



Defense Trade Controls Compliance Company Visit Program (CVP)

July 2016



CVP Overview

- Administered by the Office of Defense Trade Controls Compliance (DTCC)
- **Two (2) Types of Visits:**
 - **CVP-Outreach (“CVP-O”):** an extension of DDTC’s outreach activities, e.g., speaking at conferences. Intended to be a learning exercise for both parties. Provides an opportunity to discuss challenges, learn how industry is adapting to ECR, and offer suggestions or best practices. CVP-O site visits are unrelated to specific compliance matters.
 - **CVP-Compliance (“CVP-C”):** visits are designed for DTCC oversight activities, for example as part of Consent Agreement monitoring. These visits may require a more in-depth look at a company’s compliance program.



CVP Goals



1. Advance DDTC's understanding of how different companies establish and maintain an overall defense trade control program **to fit the needs of their business**, e.g., company size, technology, customers, types of export authorizations, business changes in response to ECR
2. Allow DTCC to review company defense trade compliance programs in the context of a consent agreement (CA) or adjudication of a voluntary disclosure (VD), directed disclosure (DD), or another compliance matter **(CVP-C only)**
3. Gather information to support the Directorate's development of regulatory policy and practice
4. For DTCC to assess and disseminate industry best practices, recommendations, and trends to benefit compliance programs and increase transparency



CVP Overview



- **Site visits unrelated to specific compliance cases (CVP-O) focus on open dialogue and shared communication. These visits can benefit companies in several ways:**
 - Enhancing face-to-face contact and relationships between companies and DDTC
 - Advancing DDTC’s understanding of companies’ operations, policies, and procedures, to include challenges and best practices
 - DDTC can provide feedback on companies’ compliance programs and recommendations based on industry best practices
 - Garnering feedback on export control reform (ECR) and other regulatory changes
 - Support the export function within the business and engage senior leadership
- **These visits are not audits or inspections**
 - Visits provide DDTC with an understanding of a company’s overall compliance approach
 - Visits do not produce a grade or pass/fail assessment for internal or external use, and generally do not include review of transactional records
 - **The purpose of the visit is to understand how companies implement ITAR compliance requirements, not to evaluate compliance failures or violations**



How Companies are Selected



- DTCC works to select companies based on CVP's goals
- DTCC examines the perceived effectiveness of the company's compliance program
 - Can insights from the program contribute to our understanding of industry best practices and challenges?
 - Can the visit give DTCC an opportunity to help improve a company's compliance program through education and sharing of best practices?
- DTCC takes a variety of factors into account when selecting companies to visit, including but not limited to:
 - Type and sensitivity of technology
 - Nature of business
 - Volume of licensed/regulated activity
 - Experience conducting ITAR activities
 - Geographic location (and other DDTC travel requirements)
 - Recommendations from DTCP and DTCL
 - Follow-up to a disclosure of an ITAR violation (for CVP-C)
 - Monitoring of a consent agreement (for CVP-C)
- **DTCC will make clear the purpose of our visit (CVP-O or CVP-C) at the time of our initial communication**



Pre-Visit Activity

- DTCC contacts company by phone to discuss visit objectives, company's willingness to participate, and potential visit dates
- DTCC sends the company a formal visit notification letter
- The company should provide pre-visit information including but not limited to:
 - Pre-visit questionnaire
 - Export compliance manual and/or policies and procedures
 - Organizational chart
 - Overview of ITAR controlled programs at the facility
- DTCC reviews the information prior to the visit to gain a better understanding of the company's compliance program and related activities
- DTCC works with the company to identify persons that the visit team should meet with and to develop the visit agenda



Site Visit

- DDTC's team is typically composed of 2-4 people and may include personnel from Licensing, Policy, and Compliance
- Visits generally last between 1-2 days per site
- DDTC begins the visit with the company's senior management officials to introduce team members, discuss the objectives of the visit, and answer initial questions
- The company should provide an overview presentation of their ITAR activities and compliance program at the start of the visit
- DDTC meets with operations personnel in various departments who have first-hand knowledge of day-to-day procedures and implementation of compliance policies
- At the conclusion of the visit DDTC personnel conduct a post-briefing with senior management and export control staff to review the information the team has gathered
- Companies are strongly encouraged to provide feedback, ask questions, and raise concerns for follow-up



Post-Visit Activity

- DTCC is available following the visit to address feedback, questions, or concerns
- DTCC provides the company a close-out letter that:
 - Summarizes observations
 - Notes strong compliance practices
 - Discusses initiatives taken by the company in response to ECR
 - Recommends areas for improvement, if any
 - Addresses feedback, questions, or concerns raised by the company
- Visits do not produce a grade or pass/fail assessment for internal or external use
- DTCC sends a feedback assessment form to the company visited.



Annual Report



- DDTC intends to produce an annual report on company visits that will be published on DDTC's website. The report will include:
 - Number and types of visits, e.g. four (4) consent agreement monitoring visits, three (3) company outreach visits
 - Types of entities visited, e.g. two (2) first tier defense contractors, two (2) second tier entities, three (3) universities
 - Notable recommendations for compliance program improvements
 - Notable best practices
 - Compliance activities related to ECR
 - Industry compliance trends
 - DDTC "Takeaways"
- The report does not associate compliance program observations, good or bad, with individual companies by name
- The report will assess the success of the previous year's company visits and may include planned improvements for the following year's program based on industry and internal feedback



Visit Summary 2015 – 2016



2015 – 2016 DDTC CVP Visits			
Start Date	End Date	Visit Type	Location
5/1/15	5/1/15	CVP-C CA Monitoring	Poland
6/15/15	6/15/15	CVP-C CA Monitoring	GA
8/20/15	8/21/15	CVP-O	CO
8/18/15	8/19/15	CVP-C Reinstatement	CO
9/28/15	9/30/15	CVP-C CA Monitoring	Canada
11/16/15	11/16/15	CVP-O	VA
12/7/15	12/8/15	CVP-O	MA
12/10/15	12/11/15	CVP-O	RI
12/21/15	12/27/16	CVP-C CA Monitoring	WA & CA
3/9/16	3/10/16	CVP-O	UAE
3/9/16	3/10/16	CVP-O	UAE
2/8/16	2/13/16	CVP-C CA Monitoring	CA & AZ
4/11/16	4/15/16	CVP-C CA Monitoring	CA
4/21/16	4/21/16	CVP-O	Belgium
4/22/16	4/22/16	CVP-C CA Monitoring	Belgium