SCAN's board of directors as member at large.

# SCAN 2022 PRIORITIES

## Executive Committee

- MOU with CBP – Blockchain, Immersive audits
- Membership engagement – build our bench strength and ensure SCAN has a strong board of directors
- Membership growth
- Forced Labor assessments, partner with CBP to identify Forced Labor audit criteria

## Exec Director (Dave Blackorby)

- Formalize our Immersive Audit program to onboard as many ASPs as possible that are agreeable and qualified (with ASP Committee)
- Initiate with member involvement, an evaluation concluding with a proposal of what a full social responsibility program needs, if any, by some or all SCAN members.
- Formalize the criteria, rules of engagement and rotation of a BPR program with BSI.

## IT Committee (Jodie Nesbitt)

- Improve user experience with system navigation within the Repository (and connectivity with member Connect SCAN account as applicable)
- Be more inclusive with the membership to solicit more feedback on what will help them be more engaged with the SCAN program associated resources

## Service Provider Committee (Scott Hannaford)

- Reduction of ASP's quality instances (missing comments).
- Reduction of late report submissions

## Membership Committee (TBD)

- Membership growth (+10%)
- Member Communication execution (newsletter / open member meeting)
- Member/Factory Feedback & Action Plan
- Industry Organization Partnership Development

## Audit Committee (TBD)

- Complete & implement the enhanced auditor guidance
- Update the audit questionnaire with Forced Labor questions (most likely last quarter once we receive info from CBP)
- Begin re-write of Audit based on 2 years of results and feed back
- RS audit drafts by BSI for possible adaptation for future SCAN audit offerings

## LSP Committee (TBD)

- LSP self-assessments finish the work that the previous LSP Committee Chair has started and launch
- Many, Many LSP's have either left CTPAT or been removed so there really is limited guarantee of the security program adherence



## SCAN MEMBER CTPAT REVALIDATION EXPERIENCE

As a Tier III member, JCPenney was up for revalidation in 2019 but did not receive it until Nov/Dec 2021. We were informed of the revalidation in August and scheduled both the domestic (Home Office) & foreign virtual audits in November and December.

### 1 – Prepare for Domestic Audit/Home Office review - November

Our SCSS provided a list of minimum-security criteria that he wanted us to address for the revalidation.

- Create a Time and Action calendar to ensure you meet your milestones on time
- Provide responses and evidence to your SCSS prior to the audit.
- Prepare a power point, it helps start the meeting. The presentation should not be too long. Only a few slides on your company and its previous years' volume. The rest should be focused on your CTPAT program.
- Have a few slides on specific security criteria and have the expert in that area speak to those slides. For example, IT was greatly expanded upon when the new criteria was released in 2019. I asked our director of IT to submit a few slides (I gave him some specific topics) and present them during the meeting.

# CTPAT RE-VALIDATION CONT...

- Have a slide or two from your dray carrier and have either a representative from their company or your logistics person speak to them. Be sure one of the slides is a “bread crumb” or “tracking” slide from port to receipt.
- Don’t have too many attendants but be sure to have the “right” attendants. Our meeting included IT, HR, International Logistics, and Asset Protection.
- Hold a meeting prior to the actual audit to ensure everyone knows what to expect and to get an indication of time.

## 2 – Prepare for Foreign Factory Audit - December

**Our SCSS provided a list of minimum-security criteria that he wanted us/our factory to address for the revalidation.**

- Create a Time and Action calendar to ensure you meet your milestones in time
- Work with your factory to provide you responses to the questions & document evidence in a timely manner
- Present response & evidence to your SCSS at least 2 weeks in advance of the audit
- Help the factory create a power point presentation. Again, it should only contain a few slides about the company and then jump into their security program.
- I also requested a few slides from the factory’s inland carrier. I wanted to show how security was covered from factory to port.
- Be sure the factory and inland carrier has a “tracking” slide from factory to port.
- If the factory has questionable Wi-Fi you might consider an Immersive Audit with CBP. You can contact BSI to get more information.
- If the factory has good Wi-Fi and a good connection with their phone, make note of the areas you want to show the SCSS during a live feed at the end of your audit meeting.
- Hold a mock audit with the factory at least 2 weeks prior to the audit. It allows you to work out details and ensure the technology is acceptable. It also provides you an opportunity to check out live feed and direct them on where to walk, what to zoom in on (CCTV’s), etc. Be sure to walk into the security CCTV room and have them pull up old footage.

I think spreading out the two audits was very helpful, as it helped me focus on one at a time. If you have questions or would like to benchmark, I would be happy to talk with you.

**Lesia Hubbard**

Trade Program Manager, International Logistics & Trade Compliance

JC Penney

SCAN Corporate Secretary

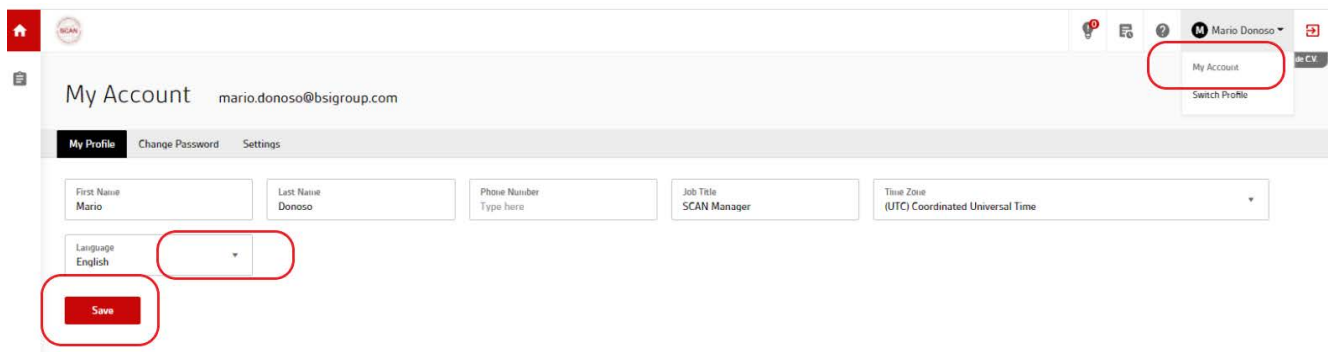
# FACTORY - SUPPLIERS

## HOW TO AVOID YOUR CORRECTIVE ACTION (CAPA) FROM BEING REJECTED

➔ Set proper system language in Connect Screen system.

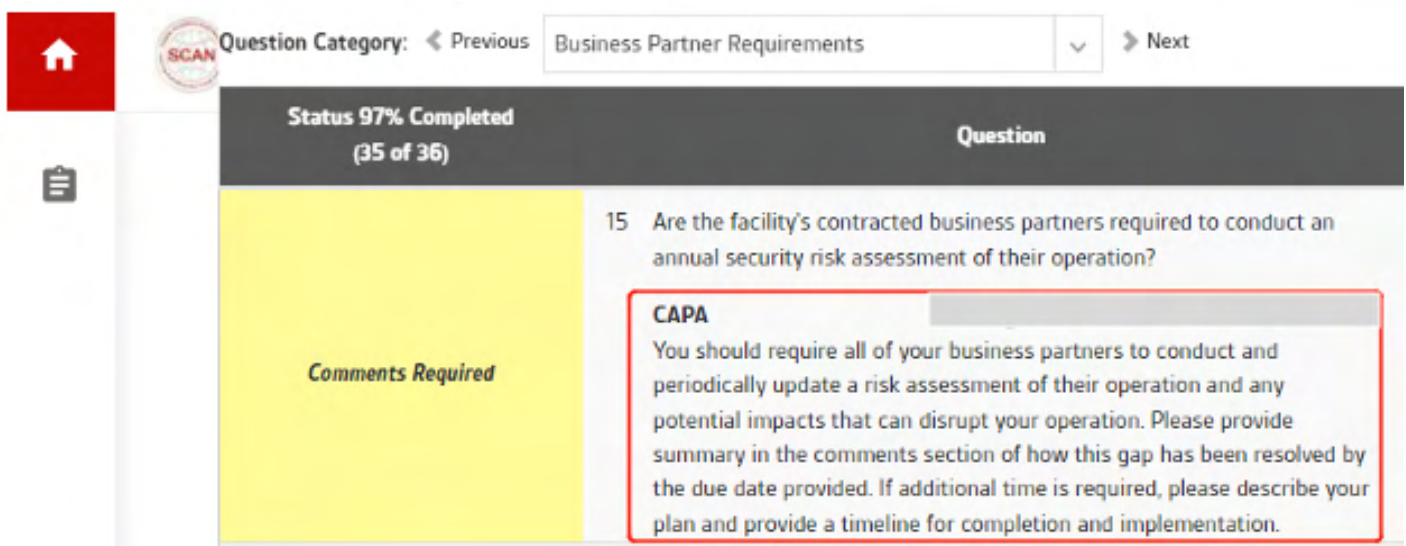
The, default, system language is English. If a language other than English is preferred when writing CAPA comments, you (the factories user) must ensure the system language is changed to your desired language *if available*, in this way the provided CAPA comments will be automatically translated into English for review. Otherwise, no translation is available in the CAPA report, which will result in CAPA being re-assigned back to you for update.

Follow below path to *change system language* in Connect Screen:



➔ Carefully review the CAPA guidance for ea. Response expectations are indicated in the guidance for each assigned CAPA. Please review the guidance before taking actions against the assigned corrective action.

The CAPA guidance is included in the email CAPA notification correspondence; column named “New CAPA”. The CAPA guidance is also available under each CAPA question in the CAPA page in Connect Screen system shown as below.



# CONT...

➔ Submit your primary response in the CAPA comments section.

- Your comments are your response. Your comments must address the question requirements, consider the guidance, and provide full detail. You can submit attachment to support your response as evidence of implementation, but your comments are the response required for review.
- If you are now in compliance to the question requirements, please update your selected answers as applicable. **“Yes” or all applicable options (for multi-selection questions) should be selected to confirm when the deficiency has been corrected and fully implemented.**
- If the guidance to the assigned corrective action requires a correction plan, describe your action plan in detail; include expected timeline or date of completion in the comments section. **If implementation has not been fully completed do not change or update the original answer(s) selected by the auditor during the visit.**

If you have questions, please contact support at [SCAN@scrisksolutions.com](mailto:SCAN@scrisksolutions.com)



## Scan Audit - 3 keys to success

1

### Follow the process

- Members, order the audit via repository or email to [scan@scrisksolutions.com](mailto:scan@scrisksolutions.com)
- Supplier, order the audit from [www.scanassociation.com](http://www.scanassociation.com)
- Following the established request format will provide clarity and minimize any processing delays
- BSI management team will review, process and confirm that the audit request has been assigned to one of the SCAN approved service providers

2

### Set Expectations

- Default audit turn around time is 45 days
- Shorter timetables can be accommodated but can not be promised; urgent request should be an exception
- Remember that Audit Service Providers are assigned in a rotation by guidance from the association

3

### Prepare Your Supplier

- Make sure that your supplier contacts are current, this is the most common cause of audit delay
- If possible, make your supplier aware that you expect an audit to be completed
- Remember, payment must be secured by the Audit Service Provider before an audit date can be confirmed
- Once the audit is completed, the Audit Service Provider will upload the audit results to BSI Connect within 7 days



# QUARTER 4 STATISTICS

**\$1.4 TRILLION**

Combined annual revenue between membership

Members represent many industries, such as retail, apparel, food, sporting goods, and logistics

**46 MEMBERS**

## AUDITS

from program inception to today

**79**

Countries

**9,947**

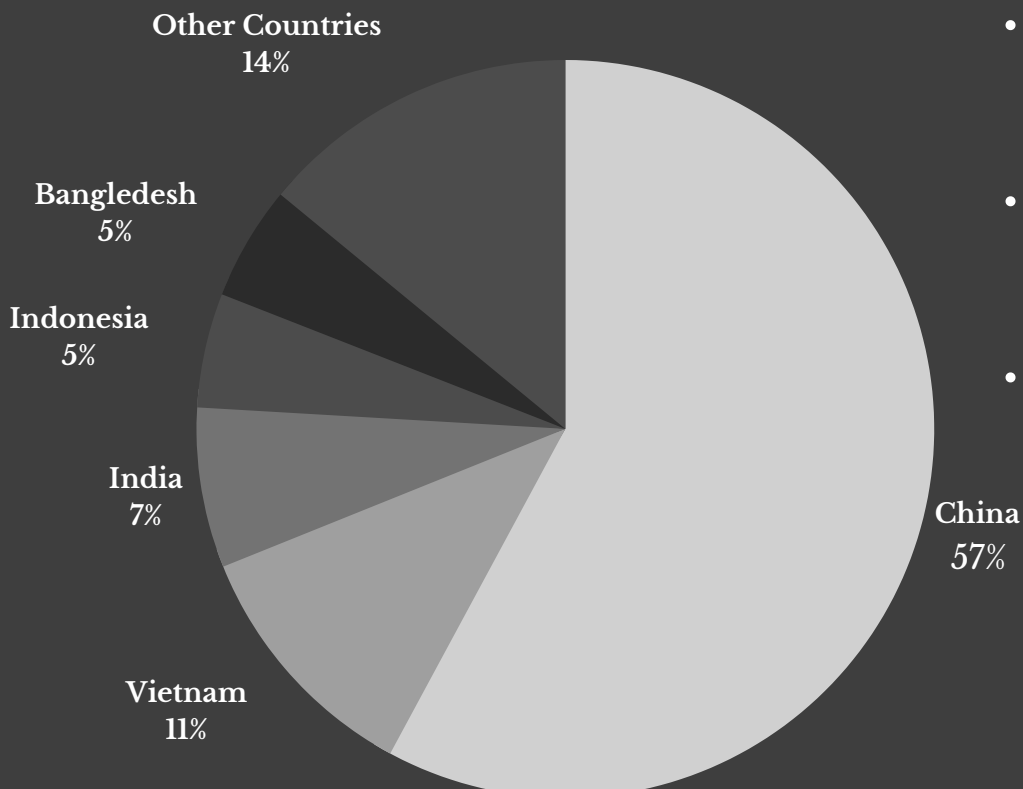
shared audits

**18,417**

conducted audits

**20,955**

active factories



- Audits conducted in 40 countries this quarter
- Data of audits submitted between 10/1 to 12/31/2021
- % Top 5 countries + other countries