

C-TPAT Audit Report

Client	ABC Importers	AI Service No	O-cn-1234567
Supplier	No information provided	Auditor	John Lu
Factory	Apparel Factory Limited	Audit Date	XXXXX

General Overview of the Audit's findings

Fields	Score / 5	Weight / 5	Weighted Score
Outside barriers and physical security	2	1	2
Factory employee security	3	1	3
Factory internal security	1	1	1
Shipping dock securities	0	1	0
Key control and seal control	3	1	3
Security process	2	1	2
Container or merchandise movement	3	1	3
Computer systems controls	3	1	3
total		8	17

Overall Score

4.25/10

Important remarks

General comment:

1. The factory site is too narrow to easily operate the shipping dock, container yards and even the parking area.
2. They lack any knowledge of C-TPAT regulations.

For Part 2 Outside barriers and physical security:

3. The vehicle entrances and exits are not manned or monitored at all.
4. Lighting is installed inside and outside of every exit, but not enough lighting is installed at cargo handling areas, storages areas and fence lines.
5. Not all incoming and outgoing cargo vehicles are checked.
6. The shipping and receiving parking lots are not separated from other parking lots.
7. Vehicles are not prohibited from parking near cargo conveyances.

For Part 3 Factory employee security

- 8. The factory has no process to investigate the employees' background.
- 9. The factory has no process to ensure that employees only can access work areas to perform their work duties.
- 10. The orientation training does not include challenging and reporting unidentified persons to security or management personnel.

Part 4 - Factory internal security

- 11. The factory has not performed a background check of its security guards.
- 12. No written procedure is in place that addresses challenging and removing unauthorized/unidentified persons.
- 13. The factory did not require visitors to provide photo ID for identification.
- 14. No identification process is implemented before a vehicle may enter the facility.
- 15. The factory has no Threat Awareness Program to help employees recognize a threat by terrorist.
- 16. Incoming and outgoing cargo vehicles are not checked by the factory.
- 17. The factory has not developed a program in which contractors are selected by considering their financial stability and corporate history.

Part 5 - Shipping Dock securities

- 18. Anyone one can enter the shipping dock area without restriction.
- 19. Workers can bring personal items into the shipping area without restriction.
- 20. Employee and visitor parking areas are not separated from the cargo loading area.
- 21. An Employee Security Awareness Program regarding cargo integrity, recognizing internal conspiracies, and protecting access controls is not available.
- 22. Vendor and visitor vehicles are not inspected.

For Part 6 Key Control and Seal Control

- 23. The factory has no procedure to report and take action when a container seal is found missing.

For Part 7 Security process

- 24. The factory only checks the floor of containers and not according to 7-Point Inspection.
- 25. The factory could not provide any evidence to indicate that they use seals that meet or exceed the ISO PAS 17712 standard.
- 26. No written procedure is in place to report unauthorized entry into containers or container storage areas.
- 27. The factory has no procedure in writing that ensures shipping documents are accurate, complete, legible, and protected against exchange, loss or introduction of erroneous information.

For Part 8 Container or merchandise movement

- 28. The factory has not developed a procedure for drivers to report any in-transit delay to factory officials.
- 29. Drivers are not instructed to report any attempts to gain access to the shipment by unauthorized

persons.

30. When selecting carriers, the factory does not consider the carriers' financial stability and corporate history.

For Part 9 Computer Systems controls

31. No procedure is utilized to document computer systems control - including safeguarding computer access.

Index:

Part 1 Factory profile	4
PART 2 OUTSIDE PHYSICAL SECURITY AND BARRIERS	7
PART 3 FACTORY EMPLOYEE SECURITY	9
PART 4 FACTORY INTERNAL SECURITY	11
PART 5 THE SHIPPING DOCK SECURITIES	13
PART 6 KEY CONTROL AND SEAL CONTROL	14
PART 7 SECURITY PROCESS	15
PART 8 CONTAINER OR MERCHANDISE MOVEMENT	16
Part 9 Computer Systems controls	17

Part 1 Factory profile

General information			
1	Date of foundation	2005	
2	Legal status	Domestic private investment	
3	Location	No.1 Road, ShenZhen	
4	Area	Guangdong Province	
5	Number of office staff	15	
6	Total number of workers	90	
7	Contact person	Mr. Li/ General Manager	
8	Main products	Handbag / Backpack / Waistbag / Icebag	
9	Main market	USA / Germany / France / Italy / Denmark	
10	Business license	Certificate No.: 12340256787	
11	Annual turnover for the past 3 years	USD2000000 (2007)	Trend: Rising from 2008
		USD1800000 (2008)	
		USD1900000 (2009)	

Communication infrastructures		
12	Telephone sets	11 pieces
	Fax machines	1 piece
	Computers	11 pieces
	Internet Access type	ADSL
	Digital camera	2 pieces

Facility Structure		
13	No. of buildings	
	Workshop	One 3-storey building about 1,500 square meters
	Warehouse	Two rooms at 1/F of one 3-storey building about 200 square meters
	Container yards	100 square meters
	Others	About 1,000 square meters used as dormitory, kitchen and canteen
	Trucks owned By Company	ABC Trading Co., Ltd.
	Percent of goods exported to US	20%
	By air	0
	By sea	100%

Related pictures



Silk screen Printing section



Packing section



Sample room



Warehouse



Dormitory



Dormitory room



Canteen



Kitchen

Part 2 - Outside barriers and physical security

Checkpoints	Finding/comments
1. Factory is not enclosed within a secure fence and lockable gates. Fence isn't inspected on a routine basis.	The factory has a secure fence and lockable gates. The fence is inspected by security guards per hour.
2a. Gates through which vehicles enter or exit are not always manned or monitored.	Neither the vehicle entrances nor exits are manned or monitored at all.
2b. Gates through which people enter or exit are not always manned or monitored.	Security guards monitor people when they enter the gate.
3. Windows, doors, gates are not secured with lockable devices.	All windows, doors, gates – seen on the factory tour - are secured with lockable devices
4. There is not adequate lighting inside or outside: entrances/exits, cargo handling and storages areas, fence lines and parking areas.	Lighting is installed at inside and outside of the exits; however there is not enough installed at cargo handling areas, storage areas and fence lines.
5. No alarms and/or video surveillance cameras are used to monitor the facility.	Alarms and video surveillance cameras are available.
6. Gates are not monitored by patrolling guards during non-operating hours.	According to security guard interviews, they patrol the gate per hour.
7. Incoming and outgoing cargo vehicles are not checked by an additional or separate process.	Not all incoming and outgoing cargo vehicles are checked.
8. Shipping/receiving parking lots are not separated from all other parking lots	Shipping and receiving parking lots are not separated from all other parking lots.
9. Vehicles are not prohibited /prevented from parking near cargo conveyances.	Vehicles are not prohibited from parking near cargo conveyances.
10. Parking lots are not monitored	Security guards are assigned to monitor the parking lots.

Score :	0	1	2	3	4	5
----------------	----------	----------	----------	----------	----------	----------

Related pictures



Not enough lamps



Not enough lamps at fence lines



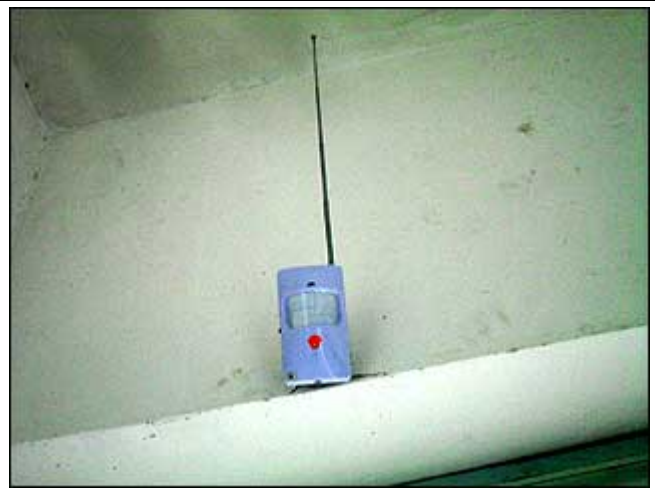
**Shipping and common parking lots
located in the same area**



**Shipping and common parking lots
located in the same area**



Lamp on top of gate



Alarm installation



Video surveillance



Video surveillance



Factory gate lock



Metal grills on outside of windows

Part 3 Factory employee security

Checkpoints	Finding/comments
1. No process is in place to perform background screening of prospective employees; such as a check of employment history and references (consistent with local regulations).	The factory has no process to investigate employee backgrounds.
2. No documented procedure exists for the issuance, removal or changing of access devices (key cards, ID badges, etc.).	From management interviews and document review, the factory appears to have the concerned procedure in place.
3. Employee records are not reviewed before entry into and exit from the facility.	The HR department has established these records.
4. Employees have access to more areas than just those necessary for performing their duties.	The factory has no process to control employee access to work areas other than

	those used to perform their duties.
5. No procedure is in place to remove factory identification and systems access keys from terminated employees.	According to management interviews and document review, the factory has developed the procedure to control it.
6. New employee orientation does not include procedure on challenging and reporting unidentified persons to security or management personnel.	The orientation training does not include challenging and reporting unidentified persons to security or management personnel.
7. This facility does not have a security awareness program in place for all personnel.	According to worker interviews and document review, the factory has a security awareness program.
8. This facility does not have a process in place requiring all personnel to participate in the security awareness program.	According to worker interviews and document review, the factory does require all personnel to participate in a security awareness program.

Score :	0	1	2	3	4	5
----------------	----------	----------	----------	----------	----------	----------

Related pictures

 <p>欢迎您加盟到汇华公司,您的学习和专长正是公司发展需要,希望您从今天开始,能与公司共荣辱,共成一优秀员工。在工前中您必须遵守如下事项:</p> <ol style="list-style-type: none"> 面试合格员工必须按照定例行政办理入厂手续,未办理入厂手续各部门不得擅自安排工作,离职时交回厂牌。 公司白天8小时,上下班时间为: 上午8:00-12:00 下午13:30-17:30 加班时间 18:30开始 根据生产需要进行加班,上班前15分钟方可打卡后交回进车间,不可在外或其它岗位逗留。 新进厂的首月试用期为一个半月,管理人员为三个月。 入厂职工,必须工作满三个月才可提出辞职;当月离职扣除该月所有福利补贴。 试用合格员工,员工须提前以书面形式提出申请,经批准后方可办理离职手续,如属急辞的,则属违约情况,如果涉及公司财务或商业秘密尚未交接清楚导致公司损失的,公司追究法律责任。 在厂内必须佩戴厂牌,进入工作。 遵守考勤制度,不迟到,不早退,不无故缺勤,每月统计全勤者,奖励工资:30元/月,凡缺勤工取消全勤奖,连续旷工2天或当月累计3次以上者,作自动离厂,并扣除相应绩效工资为最低工资。 员工请病假必须由医院诊断书,请事假必须由提前申请,经部门主管签名才生效。 在工厂规定放假的前后3天请假的须提前申请,公司视情况予以批准。 不服从领导,有意制造事端,破坏工厂秩序将作严肃处理解除劳动合同,故意损坏公物照价赔偿,且场所不准进入,不准穿私人衣物,违者视情节轻重口头警告或书面通知批评乃至解除劳动合同。 不得在厂部、车间、宿舍打架,违者双方视情节轻重追究责任并开除,严重的送公安部门处理,重者工厂物归原主,一律开除出厂;情节严重的送公安部门处理,举报者,视情节奖励。 工作时间,不准做与本职工作无关的事情;因公外出需填写《放行条》,经部门主管及工厂经理签名后,方可外出,否则保安有权阻止外出。 	 <p>四 - 考勤管理</p> <pre> graph TD A[每天统计出勤异常报表] --> B[对各部门异常的漏打卡人员进行电话] B --> C[每月统计员工出勤情况表] C --> D[及时在部门内公示工资效率] E[因异常请假者,及时向上级汇报] --> F[因公外出未打卡者,需提前向人事部门交假条卡未能提前报备者,则按照异常处理] F --> G[每月15日打印漏打卡列表] G --> H[报送各有关部门备案] </pre> <p>五 - 宿舍管理</p> <pre> graph TD I[将员工住宿登记表及“劳动合同”各自按房整理归档] --> J[请离职人员申请表加盖离职日期,避免及被他人冒名,且能] J --> K[分房整理归档] L[离职员工各有钥匙有效期限] --> M[及时通知到持有钥匙员工限期换证手续] </pre>
Joining factory notice	Factory monitoring procedure

Part 4 - Factory internal security

Checkpoints	Finding/comments
1. No security guards on duty 24 hours a day, 7 days a week. If not, is a part-time security service used? If neither, explain.	Security guards are on duty at 24 hours a day and 7 days a week.
2. Security guards have not undergone a background check and necessary training	The factory has not checked security guard backgrounds or provided concerned training.
3. No written procedure in place addressing the challenging and removing of unauthorized/unidentified persons?	The factory has not developed the concerned procedure.
4. Visitors don't present a photo ID for identification and/or are not accompanied or monitored while at the facility.	The factory does not require visitors to provide the photo ID for identification.
5. Positive driver identification is not necessary before a vehicle may enter the facility.	No identification is checked before vehicles may enter the facility.
6. A Threat Awareness Program is not maintained in order to recognize a threat by terrorist?	The factory has not developed the concerned program.
7. The interior of buildings in the facility is not patrolled by guards	The security guards patrol the factory at regular intervals.
8. The placement of cameras does not provide an adequate view of activities in relevant areas.	The factory has equipped the necessary video surveillance cameras.
9. Guards and/or security personnel do not have keys to facility gates	According to what was seen during the factory tour, the security guards have keys.
10. Incoming and outgoing cargo vehicles are not checked by additional or separate processes.	Incoming and outgoing cargo vehicles are not checked by the factory.
11. When selecting the contractors used by the company, the company does not consider the contractor's financial stability and corporate history.	The factory has not developed a program to select the contractor based on their financial stability and corporate history.

Score :	0	1	2	3	4	5
----------------	----------	----------	----------	----------	----------	----------

Related pictures



Monitor at top of the door in dormitory

Part 5 Shipping Dock securities

Checkpoints	Finding/comments
1. Shipping dock isn't restricted to authorized employees only.	Anyone can enter the shipping dock area without restriction.
2. Employees are permitted to bring personal items into the shipping area.	The workers can bring personal items into the shipping area without restriction.
3. Container or truck loading is not performed with only factory supervision.	The packing department supervisor is assigned to control it.
4. Employee and visitor parking areas are not separated from the cargo loading area.	Employee and visitor parking areas are not separated from the cargo loading area.
5. An Employee Security Awareness Program regarding cargo integrity, recognizing internal conspiracies, and protecting access controls is not available or used.	The factory has not developed the concerned program.
6. If allowed to enter facility area, vendor and visitor vehicles are not inspected.	Vendor and visitor vehicles are not inspected.

Score :	0	1	2	3	4	5
----------------	----------	----------	----------	----------	----------	----------

Related pictures



Visitor parking areas are not separate from the cargo loading area, and anyone can enter the area.

Part 6 - Key Control and Seal Control

Checkpoints	Finding/comments
1. Persons other than authorized employees have access to keys and container seals.	The packing department supervisor is responsible for distributing the keys and container seals, and only assigned workers have access.
2. A Key Control Log is not maintained indicating the name and date of keys taken and returned, and by whom.	According to records review, the packing department supervisor is responsible for distributing and maintaining keys and container seals.
3. A Container Seal Control Log is not maintained indicating seals currently on hand and seals used during the past 120 days - by seal number - with the date the seal was used, the container #, and employee name who used the seal.	The documents and records are kept for at least 6 months.
4. No procedure is used indicating how to report a missing container seal (contact person, action to take).	The factory has no such procedure.
5. The facility does not keep records of seal numbers together with truck license/ with driver name/time and date of loading/the container/cargo conveyance number.	According to a review of documents and management interviews, the documents and records are kept at least 6 months.

Score :	0	1	2	3	4	5
----------------	----------	----------	----------	----------	----------	----------

Part 7 Security process

Checkpoints	Finding/comments
1. A 7-point inspection is not made of the container before loading to check for tampering (front wall, left and right side walls, floor, ceiling/roof, doors and undercarriage).	The factory only checks the floor of each container.
2. Seals on outbound containers are not checked to ensure that they match shipping documents.	According to management interviews, each seal is compare with the shipping document before used.
3. A seal other than an ISO PAS 17712 High Security Seal is used on shipping containers.	The factory cannot provide any evidence to indicate that they used seals that meet or exceed ISO PAS 17712 standard.
4. Employees other than designated, appointed employees may install a seal to an outbound container.	The packing department supervisor is assigned to control the seals.
5. Empty and loaded containers are stored in unsecured, unguarded area?	All containers are guarded by security guards.
6. Written procedure is not in place to report unauthorized entry into containers or container storage areas.	The factory has no such procedure.
7. Written procedures are not in place that ensure shipping documents are accurate, complete, legible, and protected against exchange, loss or introduction of erroneous information.	The factory has no such documentation procedure.
8. There is no one responsible for issuing and tracking seals	The export department supervisor is assigned to control it.
9. Trucks are not sealed after loading is complete.	The factory management confirmed that all trucks are immediately sealed after loading.
10 Seal numbers are not verified at the time of final sealing before departure.	The export department supervisor is assigned to verify it.
11. Cargo units are not identified, labeled, and weighed before loading.	The cargo units are identified, labeled and weighed before loading.

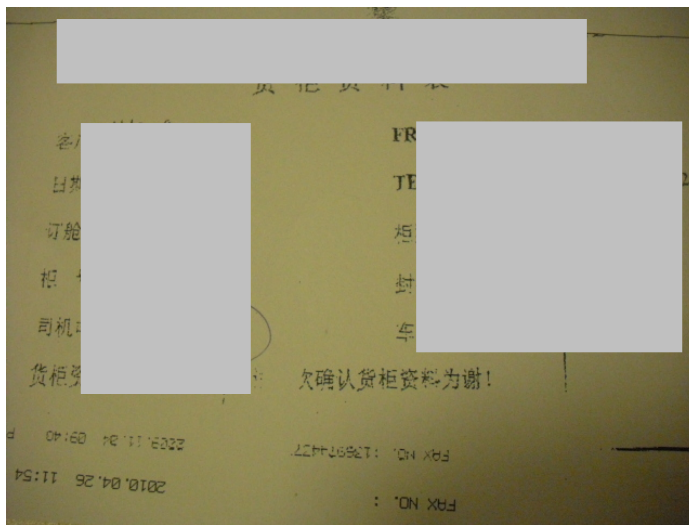
Score :	0	1	2	3	4	5
----------------	----------	----------	----------	----------	----------	----------

Part 8 - Container or Merchandise Movement

Checkpoints	Finding/comments
1. Drivers picking up cargo are not positively identified before cargo is released to them.	The export department supervisor is assigned to identify the drivers before the cargo is released.
2. Container seal numbers aren't verified against shipping documents when departing the factory.	The export department supervisor is assigned to verify the documents.
3. Factory officials do not have outlined a safe/secure transit route to the shipment destination or have not instructed drivers to only use this route?	According to document review and the management interviews, the factory provides a secure transit route to its drivers.
4. Drivers are not instructed to report any delay in transit to factory officials.	The factory has not developed concerned instructions for its drivers.
5. Drivers are not instructed to report any attempts to gain access to the shipment by unauthorized persons?	The factory has not developed concerned instruction for the drivers.
6. When the container is turned over to the next supply chain link, the seal number is not verified against the accompanying documentation	This item is not available.
7. When the container is turned over to the next supply chain link, the seal is not checked to ensure it is intact	This item is not available.
8. For conveyance entries/exits, logs are not maintained with truck license information/with driver's name/with time and date of entry/exit/ name of the guard/	The factory maintained the records at least 6 months.
9. When selecting carriers, the facility does not consider the carriers' financial stability and corporate history	The factory has not developed the process.

Score :	0	1	2	3	4	5
----------------	----------	----------	----------	----------	----------	----------

Related pictures



Conveyance logs

Part 9 - Computer Systems controls

Checkpoints	Finding/comments
1. Computers don't have individually assigned passwords which are changed periodically.	Each computer has an individually assigned password and the factory changes the passwords semi-annually.
2. Computer access isn't limited to authorized employees only.	The office staffs have their own individual password and can only access approved information.
3. Procedures are not utilized to document computer systems control - including safeguarding computer access?	The factory has not developed the process.

Score :	0	1	2	3	4	5
----------------	----------	----------	----------	----------	----------	----------

END