



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



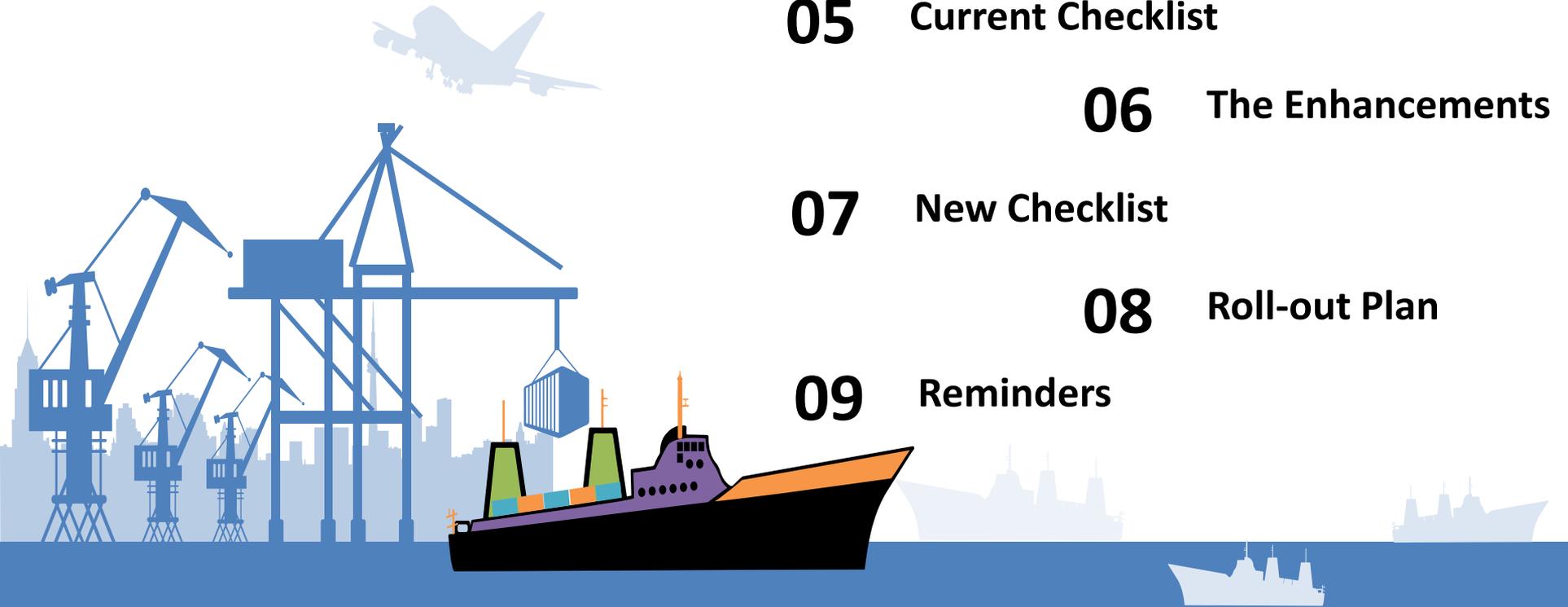
# INTERNAL COMPLIANCE PROGRAMME (ICP) ENHANCEMENT

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Strategic Trade Secretariat

ICP Enhancement Outreach. 30 Oct 2019. Menara MITI.

# PRESENTATION OUTLINE

- 01** Walk Through
- 02** The Objective
- 03** Gaps Identified
- 04** Current Elements
- 05** Current Checklist
- 06** The Enhancements
- 07** New Checklist
- 08** Roll-out Plan
- 09** Reminders



# WALK THROUGH

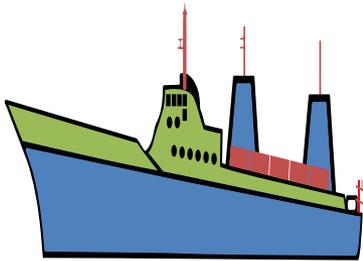


## IMPLEMENTED SINCE YEAR 2011.

- Implemented since year 2011
- Enabling Provisions: STA 2010 – 16(2) The relevant authority may impose such conditions as it considers appropriate in granting the permit.
- It is a set of procedures that have to be implemented within a company to ensure that transactions satisfying the export control regulations enacted by the government before an item is exported using multiple-use or bulk permit facilitation.

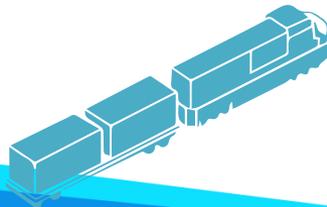
## WHY ICP ENHANCEMENT?

- ICP status is a one-time application. There is no expiry date for the ICP approval given. However, the Controller may revoke the approved status due to non-compliance.
- Companies were found (mostly during audit) of not updating their ICP documents based on the five (5) elements. Just paper exercise.
- No major actions were taken on the non-compliance by ICP holders except requesting for their corrective measures and conduct a follow-up visit.



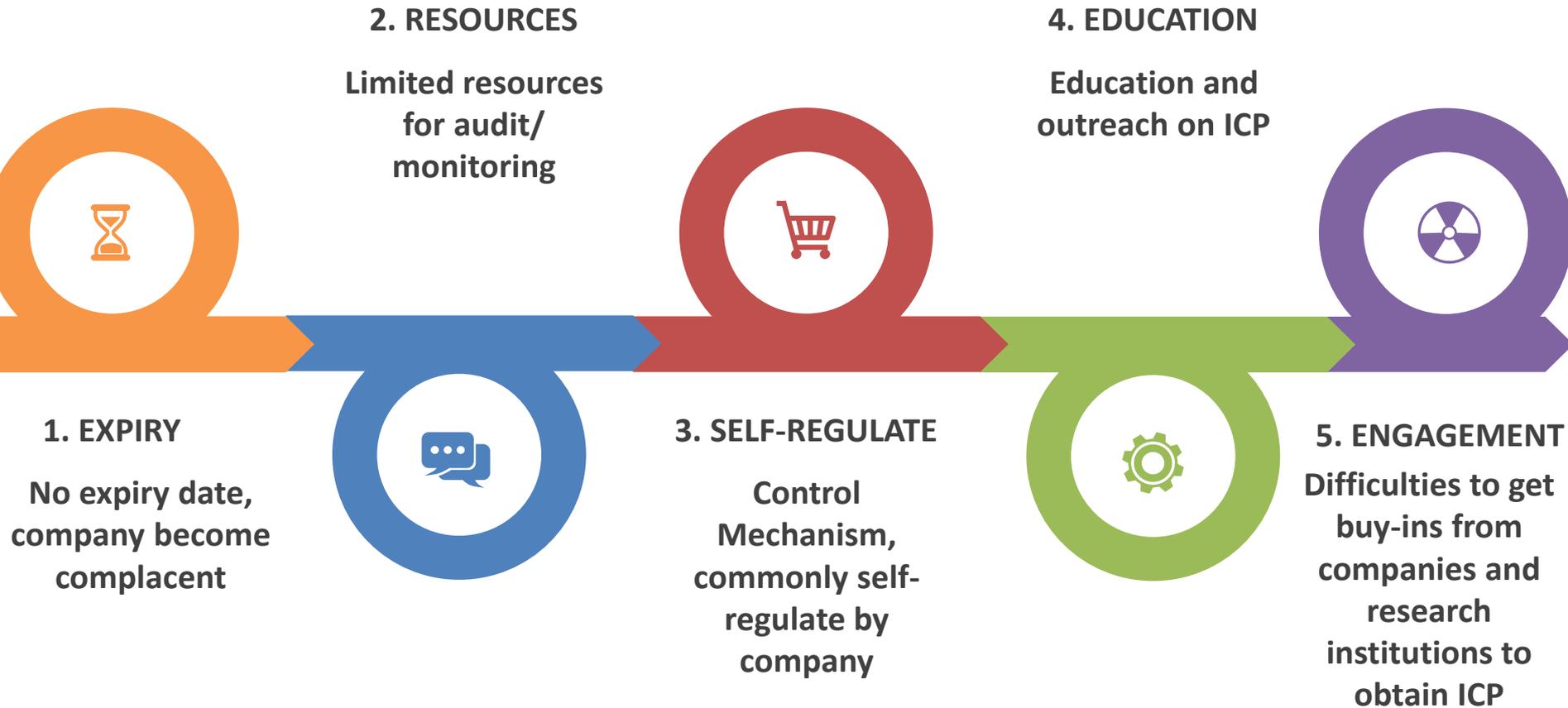
## IMPORTANCE OF ENHANCEMENT

- Effective controls on trade in dual-use goods, software and technology are vital for countering the risks of the proliferation of WMD, taking into consideration rapid scientific and technological advancements, the complexity of business supply chains and the threat of non-State actors.
- Effective controls allow the company to develop and maintain a certain standard of care.
- ICP provides a framework to identify and manage strategic goods trade controls impact and mitigate associated risks.





# CHALLENGES



# STA EVALUATION EXERCISE

1. Delivery verification statement (DVS) were not received (some with no POD)

2. Risk management system did not incorporate elements of STA2010.

GAPS

5. Wrong declaration of K2 Form

4. Lack of training plan for export control

3. Unsatisfactory record keeping & time taken to retrieve documents

6. STA compliance audit not embedded & and low awareness/ compliance from management

# CURRENT ICP ELEMENTS



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**Elements  
of ICP**

**Management Commitment**

**Screening Process**

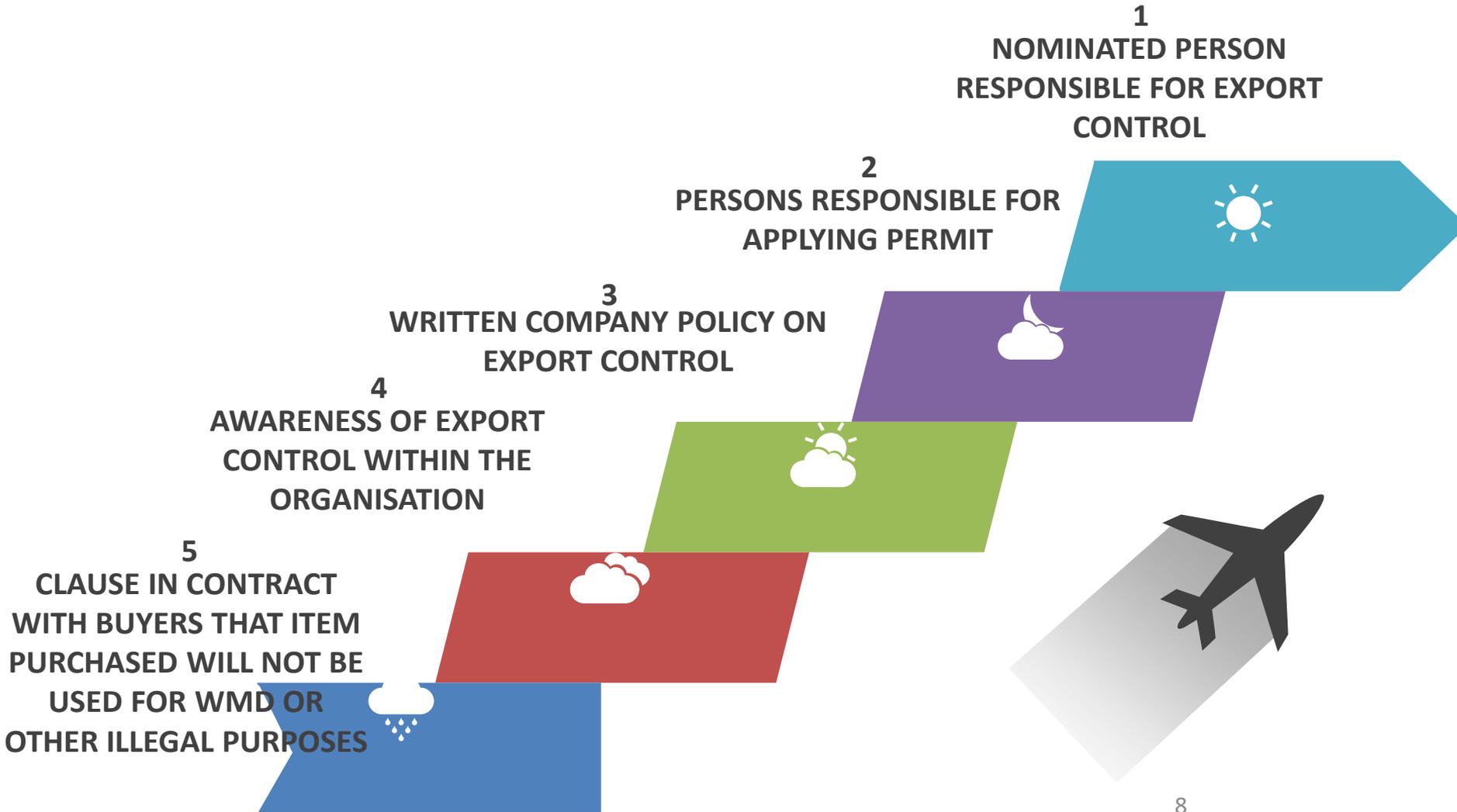
**Training**

**Record-keeping**

**Audit**



# CHECKLIST: MANAGEMENT COMMITMENT



# CHECKLIST: SCREENING PROCESS

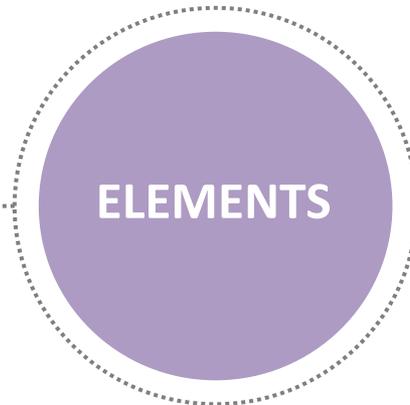


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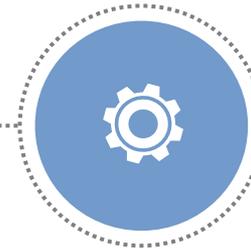
1. IS A SCREENING  
PROCESS IN PLACE IN  
THE COMPANY?



2. END-USER  
SCREENING



5. END-USE SCREENING



4.  
DESTINATION  
SCREENING



3. PRODUCT  
SCREENING



6. RED FLAG  
INDICATORS





# CHECKLIST: TRAINING

2.

## TYPE OF TRAINING



1.

## TRAINING PLAN



# CHECKLIST: RECORD-KEEPING



**1**  
**STATUTORY**



**2**  
**END-USER  
STATEMENT**



**3**  
**EXPORT PERMIT,  
DELIVERY  
VERIFICATION,  
TECHNICAL  
SPECIFICATION**



**4**  
**INVOICE ISSUED IN  
RESPECT OF THE  
SALE OF STRATEGIC  
ITEM OR UNLISTED  
ITEMS**



# CHECKLIST: RECORD-KEEPING (CONTD.)



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**5**  
**PURCHASE  
ORDERS**



**6**  
**NOTES,  
INVITATION TO  
BID, REQUEST  
FOR QUOTATIONS**



**7**  
**SHIPPING  
DOCUMENTS**



**8**  
**DOCUMENT  
ISSUED BY THE  
RELEVANT  
AUTHORITY OF  
IMPORTING  
COUNTRY**





# CHECKLIST: AUDIT



**1**  
**SYSTEM AUDIT**



**2**  
**PROCESS  
AUDIT**



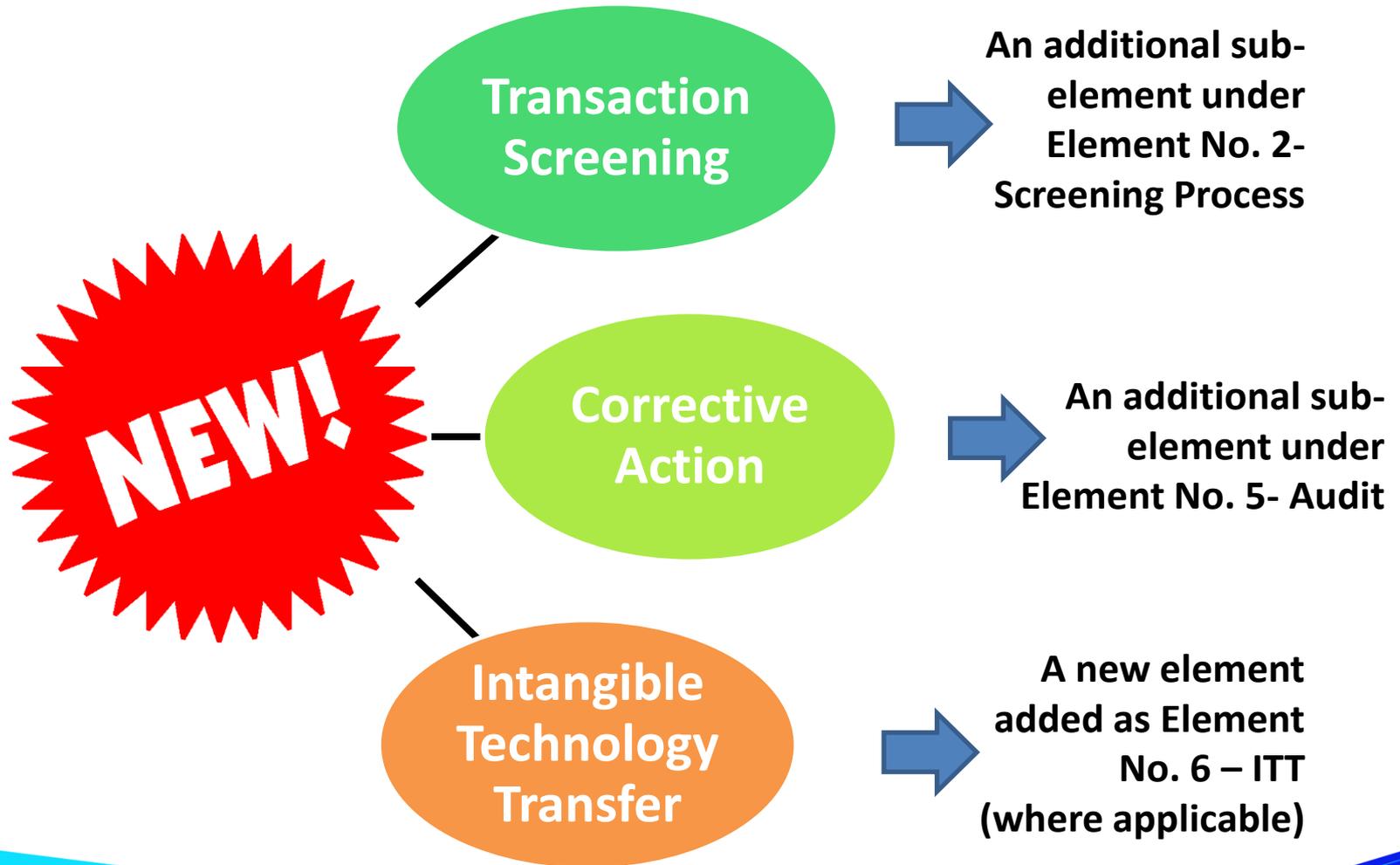
**3**  
**DOCUMENTATION  
AUDIT**



# NEW ELEMENTS/SUB ELEMENTS



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# ENHANCEMENT 1: TRANSACTION SCREENING



1

Transaction Screening is added as sub-element for Screening Process.



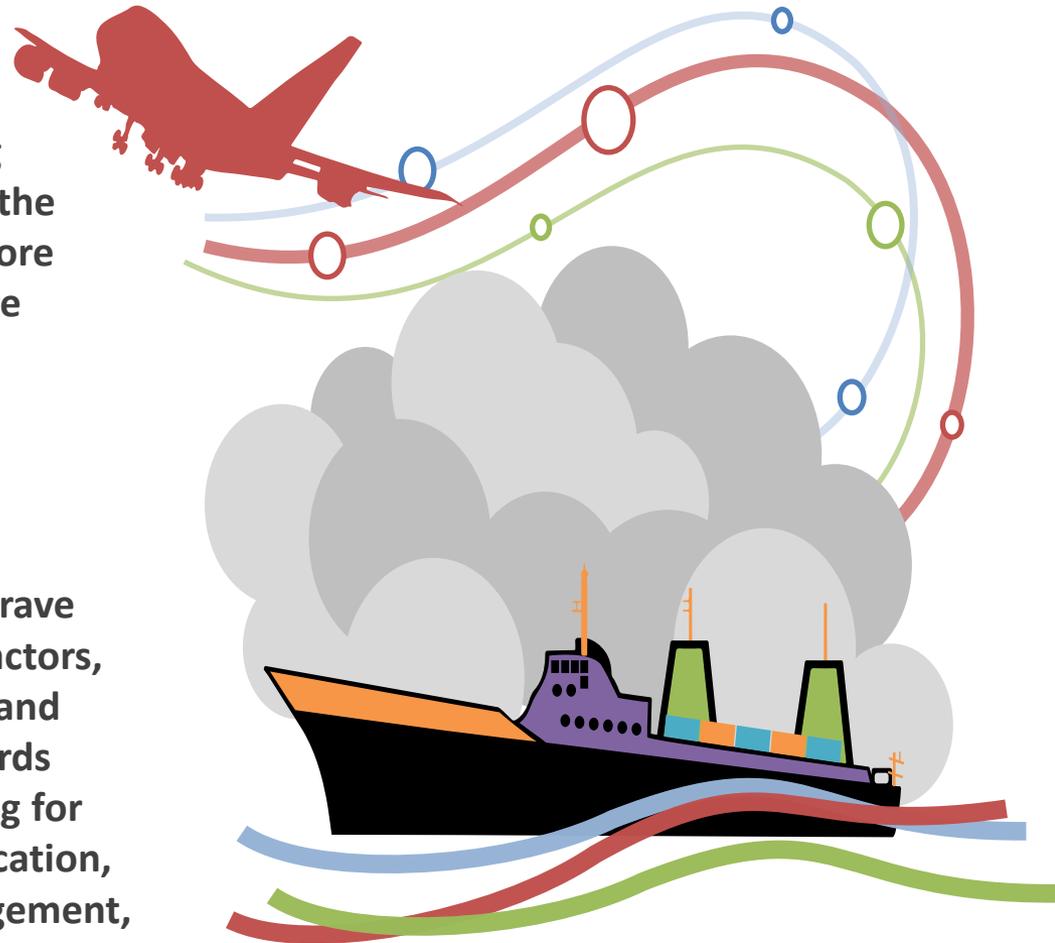
2

Transaction screening constitutes of screening the business transaction before sales through the entire supply chain process.



3

It is also being referred to as Cradle-to-Grave Screening: Screening of employees, contractors, customers, products, and transactions, and implementation of compliance safeguards throughout the export life-cycle, including for product development, jurisdiction, classification, sales, license decisions, supply-chain management, servicing channels, and post-shipment activity.





# ENHANCEMENT 1: TRANSACTION SCREENING

01

Best practices learned from other Government or organisation is that they conduct Sales Process screening.



The sales process is preferably monitored by a computerised (electronic) system, to allow the necessary checks to be incorporated at each stage of this process. In this way problematic or suspicious transactions can be noticed at an early stage. Your company's sales department must register these irregularities in the electronic system, so as to inform the person in charge of the ICP, as well as the other members of staff in the company, like for instance the production department, order picking, accounting, etc., who are involved in the ordering and delivery of goods to customers.

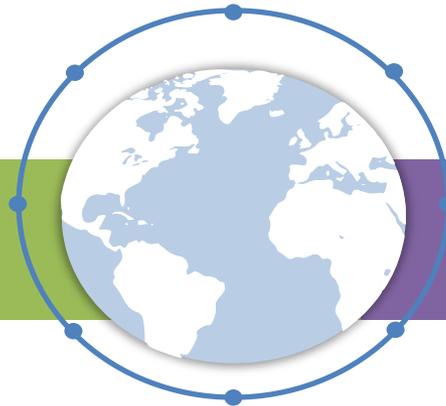
02



# ENHANCEMENT 1: TRANSACTION SCREENING (CONTD)

03

Transaction Screening Procedures - Implement procedures to help prevent diversion of the export/transfer to unauthorized end-users or end-uses.



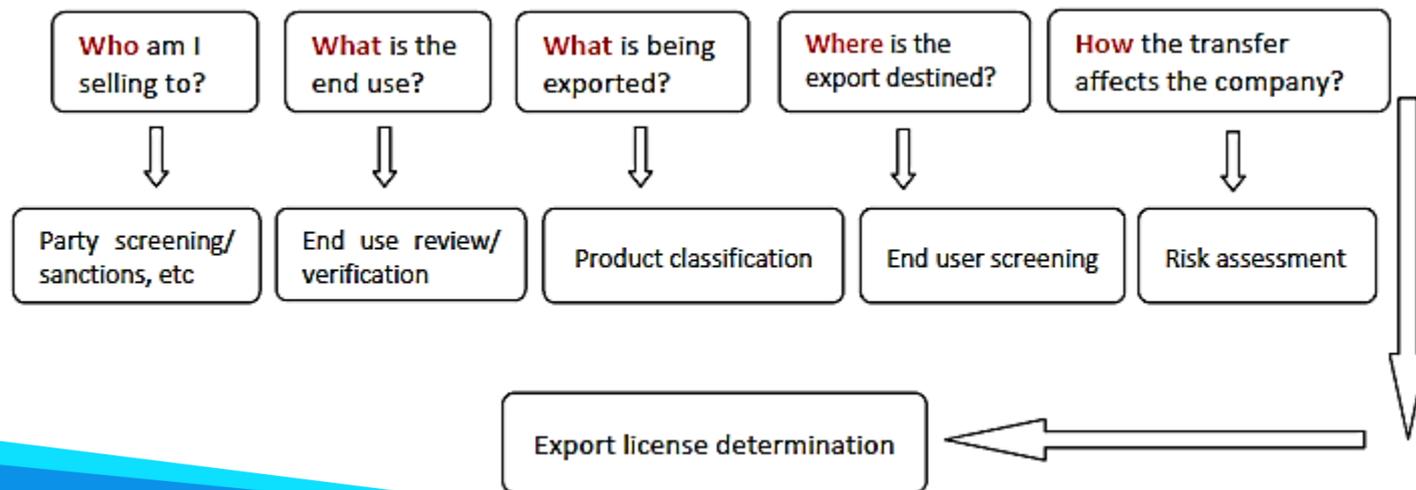
Implementation of electronic data processing (EDP) supported by order processing systems may assist these endeavors.

04



# ENHANCEMENT 1: TRANSACTION SCREENING

- Ensuring screening at all stages of the export/transaction chain.
- In conducting screening for a proposed transaction, the questions identified in the following diagram may be deliberated:-





# ENHANCEMENT 2: CORRECTIVE ACTION



1

Corrective Action is added in the sub-elements for Audit.

2

All documents and records relating to any suspected violation must be secured and maintained in accordance with all applicable record keeping requirements.



3

The results of an investigation will be relayed to senior administrators to consider further action, including notification to the appropriate government agency or secretariat and the implementation of corrective action.

4

If an alleged violation is reported, an investigation will commence and an appropriate response will follow. If the allegation merits further attention, the Office of Export Control will work with the appropriate parties in undertaking an investigation.



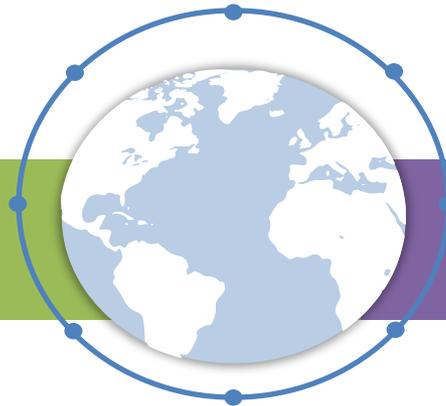
# ENHANCEMENT 2: CORRECTIVE ACTION



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01

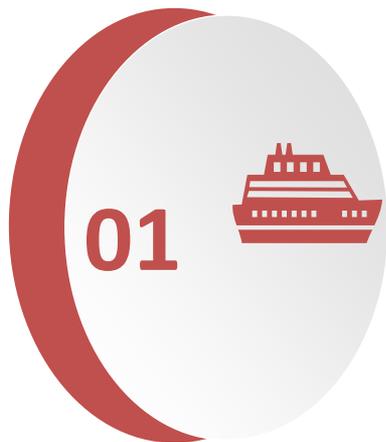
Handling, reporting, escalating, and taking corrective action regarding compliance problems and violations.



02

To provide clear guidance to company employees regarding notification, escalation, and corrective action for times when there are problems or suspected problems with export transactions.

# ENHANCEMENT 3: INTANGIBLE TECHNOLOGY TRANSFER



To include Intangible Technology Transfer as a new element for ICP.



Required to complete the checklist and is only applicable to companies who conduct the transfer/export of intangible technology.



Companies that do not conduct the transfer/export of intangible technology is not subject to fulfill the element.



# NEW ICP CHECKLIST

STS has developed a new checklist incorporating the new elements. Announcements will be made via the web portal by end of year 2019.



[ICP CHECKLIST](#)  
[ITT CHECKLIST](#)



# ROLL-OUT PLAN

Outreach and awareness efforts from Oct - Dec 2019.  
Email inquiries to [admin.sts@miti.gov.my](mailto:admin.sts@miti.gov.my)

2-year plan of resubmission for existing ICP holders (2020 – 2021).  
Companies will be divided into 4 groups.

Processing and evaluation may be conducted with an audit visit.  
Resubmission will be processed within 3 – 6 months.

CREATE  
AWARENESS



RESUBMISSION



EVALUATION



# FUTURE PLAN - ICP ENHANCEMENT: INTEGRATION OF AEO PROGRAMME FEATURES WITH ICP

**STA 2010  
HIGHLIGHTED IN  
AEO**



**DEMONSTRATED COMPLIANCE  
WITH CUSTOMS REQUIREMENT**



**CARGO SECURITY**



**TRADING PARTNER SECURITY**



# RECAP



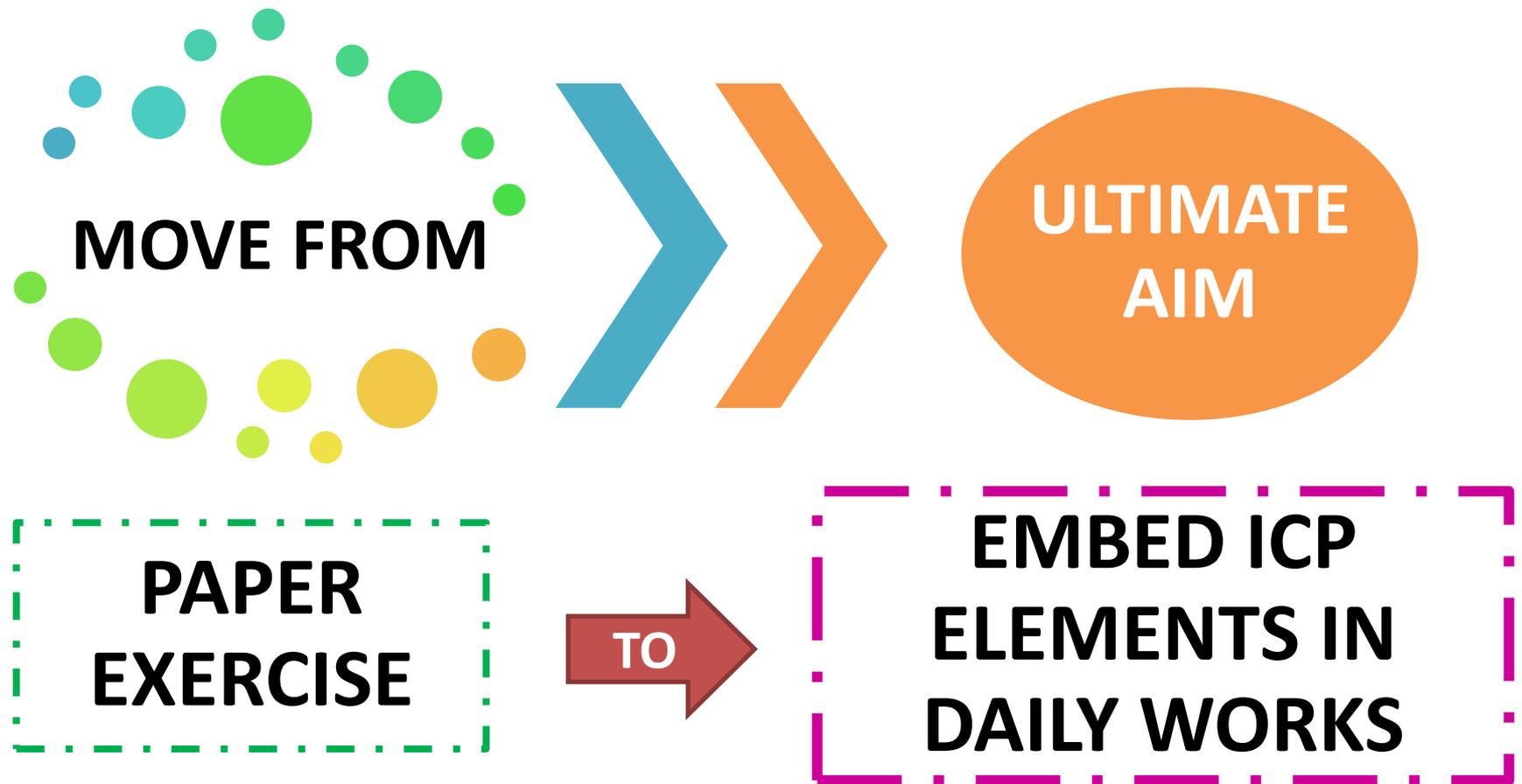
To **voluntarily support** the authorities by ensuring that **internal controls and procedures** are in place that **safeguards** the company from being **taken advantage of** by **proliferators** of weapons of mass destruction.

To **provide** the authorities some **level of confidence** in providing facilitation for companies to **carry out their business with minimal Government interference**.

The commitment to the ICP is satisfied when a company has established procedures in place to ensure that **thorough investigations of the sales process, buyer and the end-user had been undertaken prior to shipment and monitor post-shipment activities after the export** of strategic items and/or technology.



# SHARED GOALS





**DISCUSSION & FEEDBACK**



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# Thank You

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