



University of Azuay

Law Faculty

School of International Studies

Graduation work prior to obtaining the degree in International
Studies, Bilingual mention in Foreign Trade

**PROPOSAL FOR OBTAINING THE BASIC
INTERNATIONAL CERTIFICATION OF THE MALO Y
ARÍZAGA – CONSORTIUM COMAR CIA.LTDA**

Author:

Carlos Enrique Cárdenas Palacio

Director:

Ing. Antonio Torres Dávila

Cuenca – Ecuador

2020

DEDICATION

I dedicate this work first and foremost to my family, my parents Enrique and Sara, my sister Daniela, and my niece Sofia for always being there for me when I need them most. Without them, this effort would not have been possible, because they have helped me to forge myself into a better human being and become the best person I can be.

Also, I dedicate this work to two angels that I have in heaven, my two grandparents, Daniel Alberto and Luis Carlos, who have been great examples to me and taught me that life is about commitment, dedication, and responsibility. Thanks to them I have learned that life continues in spite of everything, and that the experiences I've lived are what will mark my destiny and my future.

ACKNOWLEDGEMENT

I thank first of all my thesis director, Mr. Antonio Torres, or as I affectionately call him, “Toñito”, for being the main guide in the creation of this work, in addition to becoming an unconditional friend, advocate, and advisor for me.

Secondly, I wish to thank my best friends Santiago Castillo and Víctor Delgado, who have been a fundamental support for starting, progressing, and excelling with my knowledge and facing any challenge that comes along.

Likewise, I thank all my classmates for having shared four years of studies, they have become a second family, without which, it would not have been possible to cope with university life. Especially my closest classmates, Amanda, Sofia, Denisse, Edgar, Santiago, Marissa, Annie, Sofia, Paz, Mateo, Jonnathan, and Esteban, with whom I shared my university experience.

Finally, I thank List 4 University Integration and the International Business and Commerce Club, who definitely marked my life in the university, thanks to them I was able to train and develop professionally, create my own life ideology, and above all, fight to have a better *Universidad del Azuay* and change paradigms to have a better university and therefore a better society.

ABSTRACT

This research work focuses on the proposal to obtain the BASC international certification for the customs agent *Malo y Arízaga Consortium* - COMAR CIA.LTDA. The certification consists of the implementation of a Security and Control Management System within the company. Because of this, it was necessary to review the evolution of international trade to show the relevance that international trade security has gained, and the emergence of the World BASC Organization and the International BASC Certification. Subsequently, an analysis of the current situation of the company was carried out to identify its internal structure and operation, as well as the management of the processes that are carried out. Finally, and in accordance with the objective of the investigation, an internal diagnosis of the company was prepared according to the requirements needed to obtain the international BASC certification, and plan of action that the company needed to improve its management system in control and safety and be able to qualify for the BASC International Certification application process.

Keywords: International BASC Certification, Control and Security, Management System, *Malo y Arízaga Consortium* COMAR CIA.LTDA, International Trade

INDEX

Table of Contents

DEDICATION.....	ii
ACKNOWLEDGEMENT.....	iii
ABSTRACT.....	iv
CHAPTER 1	1
THEORETICAL FRAMEWORK.....	1
Introduction.-	1
1.1 Definition of International Trade	1
1.2 History of International Trade	2
1.3 Primary Theories of International Commerce	3
1.3.1 Mercantilism (XV Century)	3
1.3.2 Absolute Advantage (1776):.....	3
1.3.3 Comparative Advantage (1817)	4
1.3.4 Heckscher-Ohlin Theory (1919-1933)	4
1.3.5 Leontief Paradox (1953):	5
1.3.6 Prebisch's Center-Periphery Theory (1986):.....	5
1.3.7 Porter's Diamond (1990).....	6
1.4 Logistics and Supply Chain Management	6
1.4.1 Definition of Logistics:	6
1.4.2 Definition of Supply Chain Management:	7
1.4.3 Key Processes of Supply Chain Management:	7
1.4.4 Logistics vs Supply Chain Management	10
1.5 Industrial Security in the Supply Chain	10
1.5.1 Definition of Industrial Security.....	11
1.5.2 History of Industrial Security	11
1.5.3 Industrial Security Risks in the Supply Chain.....	12
1.6 Business Security Certifications	13
1.6.1 ISO / IEC 27001 certification. Information security management systems	14
1.6.2 ISO 28001: 2007 certification. Security management systems for the supply chain	14
1.6.3 ISO 31000: 2018 Standard. Risk Management	15
1.6.4 ISO 45001 certification. Occupational Health and Safety Management System	15

1.7	Smuggling and Drug Trafficking in International Trade	16
1.7.1	Definition of Smuggling and its classification as a crime	16
1.7.2	Definition of drug trafficking and its classification as a crime	16
1.7.3	Context of smuggling and drug trafficking in Ecuador.....	17
1.8	BASC International Certification	19
1.8.1	What does BASC mean and what does it involve?	19
1.8.2	History of BASC	19
1.8.3	BASC Certification	20
1.8.4	BASC International Regulations and Standards.....	21
1.8.5	Benefits of BASC Certification.....	22
	Conclusions.....	23
	CHAPTER 2.....	24
	2. MALO Y ARÍZAGA – COMAR CONSORTIUM CIA.LTDA.....	24
	Introduction. -	24
2.1	Description and History	24
2.2	Mission.....	25
2.3	Vision.....	25
2.4	Values	25
2.5	Services	26
2.6	Commercial Strategy	26
2.6.1	Product Strategy	26
2.6.2	Price Strategy.....	27
2.6.3	Growth Strategy.....	27
2.6.4	Promotion Strategies	28
2.7	SWOT Analysis	28
2.7.2	Opportunities	29
2.7.3	Weaknesses.....	29
2.7.4	Threats	29
2.8	Organizational Structure	30
2.8.1	Value Chain	30
2.8.2	Structural Organization Chart.....	31
2.8.3	Process Flowchart COMAR CIA.LTDA	34
2.9	Current Status of the Company.....	35
	Conclusions.-	36

CHAPTER 3.....	37
3. INTERNAL AUDIT AND ACTION PLAN PROPOSAL FOR OBTAINING THE BASC INTERNATIONAL CERTIFICATION FOR THE <i>MALO Y ARÍZAGA CONSORTIUM</i> - COMAR CIA.LTDA.....	37
Introduction.-.....	37
3.1 Internal Audit and Diagnosis	37
3.2 Action Plan for COMAR CIA.LTDA.....	46
3.3 Action Plan Methodology	46
3.3 Action Plan Compliance Schedule.....	60
3.4 Costs of Implementing the BASC Control and Security Management	61
Conclusions.-	64
CONCLUSIONS.-.....	65
RECOMMENDATIONS. -.....	67
ANNEXES.-.....	72

Table Index

Table 1: Differences between Supply Chain Management and Logistics.....	10
Table 2: Summary of the Internal Audit compliance with the International Regulations ASC V5-2017 of the Malo y Arízaga Consortium COMAR CIA.LTDA.....	39
Table 3: Summary of the Internal Audit compliance with the BASC 5.02 - Version 5-2017 International Standard of the Malo y Arízaga Consortium COMAR CIA.LTDA	43
Table 4: Action Plan for the Malo y Arízaga Consortium COMAR CIA.LTDA for compliance with the BASC International Regulations V5-2017.....	48
Table 5: Action Plan of the Malo y Arízaga Consortium COMAR CIA.LTDA for compliance with 5.02 V5-2017 International Standard	53
Table 6: Application Schedule of the BASC V5-2017 International Standard Action Plan V5-2017.....	60
Table 7: Application Schedule of the BASC V5-2017 International Standard Action Plan...	61
Table 8: Implementation Costs (Missing Material Requirements)	62
Table 9: Affiliation with the BASC Chapter	62
Table 10: BASC Audit Cost	63
Table 11: Training prior to BASC Certification.....	63
Table 12: Approximate Total Cost for the Malo y Arízaga Consortium - COMAR CIA.LTDA (Initial Year).....	63

Figures Index

Figure 1: Key Processes of Supply Chain Management	8
Figure 2: Logo of the International Standardization Organization (ISO)	13
Figure 3: Total confiscation 2010-2015 (Millions of dollars).....	17
Figure 4: Drug Confiscation in Ecuador 1991-2014 (In kilograms)	18
Figure 5: Business Alliance for Secure Commerce Logo (BASC)	19
Figure 6: Value Chain for Malo y Arízaga Consortium – COMAR CIA.LTDA.....	31
Figure 7: Structural Organization Chart for Malo y Arízaga Consortium – COMAR CIA.LTDA.....	32
Figure 8: Process Flowchart of the Malo y Arízaga Consortium COMAR CIA.LTDA.....	34
Figure 9: Summary of the Internal Audit compliance with the International Standard BASC V5-2017 of the Malo y Arízaga Consortium COMAR CIA.LTDA.....	40
Figure 10: Summary of the Internal Audit of compliance with the BASC 5.02 - Version 5-2017 International Standard of the Malo y Arízaga Consortium COMAR CIA.LTDA.	44

Annex Index

Annex 1: BASC International Standard Version 5-2017	72
Annex 2: BASC 5.0.2 V5-2017 International Standard	87
Annex 3: Checklist - Internal Audit of the BASC V5-2017 International Standard for the Malo y Arízaga Consortium - COMAR CIA.LTDA.....	97
Annex 4: Checklist - Internal Audit of the BASC 5.0.2 V5-2017 International Standard, for the Malo y Arízaga Consortium - COMAR CIA.LTDA.....	101

CHAPTER 1.

THEORETICAL FRAMEWORK

Introduction.-

In this chapter, the evolution of international trade will be contextualized, from its beginnings to the current contemporary era. After covering this history, the term Supply Chain Management will be analyzed, and how it began to be relevant in commercial activities, and its strict relationship with logistics. After this, there will be a discussion of the current state of industrial security, as a fundamental aspect of any commercial operation, and therefore, how it became an almost mandatory requirement for security certification for companies. The International Standardization Organization (ISO), played a very important role in starting to certify security in companies, all this with the aim of avoiding illegal actions, crimes, and other legal problems. According to the objective of the present investigation, which details the proposal for the implementation of BASC certification in a company, it is necessary to understand the scope of action of said certification, in this specific case, smuggling and drug trafficking, for which its definitions, its regulations in Ecuador, and its current context in international trade will be analyzed. Finally, and complying with the research objectives, the BASC International Certification, its origins, benefits, and objectives, its application standards will be analyzed as well.

1.1 Definition of International Trade

To begin, it is necessary to define international trade, since this is the fundamental concept on which this research will be based. According to Paula Andrea de la Hoz, in her book “Generalities of International Trade” (2013, p. 15), she defines International Trade as “the study of the exchange of goods and services between the inhabitants of different countries, to satisfy their deficiencies, and resource needs.” In addition, the author identifies that in order to be classified as international trade, it must clearly cross the borders of each of the countries in question.

1.2 History of International Trade

After having defined international trade, it is necessary to address its origins and how it has evolved over time. International trade has existed since the end of the Neolithic period, as a result of the subsistence agriculture of that period transitioning into specialized economic activities, and the excess agricultural production being traded with other products and services that outside communities lacked, leading to the emergence of a commercial cycle, giving rise to trade. Although this was the beginning of trade, according to De La Hoz (De La Hoz, 2013, p. 17), it began to cross borders in the Industrial Revolution, because the technological advancements of that period allowed machinery to replace the manual labor in certain economic activities.

During the progress of the Industrial Revolution, which originated in England, the creation of new machines took place, for example, the telegraph, the loom, and the steam engine, among other inventions. This allowed increased production of a large quantity of raw materials, which in turn created an inflection point for international trade, inventions such as the steam engine, locomotive, and steamboat, allowed the creation of new land and maritime transport routes that expedited and allowed a greater opening for markets for the companies of that time, which allowed them to gradually participate in international commerce.

From that time to the present, international trade has grown immensely. Of those methods used in the industrial revolution, since assembly line production continues to be used, which, with the modernization and creation of new machines allows the creation of new materials at much higher quantities and at lower prices. One of the pioneers in this type of production was the United States, since it has an economy based on industry. This country could be classified as one of the main causes of the commercial wave that is currently occurring. This type of continuous production, allowed a variety of countries to take the same actions, making it so that there would not be many markets for dependent products, but instead resources were decentralized in a way that ended up generating greater commercial activities, greater sources of employment, and in particular, a greater supply and variety of products worldwide.

1.3 Primary Theories of International Commerce

After having briefly analyzed the history of international trade, it is necessary to identify under what concepts and realities international trade has evolved to the present. Because of that, it is important to highlight how the currents of thought on international trade arose and began to create the concepts under which all commercial activities are carried out, all this from the first years in which international trade became relevant to the current schools of thought. According to the International Institute of Educational Technology Research of Mexico (INITE, 2008), it catalogs the main theories of international trade as the following:

1.3.1 Mercantilism (XV Century)

Mercantilism was a theory that began in the mid-fifteenth century. The fundamental principle of this theory was the management and accumulation of precious stones as the main engine of the economy. The theory was based on the substitution of imports by the accumulation of precious stones, as according to this theory this would lead to an increase in the trade balance of countries allowing them to export instead of import. That is, this theory, being protectionist in nature, promotes the pride and wealth of a country through these precious stones and promotes, therefore, the local industry. The theory made many mistakes, because it assumed that one country would always make greater profits than another country. However, with later theories, it was found that even though countries involved in international trade could have gains in smaller proportion than others, they could still make a profit. (INITE, 2008)

1.3.2 Absolute Advantage (1776):

This theory began around the year 1776, its main proponent was Adam Smith. The principles of this theory are compiled in the flagship work of this author "The Wealth of Nations." In this work, it was emphasized that each country could have the efficient production of a product or a series of products. For this, Adam Smith proposed specialization, that is to say that each country should focus on what it did best, therefore, it proposed that countries specialize in these products and market them with other countries. This encouraged that only the goods that a country could not produce were imported, so that international trade was boosted efficiently, and because of that, different countries could be placed in the international market as the sole producers of a specific product. However, the main drawback of this theory

was that it was centered on a unilateral analysis, since it only examines the potential of countries based on their strongest product, and not what advantages they could obtain from the exchange with other countries to promote free trade. (INITE, 2008)

1.3.3 Comparative Advantage (1817)

The main proponent for this category is David Ricardo, who went beyond the theory of Adam Smith, since he also proposes the specialization of countries, but states that they can obtain advantages from the exchange of products that are not in their countries with the products from other countries. Even these products can be imported as long as the country of origin does not have the absolute advantage in the production of these products. The theory of comparative advantage can be classified as a theory of free trade, since it recognizes that the benefit from trading products that have comparative advantage can result in a generalized benefit for all countries involved, because the volume of production would be much more efficient and much more concrete without wasting goods and increasing their trade, thus avoiding trade restrictions. The comparative advantage stimulates, according to Ricardo, the economic growth of a state, since it stimulates both national and global economies at the same time.

It should be noted that David Ricardo and Adam Smith are both considered among the founding fathers of international trade, because later theories were created through the principles that these two authors first defined.

1.3.4 Heckscher-Ohlin Theory (1919-1933)

This theory is presented by the Swedish economists Heckscher and Ohlin. This theory differs from comparative advantage because these economists recognize that the advantage that some countries have over others is due to the presence of factors. This theory defines factors as clear characteristics of production that have benefited some countries and have produced disadvantages for other countries. These factors may be land, labor, and capital. Some countries will have greater advantages, thus explaining why some countries have higher economic income and why other countries have lower economic income. In turn, these Swedish economists recognize that those countries that make use of the factors that they have in abundance will directly correlate with their quantity of production, therefore, they will

import the products that use production factors in which they do not have an advantage, or simply lack production at all.

1.3.5 Leontief Paradox (1953):

The proponent of this theory was Wassily Leontief, a German economist who proposed an analysis and improvement of the Heckscher and Ohlin economic model in 1953. According to the Entrepreneurial Training Reference Center (CRECE, 2017), this economist argued that resources such as labor were not equal anywhere in the world. According to Leontief, developed countries contributed much more qualified and skilled labor in some aspects, resulting in a huge contradiction - that these countries export labor-intensive goods, while goods produced in developing countries, were not excessive in these types of resources.

1.3.6 Prebisch's Center-Periphery Theory (1986):

This theory was driven and expressed by Argentine economist Raúl Prebisch. According to the Economic Commission for Latin America and the Caribbean (ECLAC, 1986), this economist envisioned the international economic system as a structure with a center and a periphery. He affirmed that the industrialized countries and those with many advances in the innovation and promotion of new technologies, were the countries of the center of the structure. On the other hand, the countries that are located on the periphery of the structure are those that are primary exporters and have a fairly cost-effective endowment of factors. The question that Prebisch posed in his theory to support economic policy actions, and because of which the center-periphery model was generated, was about the inequality gap that existed between the central and peripheral countries. Under the precepts of this economist, the relation between product prices, and between the peripheral countries and those of the center, was the main cause of this disparity and the unequal benefits of this economic structure. Once the cause is identified, the first explanation provided by Prebisch is about the commercial cycle of a product. This is because when the demand for products is on the rise, the prices imposed by developed countries, greatly exceed the prices of primary countries, so that these countries get better benefits than countries where the product originates. On the other hand, when demand is down, there is an oversupply of product by peripheral countries, so they have to sell their products to industrialized countries (center), at a much lower price (ECLAC, 1986).

1.3.7 Porter's Diamond (1990)

In the year 1990, Michael Porter according to (INITE, 2008), published an investigation that listed the main advantages by which some countries had more competitive advantages than other countries. The American Michael Porter, affirmed at that time, that there are certain attributes of different nations that differentiate themselves from others. These attributes are as follows:

- *Presence of Factors:* This attribute refers to the productive factors involved in international trade, such as a skilled labor force and the necessary infrastructure that each individual country has in order to obtain greater advantages than its competing countries.
- *Demand Conditions:* This attribute refers to the demands of different types of consumers in different countries, so this would affect some countries, having higher incomes than others, depending on how much demand there is for their products.
- *Related and Support Sectors:* This attribute refers to those companies or industries that are a support for the production of the different products in which each country specializes. This determines that a country has support from the industrial-private sector and is much more competitive than others.
- *Company Strategy, Structure and Rivalry:* This last attribute involves the local management of the industries in each country, this allows the generation of greater competitiveness, and a means of locating the best company within a country. This allows the identification of different production options and allows for a country to adopt the best possible option, as it evaluates the rivalries of each company.

Because of this, Porter analyzed that the nation whose companies are able to best evaluate these 4 attributes, called the diamond, could have better conditions compared to other countries, taking into account that each of the attributes is dependent on the other.

1.4 Logistics and Supply Chain Management

1.4.1 Definition of Logistics:

The Council of Logistics Management (CLM, under its acronym in English), which was the body that discussed worldwide issues related to corporate logistics until 2005, and then became the Council of Supply Chain Management Professionals (CSCMP), determined that

the definition of logistics was old and valid only until the 90s, so it presented the following as an updated definition of logistics:

The process of planning, implementing, and efficiently controlling the flow and storage of raw material, inventory in process, finished products, and their respective information from their point of origin to their consumption, efficiently, and at the lowest possible cost, to meet the requirements of the clients.

1.4.2 Definition of Supply Chain Management:

Supply Chain Management could be renamed as a current and improved concept of logistics, this concept can be defined as the following:

Supply Chain Management (SCM) covers all activities related to the flow and transformation of goods, from their raw material stage (extraction), to the end user, as well as related information flows. Materials and information flow up and down in the supply chain. (Ballou, 2004, p. 5)

1.4.3 Key Processes of Supply Chain Management:

Within Supply Chain Management, there is a clear progression from beginning to end in the management process. It has key processes within its procedure that are important to highlight. According to (Universidad Santo Tomás de Colombia, 2019), these key processes are:

Figure 1: Key Processes of Supply Chain Management



Source: (Universidad Santo Tomás de Colombia, 2019)

- *Customer Relationship Management:* This is the first key process of the supply chain because it is extremely necessary to identify potential customers of the company, with the goal of establishing business relationships that will lead to the strengthening of the seller-customer relationship. This procedure in turn will go hand in hand with an evaluation of customer service, to assess the trust and credibility of the customer in the company.
- *Customer Service Administration:* This second process is very important, due to the communication and interaction between the client and the company's customer service department. In this process, the communication between the internal departments of the company is given, since the technical and personal support of the company is provided for the clients, supported by the recommendations of the company's production and distribution departments.
- *Demand Administration:* This process clearly refers to the management and administration of inventory, since it is necessary to have an essential stock that can cover needs in a timely manner. However, this administration can be variable, since it is subject to the production capacity of the goods, as well as supply and demand. This factor has a fundamental

characteristic, demand variability, this is because customer requests and orders can be unpredictable, so companies must forecast the orders to be able to have the supply in the right amount, and within the right time frame.

- *Perfect Orders*: This procedure is key and essential for Supply Chain Management, since it refers to meeting the demands and requirements of the customers. This compliance requires full integration of the manufacturing, distribution, and delivery processes of a product. This entire procedure must be continuous in order to comply with agreements for product sales between the company and customers.
- *Manufacturing Flow Management*: The manufacturing system used by traditional companies focuses on the production, storage, and distribution of goods; however, in this type of systems there are many situations in which excessive or unnecessary inventories occur, which generates high production costs for the companies. For this reason, these systems have evolved a "Just in Time" principle for administering these inventories, to produce adequate quantities and with a specific delivery for the client. This leads to a much shorter process flow, with benefits for the company by seeking customer satisfaction.
- *Purchases*: This is specifically about the relationship of the company with its suppliers for the administration and supply of raw materials or any necessary for the development of a given product. During this key process the generation of strategic alliances with suppliers is sought, with the aim of improving a commercial relationship, as well as helping to reduce the cycle of product marketing, and in turn, encourage that the nearest suppliers to maintain a reliable relationship and ensure sales volumes for them.
- *Product Development and Marketing*: This process is essential, here the marketing coordinators of each company are responsible for coordinating all the activities that concern customer service and the requests and orders that they make, select the best supplier to perform with the best product, best materials, and within the best possible time, and in turn, have the ability to use tools that can facilitate the integration of the company-client network to create the best products for the market.
- *Returns*: This last process refers to the return of products, this refers to cases when on occasions there is a product failure, so the customer demands a replacement or return immediately. This situation can generate a high competitive advantage, since if a product return event occurs, and this happens quickly and efficiently, customers will have a positive

opinion of the company. This will generate an information base for the company, to identify failures and to develop a system of productivity improvements.

1.4.4 Logistics vs Supply Chain Management

Although the concepts and definitions of Logistics and Supply Chain Management were provided above, it is necessary to specify exactly what the origin, difference, and scope of each of them are. According to (EAE Business School, 2018), logistics originated in the military era, with the transport, storage, and handling of personnel and weapons. On the other hand, Supply Chain Management is a much more modern, multi-dimensional term that includes, apart from the transport and storage of merchandise, several other actions. To define the perspective and scope of the two concepts, it is necessary to make the following distinction based on what the EAE Business School in Spain says:

Table 1: Differences between Supply Chain Management and Logistics

	SUPPLY CHAIN MANAGEMENT	LOGISTICS MANAGEMENT
<i>PERSPECTIVE</i>	Integral Administration of all supply chain activities.	Storage and distribution of goods inside and outside the company.
<i>SCOPE</i>	Apart from the company, it involves internal and external actors.	It involves only the actors that are part of the company.
<i>CONTROL</i>	Control to ensure the entire supply chain is complete from start to finish.	It is an internal activity that is part of the Supply Chain Management process
<i>OBJECTIVE</i>	Achieve commercial and business objectives to obtain a competitive advantage.	To be able to fulfill the orders and to be able to satisfy the clients' requirements

Source: (EAE Business School, 2018)
Created by: Cárdenas, Carlos

1.5 Industrial Security in the Supply Chain

After having contextualized logistics and Supply Chain Management, and for the primary content of this degree work, security and industrial security must be defined and how they interact in the supply chain in each of the company.

1.5.1 Definition of Industrial Security

To start, it is necessary to know the definition of Industrial Security, so it can be defined as:

Industrial Security is the system of mandatory provisions that have as its objective the prevention and limitation of risks, as well as the protection against accidents capable of causing damage to people, property or the environment derived from industrial activity or the use, operation, and maintenance of the facilities or equipment, and of the production, use, or consumption, storage, or renovation of industrial products. (Department of Economic Development and Infrastructure, 2013)

1.5.2 History of Industrial Security

Once industrial security has been defined, it is necessary to identify how it has been gaining relevance throughout the ages. According to (Arias Gallegos, 2012), industrial security began to be partially taken into account after the Industrial Revolution. After the creation of new machinery and the creation of new industries, at that time the rates of migration from rural to urban sectors increased greatly, because countless people were looking for a job opportunity in this growing sector.

Due to the growing demand for employment in the cities, and the low labor supply, many people who had migrated to the city, offered their professional services at a very low cost, the painful thing was that these people worked in subhuman working conditions. The poor management of safety protocols, by employers and employees, led to the expansion of pandemics and epidemics, due to the unhealthiness of their workspaces, this led to a large number of deaths due to the unhealthy working conditions that these people faced.

From that moment, they began to enact laws that protect workers, although some progress was made in certain European countries, it was not until 1874, in which England and France were the main precursors of the formalization of the Industrial Security and Occupational Health. Within these beginnings of the legalization of Industrial Security, two very iconic characters emerged in the history of work, such as Karl Marx and Frederic Engels, which promoted the unionization of workers, as a way of protest by workers, so that employers will improve the working conditions of their employees, including industrial security

measures. All these ideas have had great significance and have been promoted throughout Europe and later in America.

Although it cannot be defined specifically in what exact year, industrial security became institutionalized. On the other hand, in 1931, H.W. Heinrich published his work "Prevention of occupational accidents", a work for which he became credited with the title of "Father of Industrial Security." In his work, Heinrich presents the situation like an iceberg, in which it was indicated that after occupational accidents, the incidents that led up to them, having been reported or considered in a management model for accident prevention, these incidents could be avoided. This work marked the historical milestone where industrial security began to be considered a problem worthy of the interest of global industry.

1.5.3 Industrial Security Risks in the Supply Chain

Within the supply chain, as with any commercial activity, there are risks throughout the entire chain process, from the extraction of raw materials, until the final product reaches the customer. According to the analysis of Zapata and Garcia (Zapata & García, 2012), when managing a supply chain, risks and threats should always be taken into account. According to the authors, a threat can be described as “everything that has a possibility or probability of occurring and can cause damage, while risks are the product of a threat occurring and its respective consequence”.

In the same way, there are different types of risks that may be present in the supply chain:

- Operational
- Physical Threats
- Social or human
- Natural causes
- By the competition
- Legal or political

Because the risks and threats are a real factor that occur in supply chains and are determinants in some occasions for the definition of the costs of operations, they also play a fundamental role in the product value delivered to clients. In the globalized world that we

currently live in, and as a consequence of these risks and threats, the industry has created risk management programs for companies, this with the objective that risks can be prevented, through their analysis and systematization. This has led to the creation of management systems in control and security, to prevent any type of risks and threats that may arise in different industries.

1.6 Business Security Certifications

With the passage of time, and because of globalization, there is much concern for ensuring control and security in business processes, and even more in industry. Currently, there is the International Standardization Organization (ISO), which could be considered the leading institution for the creation of international standards that provide guidance to individuals and businesses on how to carry out different activities at the business level. This pioneering organization emerged in 1946, when several English professionals in the construction sector proposed the integration of different industrial standards that could be coordinated internationally. After this event, the organization began operating officially in 1947. To date, the organization has 164 member countries that are directly involved in the creation of international standards (ISO, 2019).

Figure 2: Logo of the International Standardization Organization (ISO)



Source: (ISO, 2019)

So far, ISO has managed to publish around 22,500 international standards and documents that provide guidance for companies in different topics such as industry, technology, agriculture, social responsibility, etc. Companies can use these standards to ensure quality, safety, and efficiency. Using these international standards allows you to obtain competitive

advantages over your competitors, in addition to ensuring a reliable product or service for each of your customers.

For the purpose of the study, four safety standards for companies provided by the ISO will be analyzed, as it is the organization known worldwide for providing these certifications for different types of companies, through a large number of certification companies worldwide, since the ISO is the company that creates the certification standards, but it is not directly involved in the process of company certifications, since the certification companies mentioned above do that. It should be mentioned in the same way that it is necessary that the certifications be renewed year after year, all this with the aim of constant training and improvement in business processes. In the case of Ecuador, for example, some certification companies are: COTECNA, ICONTEC, and SGS del Ecuador S.A, among others.

1.6.1 ISO / IEC 27001 certification. Information security management systems

Within this certification, it is intended to be implemented in each company to help keep all the information generated in each of the companies safe. Some of the types of information that it seeks to protect are those related to financial information, information on copyright, or industrial property of companies, payroll, strategic planning, etc. (ISO, 2019)

All this protection can be done through the implementation of an Information Security Management System (ISMS), whose objectives are focused on providing certain competitive advantages for companies that use this system. For example, it gives customers confidence, as it ensures that any information about them will be protected from any type of risk or threat. Also, it is a guarantee of fulfilling the right to the privacy of both the company and its customers. (ISO, 2019)

Companies may choose to implement the certification standard, since it is not mandatory to apply for certification; however, this certification ensures compliance with both the 27001 certification standards and those of the other certifications.

1.6.2 ISO 28001: 2007 certification. Security management systems for the supply chain

Under this certification, ISO proposes requirements and guidance for companies in the field of security for the supply chain. Among these requirements are the development of security processes for the supply chain. It is mandatory to rectify and document these

processes, either with a minimum of security, as long as it is specified in which part of the supply chain the management system is being carried out.

Another fundamental aspect in which the ISO 28001 certification is performed, is about the assistance it provides to companies, so that they can meet the applicable criteria to be certified as Authorized Economic Operators (AEO) of the World Customs Organization program (WCO) Finally, as a last requirement, ISO dictates that companies interested in obtaining ISO 28001 certification must constantly train their company security personnel so that they can carry out the security activities contemplated in the certification standards. (ISO, 2019)

1.6.3 ISO 31000: 2018 Standard. Risk Management

This standard is responsible for guiding companies regarding the numerous risks and threats that companies may be subject to. These risks can be from different aspects such as security risks, environmental risks, economic risks, etc. What is unusual about this standard is that it cannot be certified, so it can only be used as a guide for helping companies to face internal and external audit processes for different types of certification for the prevention of specific risks.

The advantage of this standard is that it allows any organization to make use of its guidelines to be able to plan objectives, goals, and risk prevention, so that the resources of each of the companies can be used efficiently, because, being an international standard, the scope of its guidelines is global. (ISO, 2019)

1.6.4 ISO 45001 certification. Occupational Health and Safety Management System

Standard 45001 provides a frame of reference with the guidelines to reduce occupational hazards at work, in turn being able to improve the well-being of workers in the workspace, thereby increasing the proactivity and company performance in the field of occupational health and safety. In the area of this certification, the 45001 standard is the pioneer, so it is the best known and most used. (ISO, 2018)

On the other hand, being a globalized standard, it can be applied to any type of company, regardless of the size of the company, so it can be coupled together with other ISO standards such as 9001 (quality management) and 14001 (environmental management).

The companies that decide to certify with this standard allow the implementation of a Management System that produces certain benefits such as: reduced labor incidents, reduced absenteeism to increase productivity, increased staff leadership, ensuring their welfare and occupational safety, among others. (ISO, 2018)

1.7 Smuggling and Drug Trafficking in International Trade

1.7.1 Definition of Smuggling and its classification as a crime

It is important to analyze smuggling as an illegal activity that occurs in international trade, and that according to Article 175 of the COPCI, is defined as a customs offense within existing customs offenses (Organic Code of Production, Commerce and Investments, 2010). According to Indriago (1976, p. 2), and cited by (Peña Cuervo, Martínez Espinosa, & Peña Cuervo, 2018), contraband can be defined as “a crime that consists of the introduction and extraction of goods into the national customs territory, without the payment of customs duties”.

In addition, it is important to analyze how this crime is classified in the Ecuadorian legal system. According to the Organic Comprehensive Criminal Code (2014, art. 301), in order for the crime of contraband to be recognized in the Ecuadorian criminal system, the merchandise must have a value equal to or greater than ten unified basic salaries and certain grounds that the court dictates regarding the item in question. If there is a conviction, that person will be punished with deprivation of freedom for three to five years, as well as a fine of the customs value of the merchandise targeted by the crime, multiplied by three times.

1.7.2 Definition of drug trafficking and its classification as a crime

Drug trafficking as such constitutes one of the illegal practices with the highest growth today, not only at the local level, but also at the national and international level. It is already considered a state problem in the vast majority of countries worldwide, so it is necessary to specify its definition. According to Contreras (2010, p. 1), drug trafficking can be defined as “the trafficking of illegal drugs that are transported clandestinely from one place to another”.

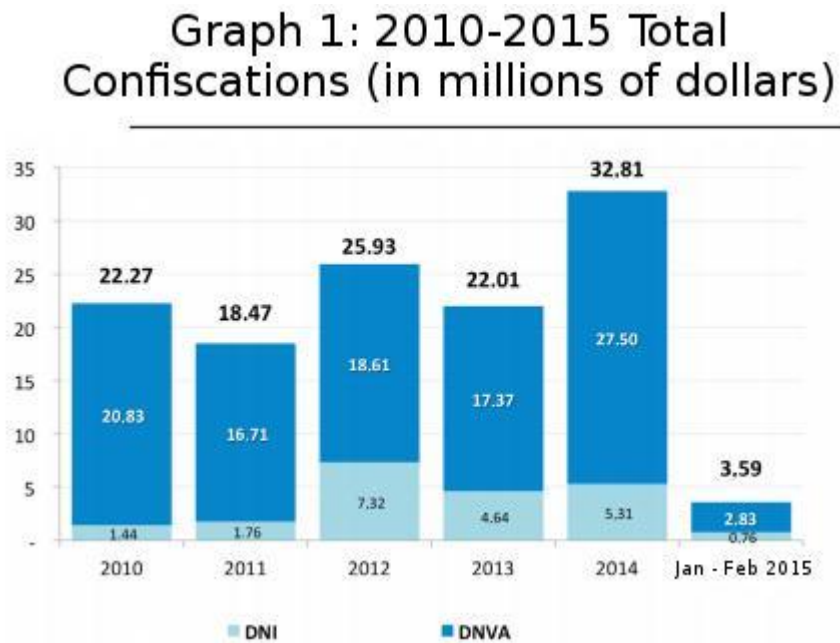
According to the Comprehensive Criminal Code (2014, art. 220), the person who is directly or indirectly involved “offers, stores, intermediates, distributes, purchases, sells, sends, transports, markets, stockpiles, exports, has, possesses or in general carries out illicit

trafficking of narcotic and psychotropic substances or preparations containing them, may be subject to imprisonment from two months to thirteen years”.

1.7.3 Context of smuggling and drug trafficking in Ecuador

Currently, it is no big secret the vast scope that illegal activities have had with the rise of globalization. The interconnectivity that exists between states even if they are on the other side of the world, is impressive, everything is due to the improvements in all processes, from the production of illicit goods, to innovation in the forms of transport of these goods. However, smuggling and drug trafficking are two illegal activities that drive back progress in Ecuador and seriously affect it. According to a criminological profile jointly prepared by the Latin American Faculty of Social Sciences (FLACSO, 2015, p. 15) and the State Attorney General's Office, according to data obtained by the National Intelligence Directorate (DNI) and the National Anti-Narcotics Directorate (DNA-DNVA), from 2010 to February 2015, the following smuggling figures were registered in our country:

Figure 3: Total confiscation 2010-2015 (Millions of dollars)



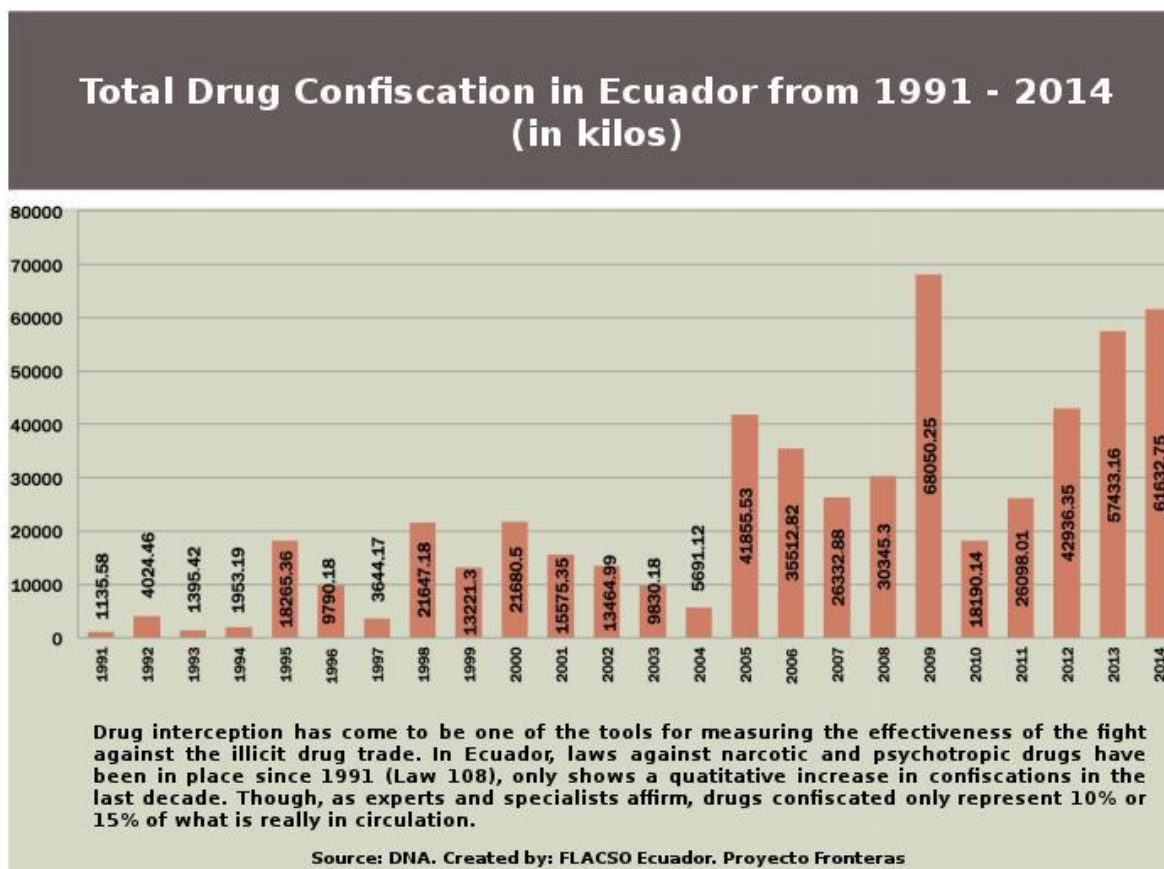
Source: (FLACSO, 2015)

With these figures, although they are not up to date, it can be confirmed with certainty that smuggling is a real problem in our country. According to the latest press reports, these

figures may have increased considerably; however, there are still no official official reports from the relevant government entities to report on these types of cases.

As for drug trafficking, it has also been seen as one of the main problems the country currently suffers. Ecuador has been a favorite country for drug traffickers, for transporting illegal merchandise, due to the maritime and air connectivity of the country, since it is situated as an intermediary country for these illegal activities. According to another Criminological Profile prepared by FLACSO (2015, p. 15), and according to data from the National Anti-Narcotics Directorate (DNA), the following figures show drug apprehension in Ecuador during 23-year period:

Figure 4: Drug Confiscation in Ecuador 1991-2014 (In kilograms)



Source: (FLACSO, 2015)

In the graph, it can be seen how drug confiscations in Ecuador have been increasing, which constitutes a real problem for the country. Although the figures are not up to date, due to the confiscation growth pattern, it can be projected that until this year, the figures may

remain at the same margins or may have increased; however, there is still no official information on the statistics of these activities.

1.8 BASC International Certification

1.8.1 What does BASC mean and what does it involve?

BASC stands for Business Alliance for Secure Commerce. It is an alliance of companies at an international level, to promote safe trade in cooperation with governmental entities and international organizations. BASC's main mission is to begin to create a culture of security in the management and administration of the supply chain, and this through the application of security standards and protocols for the implementation of security management systems in international trade. (WBASCO, 2019)

Figure 5: Business Alliance for Secure Commerce Logo (BASC)



Source: (WBASCO, 2019)

1.8.2 History of BASC

BASC emerged as an anti-smuggling alliance, since in 1996 representatives of some North American companies proposed mechanisms to the US Customs that can prevent the use of these companies for transportation of narcotics and stolen merchandise, with the objective that such illicit activities could be prevented. Subsequently, a Colombian company contacted the United States Customs, in order to participate in the initiative, making it the first pilot company in the program. By 2002, the BASC World Organization was formally established in the United States, with the aim of promulgating this culture of security and the expansion of

the BASC program throughout Latin America. To date, the official headquarters of the BASC World Organization is in Miami, Florida and according to its statistics, until 2017, BASC was present in 25 countries throughout the Americas.

1.8.3 BASC Certification

According to BASC, until 2017, 3407 companies at the level of the American continent had obtained the BASC certification, of which 668 were in Ecuador. In order to obtain BASC certification, interested companies must meet some requirements:

- To be a company legally constituted in their country of origin, as well as to participate in activities related to the logistics and supply chain of international trade.
- Have a background that supports the honesty and rectitude of the company, whether commercial or legal. Also, they should not have any legal background in their country of origin or in any country abroad, which calls into question their legal reputation.
- Perform the application or admission process of the BASC chapters and that are in accordance with the policies and guidelines of the World BASC Organization.

Once these requirements are met, according to the BASC website (2019), the procedure that companies must follow in order to be certified is as follows:

1. The interested company must submit all the information required in the application for admission, either from the BASC Chapter or the WBASCO Matrix.
2. After the documentary analysis, the company will be granted time to implement the BASC Control and Security Management System (CSMS).
3. After the allotted time, BASC will coordinate a security audit to verify compliance with the minimum-security standards required by the organization. This audit will be through international auditors who will be responsible for guaranteeing the correct implementation of the System.
4. Based on the results of the audit, BASC can classify companies as follows:
 - *Certified*: These are the companies that fully comply with the BASC Control Management and Security System, in accordance with the established norms and guidelines.

- *Preselected on pending:* Those companies that must still implement certain aspects of the Management System to undergo a certification audit. However, the company's entry to the chapter is approved to comply with the policies proposed by BASC.
- 5. The certification is valid for 1 year, so BASC will audit companies annually to verify the maintenance of the BASC Control and Security Management System.

1.8.4 BASC International Regulations and Standards

The international BASC standard is a general and referential framework so that companies, regardless the nature of their activities or size, can implement a control and Security Management System (CSMS). The direction of this standard is focused on the management of processes, risks, and promoting continuous and constant improvement. Companies interested in obtaining BASC certification, which meet all the requirements established in the international standard. Some of the aspects and concepts that companies must take into account are based on the international V5 standard of 2017 according to BASC (2017) and its Glossary of Terms (WBASCO, 2017), which are:

- *Company Context:* The current situation of the company, coupled with internal and external factors that may affect the security of the supply chain.
- *Leadership:* Performance of the company's management compared with the commitment and policies of BASC regarding the Control and Security Management System (CSMS).
- *Planning:* The way in which the company seeks to prevent the risks for the company, in addition to carrying out a protocol for communicating these risks, taking into account the legal requirements of the standard.
- *Support:* Key resources and documentation that will support the implementation of the system.
- *Performance:* Give the necessary follow-up through the performance of internal and external audits, to achieve the expected results.
- *Auditing:* Systematic, independent, and documented process to obtain evidence and objectively determine the degree to which the criteria of the BASC Control and Security Management System (CSMS) are met and its ability to achieve the planned results.
- *Auditor:* Person tasked with finding evidence of due compliance with the competencies that are necessary to develop internal audits.

- *Criteria:* Requirements of the applicable BASC International Standard and Safety Standards, as well as the documentation declared in the CSMS, against which the audit evidence is compared.
- *Major nonconformity:* Total absence of evidence regarding compliance with an audit criteria, or that jeopardizes the integrity or effectiveness of the CSMS BASC. According to WBASC, a major nonconformity may consist of three minor nonconformities in the same audit process.
- *Minor nonconformity:* Partial breach of an audit criterion that does not jeopardize the integrity or effectiveness of the CSMS-BASC.
- *Improvement:* Develop improvement and correction actions that occur as a result of the audits, to strengthen the management system.

In addition to compliance with this international standard, companies, according to the nature of their activities, must comply with actions and activities detailed in specific standards that BASC promotes for the specific type of company. The standards are as follows:

- Standard 5.0.1: Companies directly related to cargo and cargo transport units.
- Standard 5.0.2: Companies indirectly related to cargo and cargo transport units.
- Standard 5.0.3: Companies that wish to manage basic safety operational controls.

1.8.5 Benefits of BASC Certification

There are certain benefits of BASC certification for different logistics and supply chain actors in international trade, according to the BASC website (WBASCO, 2019), some benefits for the actors are the following:

Business:

- International recognition by belonging to WBASCO and its chapters.
- Recognition and competitive advantage when implementing the Control and Security Management System (CSMS) BASC.
- Greater confidence on the part of the authorities.
- Cost and risk reduction derived from process control.
- Transfer of knowledge and experience in Supply Chain Security.

Customs:

- Improvements in risk and threat profiles present in customs systems.

- Optimize the efficient flow of international trade, without having to reduce the respective controls.
- Maximize institutional resources and work together with companies to improve internal procedures.

Country:

- Safely increase international trade and the commercial flow in an optimal, agile and secure way.
- Constantly avoid illegal activities that can result from international trade, such as smuggling, drug trafficking, customs fraud, etc.

Conclusions

To conclude this chapter, it can be analyzed that international trade has evolved completely from its inception. Not only does the accumulation of wealth or the exchange of products matter, but also support aspects such as security and proper supply chain management, can make a commercial operation successful. Also, it is evident that every day, the insecurity of international trade is getting bigger, that is why companies need processes and an adequate security and control management system to be able to carry out their different operations and avoid material and economic losses. That is why, in the face of the main problems affecting trade, such as drug trafficking and smuggling, BASC international certification emerges as an alternative for companies to avoid being victims of these problems, although it is true that certification does not ensure that 100% of problems will be avoided, it does help to generate a culture of control and security at business and government levels that helps to improve processes and therefore increase the trust between companies when there is a purchase and sale of goods and services.

CHAPTER 2

2. MALO Y ARÍZAGA – COMAR CONSORTIUM CIA.LTDA

Introduction. -

In this chapter, the diagnosis of the current situation of the Customs Broker, Consortium Malo y Arízaga will be carried out. This means analyzing the internal functioning of the company and how the process management is currently and if in turn there is already a Control and Security Management System (CSMS) in the Consortium. All this with the intention of subsequently carrying out the analysis of the possible implementation of the BASC International Certification. To advance this chapter correctly, a business strategy workshop was held at the company's facilities, with the aim of developing, together with management and part of the staff, the most relevant aspects of this chapter.

2.1 Description and History

The *Malo y Arízaga Consortium* - COMAR CÍA.LTDA is a legal entity that serves as a Customs Broker (AAA), and is located in the city of Cuenca, Ecuador. According to the concept cited by the Organic Production Code, Commerce and Investments, customs agents are the people who are authorized to handle the standard and impartial dispatch of goods, through the signature of the customs declarations. In addition, being a customs broker, you can contract with any other international trade operators and will be obliged to report to SENAE for the information recorded in the documents used in customs procedures (Organic Production Code, Commerce and Investments, 2010).

Its offices are located on Calle Lorenzo Piedra 4-25 and Remigio Crespo, on the ground floor of the ORDOVIV building. The company emerged more than 20 years ago under the initiative of its managers, Santiago Malo and Jorge Arízaga, and that throughout all these years, they have had important economic groups in the city of Cuenca and the province of Azuay among their clients.

2.2 Mission

The *Malo y Arízaga Consortium* - COMAR CIA.LTDA, seeks to responsibly, efficiently, effectively, and honestly provide integral solutions to all its clients in the customs procedures and logistics they need, generating an effective commercial relationship and satisfying the needs and requirements of foreign trade operators nationwide.

2.3 Vision

Malo y Arízaga Consortium - COMAR CIA.LTDA, intends to become the leading customs broker in all of Ecuador, providing an optimal, quality, and safe service in customs operations of our clients.

2.4 Values

The Values that define the *Malo y Arízaga Consortium* - COMAR CIA.LTDA are the following, and which, in turn, go hand in hand with what was detailed in its mission and vision:

- *Ethics*: Their actions are always attached to the law, as they are considered public service notaries. In this case of SENAE, their actions will always be determined by the legality of the commercial operations of their clients.
- *Solidarity*: By law, the *Malo y Arízaga Consortium* is jointly and severally liable for the customs procedures of its customers, so this value is essential, since the company is responsible for any anomaly that exists within the assets of its customers, encouraging mutual trust in our services.
- *Responsibility*: When dispatching its customer's goods, COMAR CIA.LTDA, assumes 100% of the responsibility in filling the customs declarations of its customers, so that the goods are shipped quickly and effectively.
- *Efficiency*: The Company makes a highly trained staff available to its customers for all of its functions, in addition to having high quality physical and technological resources to provide a fast service that optimizes time and resources.

- *Confidence*: It is perhaps one of the most important values of the company, since it is the key value for establishing long-term business relationships with its customers through a quality and guaranteed service.
- *Privacy and Discretion*: The company undertakes to maintain a strict and private relationship with its customers by safeguarding the detailed information in the different customs procedures.

2.5 Services

The *Malo y Arízaga Consortium* offers its clients a range of services related to different customs procedures, such as the following:

- *Customs Procedures Advice*: Free advice for customers who just want to start importing or exporting a certain good. Explanation of all the procedures to follow in order to start a commercial activity related to foreign trade.
- *Customs Procedures and Declarations*: Completion of import and export customs declarations for its clients.
- *Logistics*: Complementary service for all customs procedures, in which after the goods are dispatched and under alliances with logistics operators, the customer is given the option of having a complementary service of receipt, nationalization of the goods, clearance, and logistics operation to be able to transfer their merchandise from the facilities of the National Customs Service of Ecuador to their company in the case of importing products, or vice versa if they are exporting goods.

2.6 Commercial Strategy

In order to identify and define the strategy currently used by the *Malo y Arízaga Consortium* - COMAR CIA.LTDA to establish relationships with its customers, we will focus on the following fundamental aspects.

2.6.1 Product Strategy

- The company provides the first assessment to identify the most pressing requirements and needs of customers.

- The company's staff is highly trained to respond to paperwork requests as quickly as possible. In addition, it has a clear protocol for document requests necessary for carrying out various customs declarations. This facilitates work and optimizes time.
- Use of external electronic platforms (e-ComEx) to optimize the time of customs procedures and to manage processes and notifications more actively and dynamically by the customs authority.
- By providing a personalized service, the staff of the company stays in constant communication with customers to notify them of any notifications that come from the National Customs Service of Ecuador.

2.6.2 Price Strategy

- Based on the price, the company does not have much range of movement, because its minimum rates for charging services are governed by the appropriate customs authority (SENAE); however, the strategy adopted by the company is that according to the client and the amount of customs procedures in which they need to be advised, the Consortium negotiates a fixed rate for each of these procedures, since if the procedures were negotiated individually, they could be more expensive for the different clients.
- Based on an analysis of its possible new clients, their needs, their economic level, and their requirements, the company can determine the options for a special discount on certain occasions, which allows them to retain customers for future assessment and services.
- To the clients with whom there is a reliable commercial relationship and with a good client history, the company on certain occasions usually agrees to make a momentary loan, to expedite the payment of the customs taxes so that the clearance is authorized and goods sent. The consortium has an emergency fund in case of situations like this, and to be able to expedite customs procedures.

2.6.3 Growth Strategy

- In order to enhance its service offer, the *Malo y Arízaga Consortium* contracted a digital platform called e-ComEx, which is authorized to operate by the National Customs Service of Ecuador, to be able to make customs declarations through its platform, tax settlements and, if the case arises, corrective or substitute declarations, all without the need to enter the

ECUAPASS portal, optimizing the time needed for presenting documents and requirements to carry out the dispatch for the goods.

- In turn, due to the strategic alliances that the company has with different logistics operators and insurance companies, it is able to expand its portfolio of services, as well as obtain new clients that need advice, and which are redirected by the aforementioned companies.

2.6.4 Promotion Strategies

- As for what has been observed, and to analyze the promotion strategy, it should be noted that the company does not have an active promotion to offer its services, but rather the new clients that come to the consortium's facilities, are recommended by other consortium clients. This suggests that the offer of services is good enough that it leads to the recommendations of other clients, be they family or friends, the *Malo y Arízaga Consortium* - COMAR CIA.LTDA, obtain new clients from references. This also shows that its promotion strategy is based primarily on customer loyalty, so that through indirect promotion, they require the professional services of the company.

2.7 SWOT Analysis

After the above, the SWOT analysis of the *Malo y Arízaga Consortium* - COMAR CIA.LTDA will be carried out together with the administrative staff and its managers, in order to establish how the company is properly situated in its commercial environment.

2.7.1 Strengths

- One of its main strengths is that the *Malo y Arízaga Consortium* - COMAR CIA.LTDA has more than 20 years of experience as customs brokers, so it has a very good reputation among foreign trade operators.
- It has a highly trained staff to carry out the procedures for dispatching the merchandise and bringing them into the country.
- The offices of the *Malo y Arízaga Consortium* are located in the most important commercial area of the city of Cuenca (Av. Remigio Crespo Toral), making it easier for customers to go to the facilities to acquire their services. Likewise, this makes it easier for new customers to find their offices, since they are in an area with easy access.

- Another strength that the company has, is that at present, it works with several important economic groups in the city, this means that it has a constant flow of customs procedures to fulfill, thus generating fixed income for the company.
- The consortium gives the option of offering certain discounts to new clients who have just acquired the company's services, this with the intention of gaining loyalty and having long-term clients.
- With the use of technological tools to perform each of the customs procedures under their charge (e-ComEx Platform), they can meet their customers' requests much faster.

2.7.2 Opportunities

- In the city of Cuenca there are a very limited number of customs brokers, so the use of extra technological resources would help to improve their cover letter to new clients, and therefore, increase their market share in their home city of Cuenca.
- Because of the new economic measures taken by the central government, the reduction of tariffs for various merchandise has been promoted. This would generate greater importation customs procedures due to a greater demand for imported products, and this in turn triggers an increase in the demand for customs broker services, in this case specifically the *Malo y Arízaga Consortium* - COMAR CIA.LTDA.

2.7.3 Weaknesses

- The main weakness of the company is that it does not carry out much promotion of its services, beyond what was mentioned above. New customers are obtained due to the indirect advertising made through its already loyal customers.
- Being in the city of Cuenca and having the main customs controls in Quito and Guayaquil, on certain occasions when an event occurs in which the presence of one of the Consortium managers is necessary, this generates an additional travel cost, something that does not happen for customs brokers located in the two afore mentioned cities.

2.7.4 Threats

- Nationally, there is a lot of competition in the field of customs brokers, due to the fact that there are more than 300 customs agents, so the possibility of geographical expansion for the *Malo y Arízaga Consortium*, and thereby gaining more clients in other cities, is difficult.

- Due to the economic situation of the country, the central government may decide to increase the guarantees that must be paid by the customs brokers in order to offer their services. That would mean an increase in the annual expenditure that the *Malo y Arízaga Consortium* must pay in order to maintain the Reliable Agent license and continue offering services.
- Due to constant technological innovations, and the process optimization in the offer of public services, such as the National Customs Service of Ecuador (SENAE), in certain procedures in customs brokers services, so if these advances happen, the services offered by the consortium could be reduced in some cases.

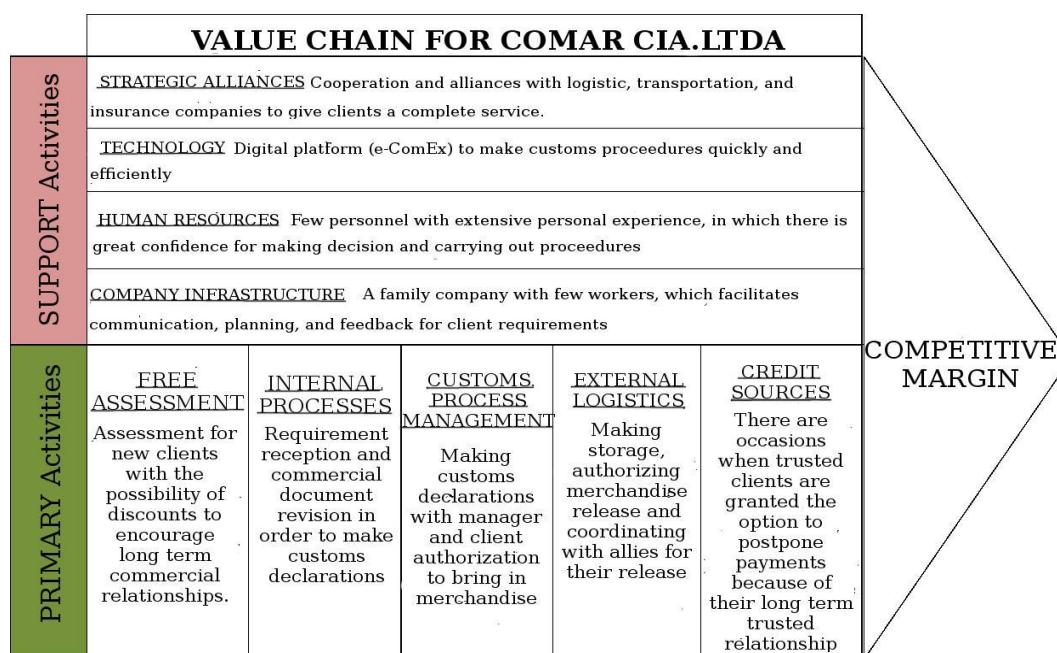
2.8 Organizational Structure

In order to analyze the current organizational structure of the *Malo y Arízaga Consortium* - COMAR CIA.LTDA, the following shall be taken into account:

2.8.1 Value Chain

Being a family business and with more than 20 years of experience as customs brokers, the *Malo y Arízaga Consortium* has always been characterized by providing an optimal and quality service for all its customers, thereby generating profitable, mutually beneficial, business relationships. Within its value chain, the following can be highlighted:

Figure 6: Value Chain for Malo y Arízaga Consortium – COMAR CIA.LTDA

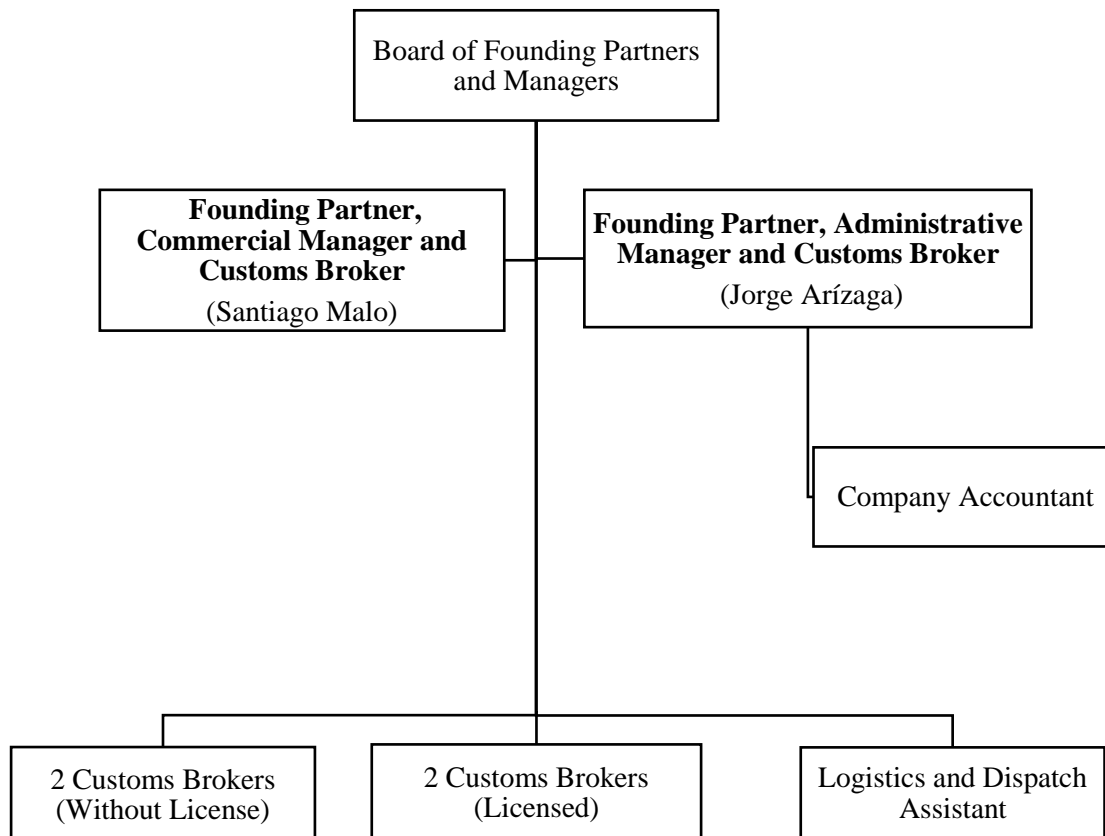


Source: Malo y Arízaga Consortium
 Created by: Cárdenas, Carlos

2.8.2 Structural Organization Chart

The *Malo y Arízaga Consortium* - COMAR CIA.LTDA, being a family business, has a very small organization chart; however, it is very important to take it into account in order to identify the decision-making process within the company.

Figure 7: Structural Organization Chart for Malo y Arízaga Consortium – COMAR CIA.LTDA



Source: *Malo y Arízaga Consortium - COMAR CIA.LTDA*
 Created by: Cárdenas, Carlos

To better understand the organization chart of the company expressed in Figure 2, the explanation of the activities of each staff member of the *Malo y Arízaga Consortium COMAR CIA.LTDA* is presented below.:

- *Board of Founding Partners and Managers:* Being a small organization chart, both founding partners are the company's managers. At the meetings of both partners, decisions are made that involve the company, the feasibility of strategic alliances, obtaining new clients, termination of contracts, etc.

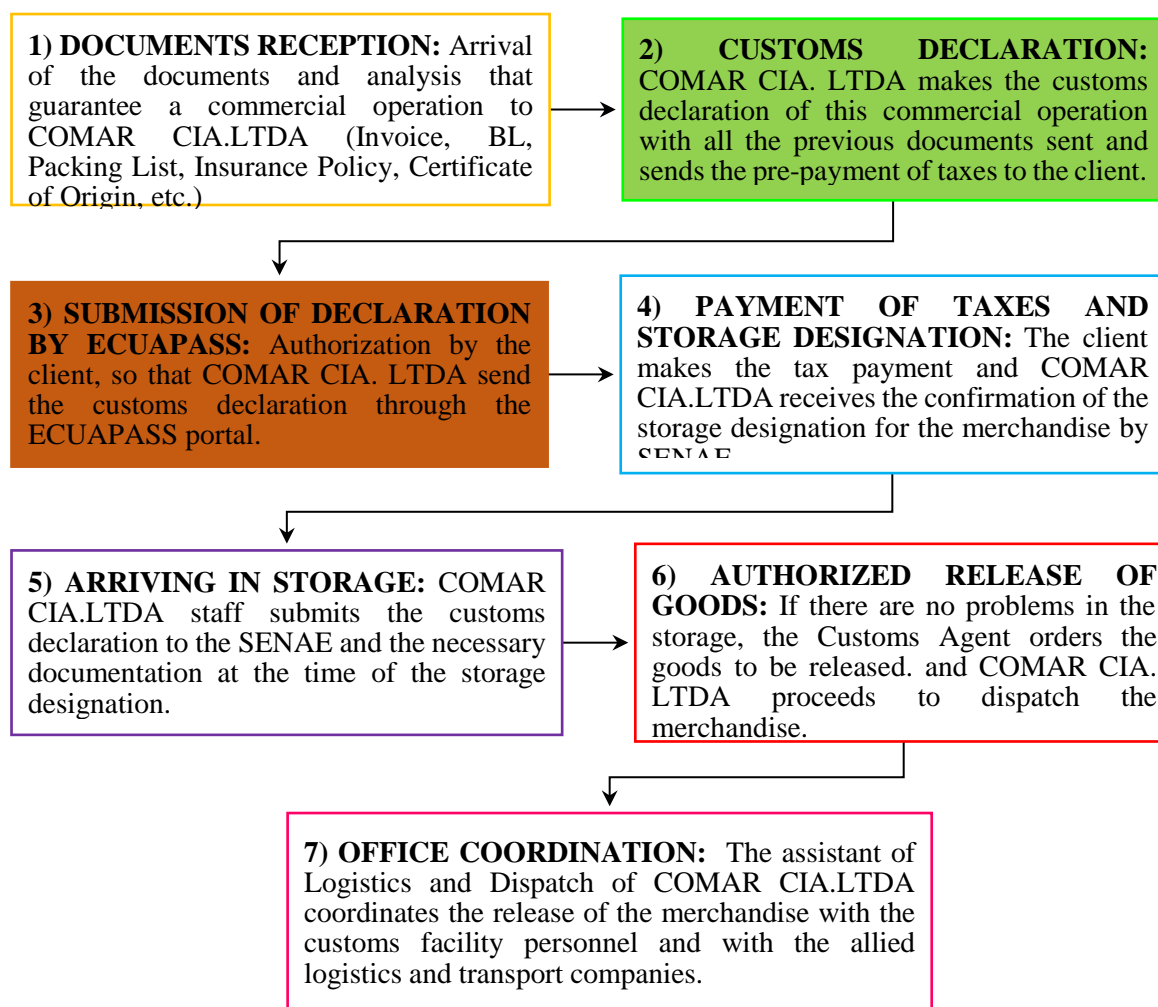
- *Commercial Manager:* One of the founding partners assumes the role of commercial manager, since he is in charge of the search for new clients, dealings with current clients of the company, contract pricing, the promotion of the company and the level of customer satisfaction. He has a SENA E license for personal and face-to-face management of customer customs procedures.
- *Administrative Manager:* The other founding partner is responsible for the administrative part of the company, that is, to ensure compliance with customer requirements, staff evaluation, financial situations, control of the operation of the company, as well as the effectiveness and efficiency of the processes. He has a SENA E license for personal and face-to-face management of customer customs procedures.
- *Accountant:* The accountant is responsible for managing customer payments, preparing company financial statements, paying taxes, company accounting systems, and everything related to the company's accounting situation.
- *Assistant Customs Brokers (Licensed):* They are the auxiliaries that have a license provided by SENA E for the face-to-face management of customs procedures on behalf of a Reliable Agent, in this case of the *Malo y Arízaga Consortium*. In the event that managers cannot personally attend the procedures requested by the customs authority, these auxiliaries are authorized to on behalf of the company to be able to manage the requesting processes. This implies the performance of gauging, troubleshooting, etc. One of the agents also performs the document management of customs procedures, that is, the transmission of customs declarations to SENA E, through the e-ComEx computer platform that connects to the ECUAPASS server.
- *Assistant Customs Brokers (Without License):* They are the auxiliaries that are only dedicated to the processing of the commercial documents of the clients, and the generation of the formal customs declarations for the customs authorities. Because they do not have a license, these auxiliaries do not have the power or authorization to face the procedures in person, since they do not have a formal license for customs assistants. They transmit customs declarations to SENA E, through the e-ComEx computer platform that connects to the ECUAPASS server.

- *Office and Logistics Assistant:* This is the person in charge of authorizing the release of merchandise. They are in charge of coordinating the transfer of the merchandise from customs to the company's facilities with the clients and allied logistics and transport companies.

2.8.3 Process Flowchart COMAR CIA.LTDA

In order to identify all the processes carried out by the *Malo y Arízaga Consortium* Customs Agent - COMAR CIA.LTDA, the general procedures that must be carried out for the release of goods will be considered. The process is the following:

Figure 8: Process Flowchart of the Malo y Arízaga Consortium COMAR CIA.LTDA



Source: *Malo y Arízaga Consortium*- COMAR CIA.LTDA
Created by: Cárdenas, Carlos

In Figure 8, the process flowchart of the *Malo y Arízaga Consortium* is analyzed, indicating that processes 2 and 3 that refer to the customs declaration and the sending of the declaration by ECUAPASS. These have been identified as the main bottleneck for the company. This is due to the fact that errors at the time of declaration, and due to errors, whether in commercial documents or errors without the intention of the company's personnel, the declaration is invalidated, since the declaration contains erroneous data, thus generating a delay. As a consequence, the error detected by the system must be identified, the problem corrected, a substitute or corrective declaration generated, and the declaration sent again; however, the process of correcting the declaration may take hours, days, or weeks.

2.9 Current Status of the Company

With more than 20 years of experience, the *Malo y Arízaga Consortium* - COMAR CIA.LTDA has positioned itself as one of the leading customs brokers in Azuay. They currently have around 50 clients, of which approximately 15 clients are steady and constantly need the services of the consortium. The others are sporadic customers who require their services only periodically. Among its steady clients there are very important economic groups of the city and the country, as is the case of the Eljuri Group, which relies directly on the consortium services for carrying out customs procedures for almost all of their merchandise such as liquors, motorcycles, perfumery, jewelry, etc. This shows that the work carried out by the company is guaranteed and is of high quality, in order to earn the trust of very demanding clients.

As mentioned above, COMAR CIA.LTDA is a family business that has a small staff but is highly qualified to meet customer requirements and efficiently and effectively fulfill their work.

It is important to highlight that the consortium is an avant-garde company, which is always attentive to the possible changes and improvements that can be made, in order to best carry out its work, so it currently has the support of a platform that streamlines customs procedures in the shortest possible time, facilitating the task of staff and satisfying customers correctly.

The main objective of the *Malo y Arízaga Consortium* is to position itself as the leading customs broker in the province, in addition to being able to increase its market share by obtaining more clients and therefore their loyalty by offering the same trust, security, and efficiency that they have shown for more than 20 years of work, which has catapulted the company to be a touchstone in its field throughout the province.

Conclusions.-

As this chapter concludes, the *Malo y Arízaga Consortium* - COMAR CIA.LTDA stands presented with a simplified functional structure. The company did not have the fundamental elements such as mission and vision statements in a documented form, but through a work philosophy, it transmitted its values to all its staff. Its fundamental aspects were built together as necessary through a business strategy workshop and have been detailed in this chapter. The connection between the functional organizational chart of the company and the process flowchart is particularly noteworthy, since by having a small number of staff, the procedures are also simplified and easy to detail for research purposes. Finally, it should be noted that the company has a vision to continue growing in different areas in market share, that is, to be able to have more customers and therefore to continue to innovate their processes over the years and be leaders at the province level.

CHAPTER 3

3. INTERNAL AUDIT AND ACTION PLAN PROPOSAL FOR OBTAINING THE BASC INTERNATIONAL CERTIFICATION FOR THE *MALO Y ARÍZAGA CONSORTIUM* - COMAR CIA.LTDA

Introduction.-

In the present and last chapter of the investigation, the internal diagnostic and audit process will be carried out on the procedures of the *Malo y Arízaga Consortium* - COMAR CIA.LTDA, all this with the objective of assessing the company situation contrasted with the requirements needed for implementing the international BASC certification and the creation of a Control and Security Management System (CSMS) in the company. In order to perform this analysis, it is necessary to refer to the BASC International Standard Version 5 of 2017, which is the general standard that all international trade actors must meet in order to initiate the BASC certification process, and then analyze the requirements of the BASC 5.02 standard, which refers to companies that have an indirect relationship with the load, as is the case of the company analyzed in this investigation. After the evaluation and internal audit performed on the company, the action plan will be carried out with all the improvements to be implemented and that the consortium needs in order to be able to start the process of implementing the BASC international certification.

3.1 Internal Audit and Diagnosis

To begin to define the scope of the BASC international certification, it is necessary to identify its objective. According to the World BASC Organization and its international standard of version #5 from the year 2017 (WBASCO, 2017), and which is set out in Annex 1, the mission is to create a culture of security in the supply chain, implement processes management systems in the business and in turn ensure that companies use procedures based on proper management of control and security and continuous improvement. It is also important to mention that the regulations and the standards on which the internal audit and diagnosis will be based, can be applicable to any company regardless of its size, therefore, the

only way to apply for the certification is if they meet the criteria set forth in the regulations and in the specific standards.

When carrying out the analysis and gathering of the information held by the *Malo y Arízaga Consortium* COMAR CIA.LTDA and not having a Control and Security Management System (CSMS) and still not having the BASC certification, it was necessary to conduct an internal audit as a diagnosis, with the objective of determining the degree of implementation of improvements that would be necessary in order for the company to initiate international certification in the near future. The present evaluation was carried out jointly by the managers of the company, to know firsthand the procedures that the consortium complies with in reference to the international regulations and standards proposed by the organization.

To carry out the initial diagnosis based on International Standard V5-2017 and International Standard BASC 5.0.2 V5-2017, a study conducted at a private security company called EPSARP LTDA, located in the city of Ibagué, Colombia, was used as a reference. The use of this reference is due to the fact that according to external audits carried out by the World BASC Organization (WBASCO), companies are only qualified if they meet the criteria of the international regulation and the specific company standard. However, for the purposes of the present investigation, the Colombian security company will be used as a reference, and that adopting the author's diagnostic model (García, 2016), where the same methodology was used based on a variation of the Likert scale, to identify what procedures the company complies with, which ones it does not comply with and which ones it partially complies with, or is in the compliance process. Also, it is important to mention that WBASCO does not use a specific internal audit model and the parameters that such a model should have, but simply qualifies the criteria of the standard at the time of external audits for determining compliance or non-compliance.

It should also be noted that the criteria of both the international standard V5-2017, and the International Standard BASC 5.0.2, are not ranked in any order of importance or compliance, but in the present diagnosis follows the order in which they are listed in the regulations and standards.

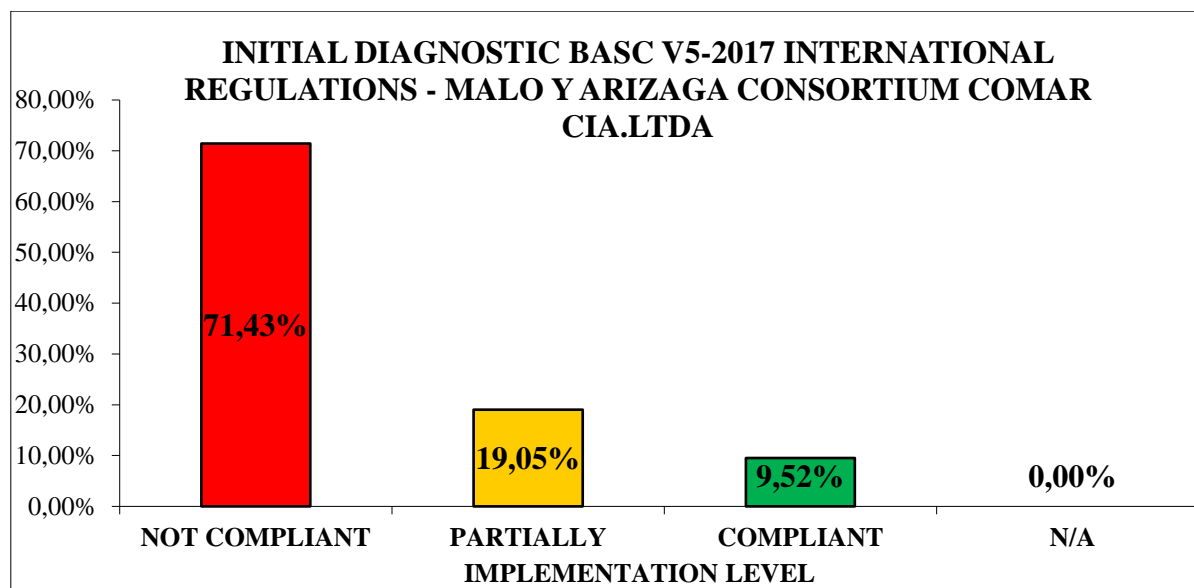
For this audit a checklist was used, found in Annex 3, in which it was found that, according to the BASC V5-2017 International Standard, the company complies with certain aspects of the standard that are listed below:

Table 2: Summary of the Internal Audit compliance with the International Regulations BASC V5-2017 of the Malo y Arízaga Consortium COMAR CIA.LTDA

No.	INTERNATIONAL REGULATIONS V5-2017	NOT COMPLIANT	PARTIALLY COMPLIANT	COMPLIANT	N/A	
1	4. COMPANY CONTEXT	2	2	1	0	
2	5. LEADERSHIP	3	1	0	0	
3	6. PLANNING	2	0	0	0	
4	7. SUPPORT	2	1	1	0	
5	8. PERFORMANCE EVALUATION	4	0	0	0	
6	9.IMPROVEMENT	2	0	0	0	TOTAL AMOUNT
TOTAL FACTORS		15	4	2	0	21
CSMS-BASC IMPLEMENTATION LEVEL		NOT COMPLIANT	PARTIALLY COMPLIANT	COMPLIANT	N/A	
		71,43%	19,05%	9,52%	0,00%	100,00%

Source: *Malo y Arízaga Consortium* – COMAR CIA.LTDA
Created by: Cárdenas, Carlos

Figure 9: Summary of the Internal Audit compliance with the International Regulations BASC V5-2017 of the Malo y Arízaga Consortium COMAR CIA.LTDA.



Source: *Malo y Arízaga Consortium* – COMAR CIA.LTDA
Created by: Cárdenas, Carlos

In this first audit, it can be seen in Figure 1 that the average of all components of the international standard BASC V5-2017 are present. The *Malo y Arízaga Consortium* registers a 71,43% non-compliance with the standard, while it has 19,05% partial compliance with the standard and 9.52% of full compliance with the standard. If the partially and completely compliant procedures are combined, both add up to 28,57%, which means that the company has to do important improvements for accomplish the requirements of the international regulations. However, the first audit shows that the fundamental criteria of the standards are not yet met in the company's facilities.

As can be seen in Table 1, the aspects in which the company mostly does not meet the criteria of the BASC V5-2017 International Standard, are those related to performance evaluation and improvement, since these are directly related to the CSMS BASC, and the company not yet having a system, it was clear that it would fail to meet these criteria of the standard. In the rest of the criteria, the company partially meets the standard, in some fields it meets these criteria completely. For a better understanding of the criteria examined and the results of the company, below is the general context of each criterion of the international standard (WBASCO, 2017), and its status within the *Malo y Arízaga Consortium*:

- *Company Context:* In this criterion, the company partially fulfills 60% of the requirements, since it has an analysis of the external context (political, economic, social environment, and competition) in which it is present, as well as a review of its main strengths and internal weaknesses and interests of the stakeholders in its company, but these analyzes have not been formalized or documented. However, it has not set or defined the reach it expects to attain by implementing the CSMS BASC to the internal company policies.
- *Leadership:* Under this criterion, the company partially meets 50% of the criteria, since the company has management and security policies within the company and these policies have been integrated with the staff, but they have not been formalized and documented. On the other hand, it fails to comply with this criterion, since it does not have the CSMS BASC, and it has not been able to set the objectives that the company expects to obtain when implementing this system.
- *Planning:* This criterion is about the analysis of the company compared against the different risks that internal processes face. In this criterion, the company partially complies with 50% of the criteria, since it has been able to establish controls and responses to risks in the company's procedures. However, the company does not have procedures to identify the legal requirements that it must meet under national regulations and legislation and which in turn are connected to the requirements of the CSMS BASC.
- *Support:* With regard to this criterion, the company fully complies with 25% and partially with 50%, since the company has part of the necessary infrastructure for proper operational controls and certain procedures for the documented management of its security policies, manuals and therefore, of its internal documents and records. However, it does not have budget and personnel responsible for the CSMS BASC.
- *Performance evaluation:* This is one of the criteria in which the company does not meet 100% of its requirements, because it does not yet have the system. In this criterion, everything related to the CSMS BASC within the company is analyzed. That is, if the company has systems of measurement and evaluation of the CSMS, in addition to appointing a staff member as an internal system auditor. Also, if the company has prepared documents for internal audits and how the company documents the reports of such audits.

- *Improvement:* In this criterion, under which the company also fails to comply with 100% of the requirements, company improvement actions are listed against internal and external audit reports, and the periodic review of the CSMS BASC to update the objectives and power to better carry out the audit processes. As mentioned earlier, as it does not yet have the CSMS, the company totally fails to comply with this criterion.

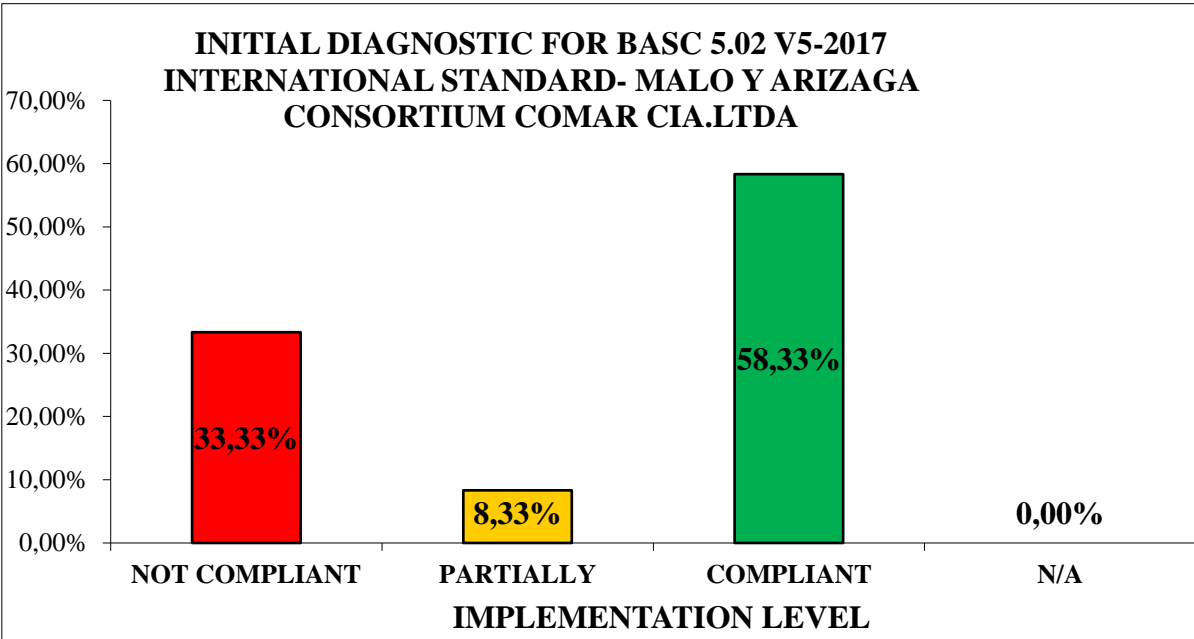
After the first internal audit regarding the international standard, the internal audit of the requirements required by the BASC 5.02 Version 5 - 2017 International Standard was carried out, and under which the Consortium should be governed, since it is a company that has an indirect relationship with the load, and must meet this specific standard to be able to apply for international certification. In Annex 2, which refers to Standard 5.02, the parameters it requires can be found. Likewise, a checklist was used to review the specific requirements of the standard. They are met at the facilities of the *Malo y Arízaga Consortium*. This list can be found in Annex 4, with all the data obtained in the initial diagnosis. The results of the audit were as follows:

Table 3: Summary of the Internal Audit compliance with the BASC 5.02 - Version 5-2017
International Standard of the Malo y Arízaga Consortium COMAR CIA.LTDA

No.	ESTÁNDAR BASC 5.02 V5- 2017	NOT COMPLIANT	PARTIALLY	COMPLIANT	N/A	
1	BUSINESS ASSOCIATES	2	1	0	0	
2	SECURITY OF CARGO INFORMATION	1	0	2	0	
3	PERSONNEL SECURITY	4	0	10	0	
4	ACCESS SECURITY AND PHYSICAL FACILITIES PROCESSES SECURITY	3	2	3	0	
5	WITH TECHNOLOGY AND INFORMATION	2	0	6	0	TOTAL AMOUNT
TOTAL FACTORS		12	3	21	0	36
CSMC BASC IMPLEMENTATION LEVEL		NOT COMPLIANT	PARTIALLY	COMPLAINT	N/A	
		33,33%	8,33%	58,33%	0,00%	100,00%

Source: *Malo y Arízaga Consortium* – COMAR CIA.LTDA
Created by: Cárdenas, Carlos

Figure 10: Summary of the Internal Audit of compliance with the BASC 5.02 - Version 5-2017 International Standard of the Malo y Arízaga Consortium COMAR CIA.LTDA.



Source: *Malo y Arízaga Consortium* – COMAR CIA.LTD
 Created by: (Cárdenas Carlos, 2019)

As a result of the internal audit based on the BASC 5.02 International Standard, in comparison to the international standard, the company does fully comply with 58,33% of the criteria expressed in the specific certification standard. Also, the company partially meets 8,33% of the standard, so the improvement actions that need to be implemented will be less than the actions needed to reach the international standard.

Table 2 shows how the criterion in which the company needs to work more is related to business associates, since the company needs to have documented and formalized procedures on the choice of its business associates, since this criterion helps mark the security of the company for establishing business relationships with its customers and managing these relationships within the CSMS BASC. With regard to the other criteria of the 5.02 V5-2017 standard, the company shows an even compliance with them or, rather, partially meets them and needs certain improvement actions. Below is an explanation of the criteria of the standard (WBASCO, 2017) and its situation within the company:

- *Business Associates:* The company needs to work hard on this criterion compared with others, since it is the main criterion enabling the effective management of the CSMS BASC. In this

criterion, the company analyzes its procedure in which its business associates are evaluated or identified, the analysis of their backgrounds, and in case of suspicious activities, informing the competent authorities. The company partially fulfills 100% of the criteria, so it is necessary to establish formalized procedures in order to comply with the requirements of the CSMS BASC.

- *Cargo information security:* In this criterion, it is evident that the company complies with 66% of the criterion, this is due to the fact that by law and legal requirements, the company must have the necessary documents and records that are related to the load, upon transmitting this information to the competent authorities. However, the company does not have a procedure to inform the authorities in case of suspicious activities or anomalies with the load.
- *Personnel Security:* Under the requirements of this criterion, the company meets 64% of the requirements, since by law, the authorities require the personnel of this type of company to always have identification material and to differentiate themselves from other types of companies. However, the company does not carry out controls and background checks of some of the personnel working in the company, as well as drug and alcohol consumption controls that are necessary in any type of company.
- *Access security and physical facilities:* According to this criterion, the company reaches partial and full compliance with the requirements of the criterion with 37.50%, as it has identification, security plans, and security systems, but lacks video systems, monitoring, and review procedures for mail packages.
- *Process security with technology and information:* Regarding this criterion, the company meets 75% of the criteria, because due to legal requirements, it must also physically and digitally safeguard its documents and records, reviewing the accesses of the new, current, and old company personnel and the management of security software to prevent fraud and computer theft. It only does not comply with external backups to the company's office, and that it does not prohibit the connection of peripheral devices in the consortium's computer systems.

In order to know the criteria required by the international BASC regulations and the specific standard and how they have been analyzed in the *Malo y Arízaga Consortium* COMAR CIA.LTDA facilities, the representation of this analysis can be seen in the annex

section, along with how it was carried out on the checklists of both the regulations and the standards, the events found in the diagnosis, and the actions that are needed in order to comply with and apply for the BASC certification process.

3.2 Action Plan for COMAR CIA.LTDA

Once the two internal audits of the CSMS BASC were carried out within the *Malo y Arízaga Consortium* - COMAR CIA.LTDA, and it was possible to identify the nonconformities with respect to the BASC V5-2017 International Regulation and the BASC 5.02 V5- 2017 Specific Standard, so it is necessary to carry out a rigorous action plan that focuses on the improvement of the required processes of both the regulation and the specific standard, and that the company can apply for the international BASC certification.

Within the action plans that will be implemented for improving the processes, it is necessary to point out that they are addressed based on the main findings of the internal audits, so it was necessary to carry out the action plans separately, in order to have a better understanding of what the CSMS BASC encompasses and the scope expected of it within the company.

3.3 Action Plan Methodology

The methodology used for the creation of the action plans is designed to discover the actions that need to be implemented according to the criteria of the regulations and the standards, the expected results, the place to apply the corrective measures, as well as which company personnel will be responsible for carrying out a given action. Subsequently, it is specified in what time each action is expected to be fulfilled depending on the criteria, assuming that they must have a chronological and systematic order to be able to fulfill the system requirements step by step, as well as the resources necessary to achieve each action, and so that the necessary budget for the company can be set later.

It is important to mention once again that the aspects contained in the action plans are based on the diagnosis of the Colombian company EPSARP LTDA and that according to its author (García, 2016), are the fundamental components that an action plan should have when aimed at compliance with the CSMS BASC. For the same reason, it is necessary to emphasize that the World BASC Organization (WBASCO), through the international BASC V5-2017

Regulation and the BASC 5.0.2 V5-2017 International Standard , does not set a specific parameter for achieving the various action plans and improvements, but for the purpose of this investigation, it was concluded that this was an appropriate methodology to visualize the necessary improvement actions, the reason for their implementation, who will be responsible, when they could be implemented, and how they will be carried out.

In this section, we analyze the two action plans that the *Malo y Arízaga Consortium* must comply with in order to implement the Management, Control, and Security System (CSMS) and then be able to opt for the BASC international certification process. Below is the improvement action plan based on what the BASC V5-2017 International Regulation dictates.

Table 4: Action Plan for the Malo y Arízaga Consortium COMAR CIA.LTDA for compliance with the BASC International Regulations V5-2017

ACTION PLAN FOR THE IMPLEMENTATION OF THE CSMS BASC						
COMAR CIA.LTDA - BASC V5-2017 REGULATION						
CREATION DATE: November 29, 2019						
No	What will be done?	Why?	Where?	Who?	When?	¿Cómo?
	ACTION TO IMPLEMENT	DESIRED RESULT	PLACE	RESPONSABLE	DATE OF IMPLEMENTATION	RECURSOS REQUERIDOS
	COMPANY CONTEXT					
1	Prepare a documented procedure in which the external context of the company is updated at least once a year (Political, economic-social environment, and competition analysis)	Have a written procedure that analyzes the external context of the company once a year or when a new context analysis is required to know in what situation the company will perform	COMAR CIA.LTDA Offices	Company Managers	Month No. 1	Noticias de Medios de Comunicación, Contextos anteriores, Reportes económicos, Reportes Empresariales
2	Update the company SWOT at least once a year to keep the review of the strengths and weaknesses of the company constant.	Have a written and updated SWOT, analyzed by all company personnel and approved by management to know the internal context of the company.	COMAR CIA.LTDA Offices	Managers and Company Personnel	Month No. 1	Salas de Reuniones, Documentos Internos de la Empresa, Reportes Empresariales, Análisis anteriores.
3	Prepare at least once a year a documented and updated analysis of the current needs and expectations of the interested parties.	Have a written analysis on what the interests of the interested parties are, in order to complement the internal analyses performed by the company.	COMAR CIA.LTDA Offices	Managers, Strategic Partners	Month No. 1	Sala de Reuniones, Recursos Audiovisuales, Manual de Procesos, Compromiso de Socios Estratégicos, Documentos y análisis anteriores.

4	Prepare a documented process map, with all the operation and decision making details, in turn, share it with the entire company.	Have a documented process map that exemplifies the company's procedures and decision-making, with the aim of clarifying the way to carry out the company's processes	COMAR CIA.LTDA Offices	Company Managers	Month No. 1	Sala de Reuniones, Planeación Estratégica de la Empresa, Documentos del Contexto Interno y Externo de la empresa.
5	Prepare an analysis of the scope that BASC certification will have in the procedures of COMAR CIA.LTDA.	Knowledge by all company personnel, of the reason for implementing CSMS BASC, the benefits and tasks to be performed for compliance, and the respective implementation.	COMAR CIA.LTDA Offices	Managers and Company Personnel	Month No. 2	Sala de Reuniones, Documentos, Capacitaciones del Capítulo BASC Azuay
LEADERSHIP						
6	Develop a documented management and security control policy, focused on all company processes.	Have a documented policy that contains the way to manage aspects of control and security in the company.	COMAR CIA.LTDA Offices	Company Managers	Month No. 2	Sala de Reuniones, Documentos de referencia en control y seguridad, Mapa de Procesos de la empresa
7	With the control and security policy developed, inform personnel, stakeholders, and physically place it in a visible place in the company.	Holding a control and security policy informational meeting with all company personnel, and the symbolic location of the policy physically in a visible place in view of the staff and interested parties.	COMAR CIA.LTDA Offices	Company Managers	Month No. 2	Sala de Reuniones, Impresiones
8	Establish and document the objectives that COMAR CIA.LTDA expects to obtain with CSMS BASC	Establish the objectives of COMAR CIA.LTDA in writing and distribute them to all the staff, when implementing the CSMS BASC.	COMAR CIA.LTDA Offices	Company Managers and Head of CSMS BASC	Month No. 3	Sala de Reuniones, Documentos y Acta de realización de la reunión.
9	Designate an internal auditor of COMAR CIA.LTDA for implementing CSMS BASC	Prepare an official record of the staff member as an internal auditor of CSMS BASC, in turn to specify all the work for which he will be responsible.	COMAR CIA.LTDA Offices	Company Managers and Head of CSMS BASC	Month No. 3	Sala de Reuniones, Documento y Acta de Oficialización
PLANNING						

10	Prepare and document a risk management manual for the different processes of the company, and share it with the company's personnel.	Have a documented risk management manual, and hold an informational meeting with the COMAR CIA.LTDA staff	COMAR CIA.LTDA Offices	Company Managers	Month No. 4	Sala de Reuniones, Documentos, Referencias de Manuales de Gestión
11	Develop a protocol specifying the legal requirements that COMAR CIA.LTDA has to comply with to implement CSMS BASC	Have a written protocol and a checklist to verify compliance with the legal requirements of CSMS BASC in the company	COMAR CIA.LTDA Offices	Company Managers and Internal Auditor	Months No. 4 and No. 5	Protocolos de Referencia, Sala de Reuniones
	SUPPORT					
12	Make the budget for CSMS BASC implementation in the company and the COMAR CIA.LTDA staff appointment that will be responsible for the implementation.	Have a formal budget system for implementing CSMS BASC in the company and designating who will be responsible for carrying out the procedures.	COMAR CIA.LTDA Offices	Company Managers and Head of CSMS BASC	Month No. 5	Estados Financieros, Presupuestos de Referencia, Sala de Reuniones
13	Implement the rest of the necessary material (Hardware, Software, etc.) to have the necessary operational infrastructure at importation control.	Acquisition of software and hardware by the company, as support for the management and security management of the company.	COMAR CIA.LTDA Offices	Company Managers	Month No. 5	Cotizaciones de Software y Hardware, Recursos Financieros, Referencias u Opiniones sobre el uso de los sistemas.
14	Prepare a protocol in which the company's security policy, security system objectives, control manual, and records for procedures, are jointly identified.	Have a formal policy that encompasses the company's security policy, a control manual and how to record the company's procedures.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC, Internal Auditor	Month No. 6	Manual de Control y Seguridad, Registros y Documentos de Referencia
15	Officially document the procedures for control and registration, and deliver them to each staff member to improve control and document records.	Have these official and written documents and formalize them with physical delivery to the staff so that they can have them as a reference and reference.	COMAR CIA.LTDA Offices	Company Managers and Head of CSMS BASC	Month No. 6	Impresiones, Manual de Procesos Sala de Reuniones

	PERFORMANCE EVALUATION					
16	Develop a system for measuring compliance, analysis, and evaluation of CSMS BASC within the company COMAR CIA.LTDA	Have a system of measurement, analysis and evaluation of CSMS BASC to identify corrective measures, analysis and improvement actions of the system within the company	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC, Internal Auditor	Month No. 7	Sala de Reuniones, Recursos Audiovisuales
17	Develop a documented protocol for conducting internal audits of CSMS BASC in the company COMAR CIA.LTDA	Preparation of a documented protocol with the procedure for conducting internal audits in the company.	COMAR CIA.LTDA Offices	Company Managers and Internal Auditor	Month No. 8	Impresiones, Recursos Audiovisuales, Sala de Reuniones
18	Perform the COMAR CIA.LTDA staff training that will serve as an internal audit of CSMS BASC in the company.	Have a staff member trained to function successfully as an internal auditor and perform the BASC evaluations and monitoring.	COMAR CIA.LTDA Offices	Company Managers, Internal Auditor	Month No. 8	Capacitaciones del Capítulo BASC, Presupuesto de Apoyo
19	Carry out a communication protocol to the staff of COMAR CIA.LTDA, with the results of the audit reports.	Preparation of a formal and written protocol on how to publish and publicize the results of audits to company personnel and their respective feedback.	COMAR CIA.LTDA Offices	Company Managers, Internal Auditor	Month N ° 9	Impresiones, Sala de Reuniones
	IMPROVEMENT					
20	Develop a protocol with actions and measures focused on the continuous improvement of CSMS BASC in the COMAR CIA.LTDA processes.	Have an updated protocol according to each audit and that focuses on improving CSMS BASC within the company	COMAR CIA.LTDA Offices	Company Managers and Head of CSMS BASC	Month No. 10	Sala de Reuniones, Recursos Audiovisuales
21	Performing periodic and updated reviews of CSMS BASC within COMAR CIA.LTDA for compliance purposes.	Prepare an analysis template with a checklist to assess the CSMS BASC operations and its compliance in the company within a certain period.	COMAR CIA.LTDA Offices	Internal Auditor, Company Managers	Month No. 10	Sala de Reuniones, Recursos Audiovisuales

Source: *Malo y Arízaga Consortium* – COMAR CIA.LTDA

Made by: Cárdenas, Carlos 2019

Below is the action plan focused on the criteria of the BASC 5.0.2 V5-2017 International Standard, which must be analyzed since it is the specific standard required by the International BASC Certification for the type of companies such as the *Malo y Arízaga Consortium* - COMAR CIA.LTDA, since it is a company that does not have a direct relationship with the cargo, but rather is responsible for the handling and management of cargo documentation. It must be clarified again that the realization of both action plans are in parallel to being able to fulfill the CSMS BASC requirements in a timely manner, request an external audit, and apply for the certification.

Table 5: Action Plan of the *Malo y Arízaga Consortium* COMAR CIA.LTDA for compliance with 5.02 V5-2017 International Standard

ACTION PLAN FOR THE IMPLEMENTATION OF THE CSMS BASC						
COMAR CIA.LTDA - BASC 5.02 STANDARD						
CREATION DATE: November 29, 2019						
No.	What will be done?	Why?	Where?	Who?	When?	¿Cómo?
	ACTION TO BE IMPLEMENTED	DESIRED RESULT	PLACE	RESPONSABLE	DATE OF IMPLEMENTATION	RECURSOS REQUERIDOS
	BUSINESS ASSOCIATES					
1	Develop a protocol for selecting business associates.	Have written and verifiable procedures for selecting and contracting business partners.	COMAR CIA.LTDA Offices	Company Managers	Month N° 1	Registros, Referencias Comerciales, Documentos
2	Prepare a protocol or a template, which details the background data that needs to be investigated on its business associates.	Have a template and checklist with all the data to investigate on the background of business associates	COMAR CIA.LTDA Offices	Company Managers	Month N° 1	Historial de Crédito, Referencias Comerciales, Opiniones de Clientes, etc.
3	Prepare a documented protocol detailing what kind of situations you suspect in customs procedures, so you must inform the competent authorities.	Create a protocol with a checklist to assess what kind of suspicious situations and what parameters must be met in order to inform the authorities.	COMAR CIA.LTDA Offices	Company Managers	Month N° 1	Historial de Operaciones, Historial de Crédito, Seguimiento de Actividades de los socios comerciales
	CARGO SECURITY INFORMATION					

4	Prepare a protocol or template with a checklist for company personnel to make a checklist, for review of which cargo documents must be submitted to the customs authority, facilitating their review.	Have a protocol and checklist with all the documents that must be submitted to the customs authority, in order to ensure compliance and delivery and avoiding problems with authorities.	COMAR CIA.LTDA Offices	Customs Agent Assistant, Responsible for the CSMS BASC	Month N° 2	Listado de Documentos Necesarios, Impresiones
5	As a backup, have a physical document that supports the business relationship of the company with its associates, with the signature of both parties.	Have a copy of the commercial contract with the partner, and an agreement to provide services as support with signatures and seals that authorize handling cargo	COMAR CIA.LTDA Offices	Customs Agent Assistant, Responsible for the CSMS BASC	Month N° 2	Impresiones, Contrato de Prestación de Servicios
6	Develop a documented protocol that specifies the type of anomalies that may occur with the cargo, and the procedure for notifying the competent authorities.	Have a protocol and template with a checklist that identifies the type of anomaly that exists with the cargo, and then proceed to inform the authorities if necessary	COMAR CIA.LTDA Offices	Customs Agent Assistant, Responsible for the CSMS BASC	Month N° 2	Impresiones, Información del tipo de Anomalías existentes con la carga
STAFF SECURITY						
7	Develop a documented protocol detailing the requirements of the company's personnel in each vacancy, to quickly and deftly debug the profile of the worker in question.	Prepare a protocol or template with a checklist with all the position requirements within the company, to expedite the hiring process	COMAR CIA.LTDA Offices	Company Managers	Month N° 3	Impresiones, Plantillas de RRHH de referencia, Hoja de Vida
8	Develop a protocol that contains the guidelines for requesting background and references of the newly hired staff.	Have a protocol or template that contains the background and main references to be required by the new staff. May contain a checklist.	COMAR CIA.LTDA Offices	Company Managers	Month N° 3	Impresiones, Plantillas de RRHH de referencia, Hoja de Vida
9	Prepare and incorporate a protocol that details how to perform periodic background checks of personnel in critical company positions.	Develop a formalized protocol which reviews the backgrounds of personnel in key positions at least once a year.	COMAR CIA.LTDA Offices	Company Managers	Month N° 3	Impresiones, Plantillas de RRHH de referencia, Hoja de Vida

10	Incorporate medical controls for employees, as a requirement to starting employment in the company.	Carry out a medical check-up of the company's staff at least once a year, and at the beginning of employment.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 4	Contratación de Médicos y Equipos para realización de las pruebas
11	Perform an annual review of socio-economic conditions of personnel in critical positions.	Make the annual review of socio-economic conditions for personnel in key conditions mandatory.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 4	Viáticos de la Empresa
12	Prepare a protocol detailing the main activities that should be carried out in the induction of new company personnel.	Develop an induction process for new documented personnel, which is recorded in the company's procedures.	COMAR CIA.LTDA Offices	Company Managers	Months N° 4 and N° 5	Impresiones, Plantillas de RRHH de referencia
13	Prepare a projection and career plan for all personnel to know the background of the employees, their current situation, and their projected careers within the company.	Develop an individual projection and career plan for each staff member to assess their situation within the company.	COMAR CIA.LTDA Offices	Company Managers	Months N° 4 and N° 5	Impresiones, Plantillas de RRHH de referencia
14	Carry out a constant check of materials that can identify company personnel.	Annual review and renewal of all materials that can identify company personnel, while maintaining the employment relationship.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Months N° 4 and N° 5	Material Identificativo (Carnet, Chalecos, etc.)
15	Update ID registries with an annual photograph of all company personnel.	Annual review and renewal of the employee's resume and photographic records for credentials and employee records.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Months N° 4 and N° 5	Fotógrafo, Hojas de Vida
16	Have backup IDs in all staff workspaces.	Delivery personnel IDs for personal identification in the workspace.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Months N° 4 and N° 5	Identificaciones, Impresiones

17	Conduct constant training year after year on safety issues to keep staff trained and updated in the event of any emergency.	Hold an annual training on company security for all personnel.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 6	Capacitadores, Recursos Audiovisuales, Sala de Reuniones
18	Develop a protocol so that before beginning any customs process, personnel make a checklist for reviewing all the necessary safety equipment.	Delivery all the necessary safety equipment and checklists to the personnel so that when the equipment is needed, the safety review has already been made.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 6	Chalecos de Seguridad, Cascos, Linterna, etc.
19	Plan for holding at least 1 annual technical training program in security aspects and threats within the company.	Develop a new personnel induction process and incorporate security and threat issues.	COMAR CIA.LTDA Offices	Those responsible for CSMS BASC	Months N° 6 and N° 7	Capacitadores, Recursos Audiovisuales, Sala de Reuniones
20	Perform a protocol with a checklist for review of the delivery of all credentials, users, and terminated personnel records.	Have a protocol and template to registry with signatures and stamps, for delivering IDs to terminated users and staff.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Months N° 6 and N° 7	Impresiones, Plantillas de RRHH de referencia
ACCESS SECURITY AND PHYSICAL FACILITIES						
21	Prepare a protocol and manual specifying the hours of staff entry and how to mark the entry and exit of company offices.	Have an employee manual that specifies the hours of workplace entry and exit, safeguarding security.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 7	Software de Seguridad, Sala de Reuniones, Impresiones
22	Develop a protocol detailing how to grant access to visitors, contractors, and third parties.	Have a protocol detailing the requirements that visitors and third parties must have in order to grant them access to the company's facilities. They can have a checklist and apply it to each person entering the company.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 7	Software de Seguridad, Sala de Reuniones, Impresiones, Identificaciones

23	Develop a protocol on how to inspect the mail and packages that arrive at the company regardless of the sender, be it a customer or a third party.	Have a protocol or procedures manual for the inspection of packages that arrive at the company, and how the personnel should proceed to receive and open them.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 7	Software de Seguridad, Sala de Reuniones, Impresiones, Identificaciones
24	Keep the IDs updated year after year for each employee and carry out a constant review of the personnel carrying these ID cards.	Perform periodic and random reviews of employee IDs. The review can be biweekly or monthly.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 8	Software de Seguridad, Sala de Reuniones
25	Document the operation of the security system and assign responsibilities for facility monitoring and surveillance.	Have a manual for the use of the security system and its operation and train the staff member who will be responsible for monitoring and maintaining the system.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 8	Impresiones, Software de Seguridad, Cámaras de Video y Vigilancia.
26	Train someone on the risk management issues to be in charge of the company's security and in emergency situations.	Conduct general risk management training and for emergency situations and designate a staff member to be responsible for this aspect within the company.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 8	Capacitadores de Gestión de Riesgos, Sala de Reuniones, Impresiones
27	Implement an essential video and surveillance system to increase the security of the company.	Hire the services of a security and surveillance company to monitor the activities and security of the company.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Months N° 8 and N° 9	Contrato de Prestación de Servicios, Cámaras de Video y Vigilancia
28	Develop a protocol for selection or recommend a security company that meets the security requirements of the company.	Have a protocol or selection model for hiring a security company that will protect the company's facilities.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Months N° 8 and N° 9	Impresiones, Referencias Comerciales, Opiniones de Clientes
SECURITY OF TECHNOLOGY AND INFORMATION PROCESSES						

29	Design a computer operation manual for workers so that in case of doubt about how to store a document, they can have a reference for how to safeguard the information.	Incorporate security measures for the protection of information and computer systems into the company procedures documentation systems.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 9	Impresiones, Recursos Audiovisuales, Software de Seguridad
30	Implement extra encryption for very confidential documents into the security processes for those that have access to them, which should be only to limited company personnel, to protect the security of the information.	Incorporate correct handling and protection of documentation into the company's procedures, and extra protection for critical company information.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 9	Software de Seguridad, Recursos Audiovisuales
31	Prepare a protocol detailing the general and specific accounts of each employee and what actions are allowed within each access.	Have a protocol and letters of commitment signed by the affiliates, with the responsibility corresponding to access granted to company information.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 9	Impresiones, Software de Seguridad, Recursos Audiovisuales
32	The company is backed by the company's e-ComEx 360 software to protect security. It is recommended to renew the software license year after year.	Prepare an annual analysis of the software operations to identify advantages and disadvantages, and possibilities for long-term renewal.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 9	Software de Seguridad, Recursos Audiovisuales
33	Implement an external backup of important customer and company documents to have a backup for any situation.	Performing an external backup of the information at least 2 times a year to have backups.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 9	Software de Seguridad, Recursos Audiovisuales
34	Develop a protocol with a checklist to make sure that all confidential affiliate information is removed at the end of their contract.	Creation and filling of a checklist with the information to be removed from each employee, when their contract is terminated.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 10	Impresiones, Software de Seguridad, Recursos Audiovisuales

35	Develop a protocol for the management of keys and access of personnel, differentiating between general access and restricted access.	Implement a system for registering personnel access and password management to review the actions of personnel within the company.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 10	Software de Seguridad, Recursos Audiovisuales
36	Limit the use of certain peripheral devices to employees and a total prohibition for third parties.	Prepare a written document specifying the peripheral devices that will be allowed to be used by personnel and in what physical locations third parties are prohibited from connecting with them.	COMAR CIA.LTDA Offices	Company Managers, Responsible for CSMS BASC	Month N° 10	Impresiones, Software de Seguridad, Recursos Audiovisuales

Source: *Malo y Arízaga Consortium*– COMAR CIA.LTDA

Created by: Cárdenas, Carlos

3.3 Action Plan Compliance Schedule

After implementing the action plans with the various improvements that are necessary for the correct implementation of CSMS, and the possibility of obtaining the BASC international certification for the *Malo y Arízaga Consortium* - COMAR CIA.LTDA, it is necessary to specify the timeline which will be used for complying with the action plans.

It should be noted that both action plans must be carried out in parallel, in order to be able to do so within a period of 10 or 12 months, the time that was established according to the estimated delay that the improvement actions may take and also considering possible delays in the proposed activities. All this to meet the criteria of the regulations and standards, and to be able to perform a new internal audit to verify the proposed improvements, meet all the criteria, and formally begin the application process to obtain international BASC certification.

It is important to mention that the schedules were made based on the amount of time it may take to carry out all improvement actions, so that for a better understanding of the investigation, they were located for a number of general months and not specific dates, since it is not known when the company improvement process can begin.

The following tables show the application schedule of the different action plans within the *Malo y Arízaga Consortium*:

Table 6: Application Schedule of the BASC V5-2017 International Standard Action Plan V5-2017.

SCHEDULE OF ACTION V5-2017 INTERNATIONAL STANDARD										
	Mon th N° 1	Mon th N° 2	Mon th N° 3	Mon th N° 4	Mon th N° 5	Mon th N° 6	Mon th N° 7	Mon th N° 8	Mon th N° 9	Mon th N° 10
4. Company Context										
5. Leadership										
6. Planning										
7. Support										

8. Performance Evaluation										
9. Improvement										

Created by: Cárdenas, Carlos

Table 7: Application Schedule of the BASC V5-2017 International Standard Action Plan

STANDARD ACTION PLAN SCHEDULE BASC 5.02 - V5-2017										
	Mon th N° 1	Mon th N° 2	Mon th N° 3	Mon th N° 4	Mon th N° 5	Mon th N° 6	Mon th N° 7	Mon th N° 8	Mon th N° 9	Mon th N° 10
1. Business Associates										
2. Cargo Information Security										
3. Staff Security										
4. Security of Access and Physical Facilities										
5. Process Safety with Technology and Information										

Created by: Cárdenas, Carlos

3.4 Costs of Implementing the BASC Control and Security

Management

In order to analyze the costs involved in obtaining certification through the Control and Security Management System, the material implementation costs needed by the company must be known, which can be identified through the action plans and their respective improvements. The Amazon website (Amazon, 2019) was used to calculate these material requirements. Regarding the cost of the processes by BASC, according to the Guayaquil Customer Service Portal BASC Chapter ((BASC Chapter Guayaquil, 2010), and its charging policy, the costs that the implementation of a CSMS may entail, and therefore BASC, opt for the international BASC certification, are the following:

Table 8: Implementation Costs (Missing Material Requirements)

DESCRIPTION	QUANT ITY	UNIT COST	TOTAL COST
*Video and Surveillance System	1	\$200.00 USD	\$200.00 USD
*IDs	8	\$6.25 USD	\$50.00 USD
*Company Offices Access Software	1	\$2,000.00 USD	\$2,000.00 USD
Medical Controls	8	\$50.00 USD	\$400.00USD
APPROXIMATE TOTAL COST OF INITIAL IMPLEMENTATION			\$2650.00
<i>* Materials calculated for the total staff of the company on the Amazon.com website</i>			

Source: (Amazon, 2019)

Created by: Cárdenas, Carlos

Table 9: Affiliation with the BASC Chapter

PRE-REGISTRATION FEE				
Sales	Category	Minimum Billing	Maximum Billing	Cost
Annual	1	0	1,000,000,000	\$ 50.00 USD
Annual	2	1,000,000,000	5,000,000,000	\$100. 00 USD
Annual	3	5,000,000,000	In Advance	\$150.00 USD
MONTHLY DUES				
Sales	Category	Minimum Billing	Maximum Billing	Cost
Anuales	1	0	1,000,000,000	\$30.00 USD
Anuales	2	1,000,000,000	5,000,000,000	\$40.00 USD
Anuales	3	5,000,000,000	In Advance	\$60.00 USD

Source: (BASC Guayaquil Chapter, 2010)

Created by: Cárdenas, Carlos

Table 10: BASC Audit Cost

AUDIT	COST
1. First Audit or Inspection	\$300.00 USD
2. Second Audit or Re-Inspection	\$200.00 USD
3. Third Audit or Certification Audit	\$100.00 USD

Source: (BASC Guayaquil Chapter, 2010)

Created by: Cárdenas, Carlos

Table 11: Training prior to BASC Certification

DESCRIPTION	COST
*Logistics Security	\$70.00 USD
*Introduction to Security	\$70.00 USD
*Internal auditors	\$300.00 USD
*Administrative Security	\$150.00 USD
*Risk Assessment and Protection	\$200.00 USD
*Prevention and Contingency Measures**	\$300.00 USD
<p><i>*The costs expressed are per person</i></p> <p><i>*The training is selected for the type of company, for research purposes, this would be the training that should be received by the staff of the Malo y Arízaga Consortium – COMAR CIA.LTDA</i></p> <p><i>**This training is carried out by the Benemérito Fire Department.</i></p>	

Source: (BASC Guayaquil Chapter, 2010)

Created by: Cárdenas, Carlos

Table 12: Approximate Total Cost for the Malo y Arízaga Consortium - COMAR CIA.LTDA (Initial Year)

DESCRIPTION	COST
Implementation Costs	\$2650.00 USD
BASC Chapter Pre-Registration Fee (Sales under 1,000,000,000)	\$50.00 USD

BASC Chapter Monthly Fee (Sales under 1,000,000,000 x 12 months)	\$360.00 USD
Audit Costs (3 Audits)	\$600.00 USD
Training cost prior to BASC Certification	\$1090.00 USD
APPROXIMATE TOTAL COST FOR COMAR CIA.LTDA	\$4750.00 USD

Created by: Cárdenas, Carlos

It is worth mentioning that the values presented are approximate and represent the initial cost that the company would expect for implementing the BASC Control and Security Management System (CSMS) with its respective improvement actions, affiliations, and training to obtain international certification. BASC is not taking into account the costs of possible worker overtime payment, nor the increase in salary to the members responsible for auditing the system. From the second year onwards, some of the costs will decrease.

Conclusions.-

With the completion of this chapter, on which the main purpose of the investigation is based, it can be concluded that after the internal audit processes carried out at the facilities of the *Malo y Arízaga Consortium*, it demonstrated the criteria that it needed to meet with respect to the implementation from the CSMS BASC and the possibility of obtaining the international BASC certification. It is important to emphasize that under the BASC requirements, the company has obtained a medium-high rating in the fulfillment of certain requirements; however, it is necessary to implement certain improvement actions that are fundamental for the fulfillment and implementation of CSMS BASC.

CONCLUSIONS.-

Throughout the history of international trade, it has been seen how the exchange of goods and services has evolved, but also, in the contemporary era, that there is a greater concern to provide added value to trade. This added value encompasses many aspects, but specifically, and as part of this research, it focuses on strengthening trust and security through relationships between companies and their customers, which is how control and security management emerges within companies - as a way to ensure that the supply and demand of services is met effectively and reliably.

As has been noted throughout the present investigation, the BASC International Certification emerges as an option for companies to have a security and control system that provides support for both company procedures, operational controls on the part of the authorities, and certainty for the clients receiving a product or service of optimum quality, fulfilling the different legal requirements and therefore satisfying their needs.

The *Malo y Arízaga Consortium COMAR CIA.LTDA*, being a customs broker, is a very important actor in the development of international trade. Its main commercial activity focuses on the management of customs procedures on behalf of different economic groups. The company is a fundamental pillar within a Control and Security Management System, since through it, government authorities rely on the veracity of commercial operations that occur in the import and export of products. Going into the operation of the company, it was noted that the company has a reduced work team, since few people serve multiple clients, have very good communication, and properly and effectively manage their internal processes. In its field of work, the *Malo y Arízaga Consortium* has become one of the main strengthened customs agents in the Ecuadorian region of austro. However, its desire to expand and increase its market share and customers throughout the country, has led it to consider other competitive advantages and the added value that can be obtained over its competition. Thus the International BASC Certification emerges as a good alternative to improve small process failures within the company, and therefore, to be able to excel even more within the field of customs agents in Ecuador.

Through the completion of the diagnosis and internal audit carried out at the facilities of the *Malo y Arízaga Consortium*, to know the situation of the company, compared with the international BASC certification implementation requirements, the company is in a relatively good position. With respect to the BASC V5-2017 International Standard, to which all companies involved in international trade must comply, the company partially and totally complies with 42.50% of the requirements of the standard, meaning that improvement actions will not be too rigorous. On the other hand, in reference to 5.02 V5-2017 International Standard, which must be applied for companies such as the *Malo y Arízaga Consortium*, for having an indirect relationship with the cargo, the company fully complies with 48.69% of the requirements and partially with 32.86%, so it is expected to meet the rest of the missing requirements with an improvement action plan in a period of 10 months. All this is configured to present an even more favorable outlook for the implementation of the BASC Control and Security Management System (CSMS) and subsequently for obtaining the respective international certification.

The costs of implementing the Control and Security Management System are relatively high for the *Malo y Arízaga Consortium*, so this is an inconvenience for management upon deciding on the implementation of the system.

Once the results of the internal audit and diagnosis are known, it is well known that the general objective and specific objectives of the investigation are met, which were aimed at creating a proposal to obtain the BASC international certification for the *Malo y Arízaga Consortium* COMAR CIA.LTDA. It is a reality that must be faced in order to meet the obligations of certification. The horizon is positive, since the company is a leader in its field at the provincial level, and possibly obtaining certification, it would be the first customs enforcement agent in the austro province of the country that would have the BASC certification, thus presenting a safe, reliable, and legitimized image for all its customers.

RECOMMENDATIONS. -

As part of the recommendations that have emerged from the present investigation, the following can be ensured:

- The first and main recommendation is to apply the BASC Control and Security Management System (CSMS), since when examining the benefits of obtaining the BASC International Certification, such as improving the company's internal procedures, promoting safety in international trade, and greater confidence on the part of the authorities, this system and the subsequent certification are presented as a differentiating factor for the company and that can generate competitive advantages over its rivals, placing the *Malo y Arízaga Consortium - COMAR CIA.LTDA* , as the only agent in the city of Cuenca that could earn international certification and boast an adequate Control and Security Management System.
- The decision to implement CSMS BASC will depend solely on the management of the company, so if the company decides to opt for the implementation of the system and subsequent certification, it must commit to comply with 100% of activities, having control and process security for the success of the company as its main motto.
- It is important that if the company decides to implement the CSMS BASC, in the same way it must instill all the decisions it makes with the company's staff, not only so that the staff knows the activities for which it will be responsible, but also that they will have the commitment of achieving a better culture of control and security in the company and relations with its customers.
- If the company opts for carrying out the improvement action plan and fulfilling the requirements, it is necessary to periodically review them. This could be through a work schedule that joins the activities of the company with the implementation requirements of CSMS BASC, all this with the aim of generating a sustainable system and with future growth options.

- Although implementation costs are relatively high and are approximate, and prone to further increases, they will be valid, since as a competitive advantage, it could increase the flow of customers, and thus increase revenue, and the return on the investment would be in less time than anticipated.
- One of the main errors identified in the company is the lack of documented procedures, so it is necessary, apart from documenting the processes of the company, for the company to document all the activities and advances made by the CSMS BASC.
- As a result of the action plan, it is recommended to carry out medical control plans, socio-economic support plans, and career projection plans to ascertain the living conditions of the company's staff, their health status, and the employees' vision. These goals are pursued with the aim of protecting their well-being and, consequently, the success of the company.
- The creation of a new process map and manual is recommended, which integrates all procedures related to the Control and Security Management System.

BIBLIOGRAPHY. -

- Amazon. (2019). *Amazon.com*. Obtained from website: Amazon.com: www.amazon.com
- Arias Gallegos, W. L. (2012). Revisión Histórica de la Salud Ocupacional y la Seguridad Industrial. *Revista Cubana de Salud y Trabajo*, 45-52.
- Ballou, R. (2004). *Logística Administración de la Cadena de Suministro*. México D.F.: Pearson Education, México.
- BASC Capítulo Guayaquil. (2010). *Costos de Certificación BASC*. Obtained from the BASC Guayaquil chapter website: <http://www.basc-guayaquil.org/documentos/>
- CEPAL. (13 de Noviembre de 1986). *Teoría para apoyar acciones de política económica: El Modelo Centro-Periferia*. Obtained from the Economic Commission for Latin America and the Caribbean website: https://repositorio.cepal.org/bitstream/handle/11362/26720/LCMEXR51_es.pdf?sequ
- Organic Code of Production, Commerce, and Investments. Official Supplement of the Republic of Ecuador N° 351. Quito, Ecuador. December 29th, 2010.
- Organic Integral Criminal Code. Official Supplement of the Republic of Ecuador N° 180. Quito, Ecuador. February 10th, 2014.
- Contreras , O. (2010). La evolución del narcotráfico en México. *Conferencia de Annual Student Conference on Latin America* (p. 1-56). Austin: Latin American Network Information Center.
- CRECE. (October 24th, 2017). *La Paradoja de Leontief*. Obtained from the Andalusian Entrepreneurship Training Reference Center website: <http://www.crececon.andaluciaemprende.es/la-paradoja-de-leontief/>
- De La Hoz , P. A. (2013). *Generalidades del Comercio Internacional*. Medellín: Centro Editorial Esumer.
- Department of Economic Development and Infrastructure. (November 13th, 2013). *La Seguridad Industrial*. Obtained from the website of the Department of Economic Development and Infrastructure of the Basque Government: <http://www.euskadi.eus/presentacion-seguridad-industrial/web01-a2indust/es/>
- EAE Business School. (March 4th, 2018). *Logística vs supply chain management: 2 caras de un mismo objetivo*. Obtained from EAE Business School website: <https://retos-operaciones-logistica.eae.es/logistica-vs-supply-chain-management-2-caras-de-un-mismo-objetivo/>
- FLACSO. (2015). Smuggling figures. *Perfil Criminológico Nro. 15*, 15.
- FLACSO. (2015). Drug trafficking figures. *Perfil Criminológico Nro. 13*, 15.

- García, Y. (June 17th, 2016). *Diagnostico Inicial BASC RVC*. Obtained from website Scribd.com: <https://es.scribd.com/document/316051453/Diagnostico-Inicial-BASC-RVC>
- INITE. (April 15th, 2008). *Línea de Tiempo. Teorías del Comercio Internacional*. Obtained from the International Educational Technology Research Institute website: http://gc.initelabs.com/recursos/files/r144r/w242w/caso2/descargable_linea.pdf
- ISO. (February, 2018). *ISO 45001 - Salud y seguridad laboral*. Obtained from the International Organization for Standardization website (ISO): <https://www.iso.org/publication/PUB100427.html>
- ISO. (2019). *Acerca de Nosotros*. Obtained from the website of the International Organization for Standardization (ISO): <https://www.iso.org/about-us.html>
- ISO. (2019). *ISO 28001:2007. Sistemas de gestión de seguridad para la cadena de suministro*. Obtained from the website of the International Organization for Standardization (ISO): <https://www.iso.org/standard/45654.html>
- ISO. (2019). *ISO 31000 - Gestión de riesgos*. Obtained from the website of the International Organization for Standardization (ISO): <https://www.iso.org/iso-31000-risk-management.html>
- ISO. (2019). *ISO/IEC 27001. Sistemas de gestión de seguridad de la información*. Obtained from the website of the International Organization for Standardization (ISO): <https://www.iso.org/isoiec-27001-information-security.html>
- ISO. (2019). *Organización Internacional de Normalización*. Obtained from the World Organization for Standardization website: <https://www.iso.org/home.html>
- Peña Cuervo, J. J., Martínez Espinosa, L. F., & Peña Cuervo, L. A. (2018). EL DELITO ADUANERO DE CONTRABANDO: IDENTIFICACIÓN DE LOS ELEMENTOS DE SU TIPO PENAL EN COLOMBIA. *Revista Prolegómenos - Derechos y Valores*, 131-147.
- Universidad Santo Tomás de Colombia. (2019). *Procesos Claves del Supply Chain*. Obtained from the website of the Santo Tomás University- First University Courtyard of Colombia: http://soda.ustadistancia.edu.co/enlinea/3momento_supplychain/procesos_claves_del_supply_chain.html
- WBASCO. (2017). *Estándar Internacional 5.0.2 - Empresas con relación indirecta con la carga*. Miami: WBASCO.
- WBASCO. (2017). *Glosario de Términos V5*. Miami: WBASC.
- WBASCO. (2017). *Norma Internacional BASC- Versión 5*. Miami: BASC.
- WBASCO. (2017). *Norma Internacional BASC. Versión 5-2017*. Miami: WBASCO.

- WBASCO. (2019). *Proceso de Certificación*. Obtained from World BASC Organization website: <https://www.wbasco.org/es/certificacion/proceso-de-certificacion>
- WBASCO. (2019). *Quienes Somos*. Obtained from World BASC Organization website: <https://www.wbasco.org/es/quienes-somos/quienes-somos>
- WBASCO. (2019). *Servicios y Beneficios*. Obtained from World BASC Organization website: <https://www.wbasco.org/es/quienes-somos/servicios-y-beneficios>
- Zapata, E., & García, R. (2012). Entorno actual de la Seguridad en la Cadena de Suministro. En C. E. Logística, *Gestión de la Seguridad en la Cadena de Suministro y las Infraestructuras Críticas* (págs. 12-15). Madrid: Centro Español de Logística.

ANNEXES.-

Annex 1: BASC International Standard Version 5-2017



BASC INTERNATIONAL STANDARD

Control and Security Management System

Version 5 – 2017
Approval date: August 10th, 2017

All rights reserved. Unless otherwise specified, no part of this publication may be reproduced, modified, or used in any form or by any means, electronic or mechanical, without the written permission of the World BASC Organization, Business Alliance for Secure Commerce, BASC.

Table of Contents

1. INTRODUCTION	3
1.1 FOREWORD	3
1.2 JUSTIFICATION	3
1 OBJECTIVE AND SCOPE	4
1.1 OBJECTIVE	4
1.2 SCOPE	4
1.3 GUIDANCE ON THE APPLICATION OF THE APPROACH IN PROCESSES	4
2 STANDARD REFERENCES	6
3 TERMS AND DEFINITIONS	6
4 COMPANY CONTEXT	7
4.1 COMPREHENSION OF THE COMPANY AND ITS CONTEXT	7
4.2 UNDERSTANDING THE NEEDS AND EXPECTATIONS OF INTERESTED PARTIES	7
4.3 SCOPE DETERMINATION	7
4.4 FOCUS ON PROCESSES	8
5 LEADERSHIP	8
5.1 LEADERSHIP AND COMMITMENT	8
5.2 CONTROL AND SECURITY MANAGEMENT POLICY	8
5.3 OBJECTIVES OF THE CSMS BASC	9
5.4 RESPONSIBILITY AND AUTHORITY IN THE COMPANY	9
6. PLANNING	9
6.1 RISK MANAGEMENT	9
6.2 LEGAL REQUIREMENTS	11
7 SUPPORT	11
7.1 RESOURCES	11
7.2 DOCUMENTED INFORMATION	12
8 PERFORMANCE EVALUATION	13
8.1 MONITORING, MEASUREMENT, ANALYSIS, AND EVALUATION	13
8.2 INTERNAL AUDIT	13
9 IMPROVEMENT	14
9.1 GENERALITIES	14
9.2 CORRECTION	14
9.3 CORRECTIVE ACTION	14
9.4 IMPROVEMENT ACTIONS	15
9.5. REVIEW BY MANAGEMENT	15

1. INTRODUCTION

1.1 Foreword

World BASC Organization, WBO, is a non-profit organization, led by the business sector and supported by customs, government entities, and international organizations. Its mission is to generate a culture of security through the supply chain, through the implementation of management systems and instruments applicable to trade, related sectors, and other companies that wish to manage the basic operational controls that allow a safe operation.

This international standard constitutes a general framework for the implementation of the Control and Security Management System, CSMS BASC, with which companies will use a process-based approach methodology, risk management, and continuous improvement. Additionally, the BASC International Security Standards constitute a framework for the establishment of operational controls aligned with the scope of companies in the supply chain.

Note: This, the fifth version, of the BASC International Standard replaces all previous versions issued by WBO and was approved by the Board of Directors on August 10, 2017 by agreement 30-2017.

This document is the result of the contributions of the entire WBO organization and the management of:

Board of Directors 2015-2017: Álvaro Alpízar, President; José Nelton, Vice President; Maricela Valenzuela, Secretary; Juan Toruño, Treasurer and; Raúl Saldías, Speaker.

Board of Directors 2017-2019: Álvaro Alpízar, President; Juan David Osorio, Vice President; Armando Rivas, Secretary; Salvador Mónico, Treasurer and; Emilio Aguiar, Speaker.

WBO Technical Committee: Omar Castellanos, Dominican BASC Chapter Executive Director; Diego Castillo, BASC Pichincha BASC Chapter Executive Director; Jorge Hütt, Costa Rica BASC International Auditor; Jorge Jiménez, Colombia BASC Chapter Executive Director; Jorge Wellmann, Guatemala BASC Chapter Executive Director .

1.2 Justification

At present, illegal trade and traffic of prohibited goods have generated great losses. This implies that companies must develop, maintain, and improve appropriate methods for risk management. Those responsible for the processes have seen their work change, so that risk management is increasingly important. The current market is based on obtaining information and cargo movement, which increases the impact of any error. The company environment now has more moving parts than it had before, which increases the likelihood of a risk materializing.

1 OBJECT AND SCOPE

1.1 Objective

This international standard establishes the requirements for a CSMS BASC when a company needs to:

- a) Establish, document, implement, maintain, and improve the Control and Security Management System.
- b) Ensure compliance with the commitments established in the management policy in control and security.
- c) Manage risks based on the process approach.
- d) Demonstrate their ability to maintain the supply chain integrity.
- e) Implement and maintain programs such as C-TPAT, Authorized Economic Operator, OAS, and others.

1.2 Scope

This international standard specifies the requirements for a Control and Security Management System and is designed for use by companies of all sizes, regardless of the nature of their activities.

Only companies that demonstrate evidence of compliance with all the requirements documented in this international standard and the BASC safety standards may apply for certification. When one or more requirements documented in the international BASC safety standards are not applicable, their exclusion must be justified and documented.

Companies must take into account the legal priorities for implementing their CSMS BASC, which requirements take precedent according to their legal weight, then considering also the criteria of the international standards, and then the applicable safety standards, therefore, no requirement can be implemented if it conflicts with the current legal regulations of its local country.

1.3 Guidance on the application of the process approach

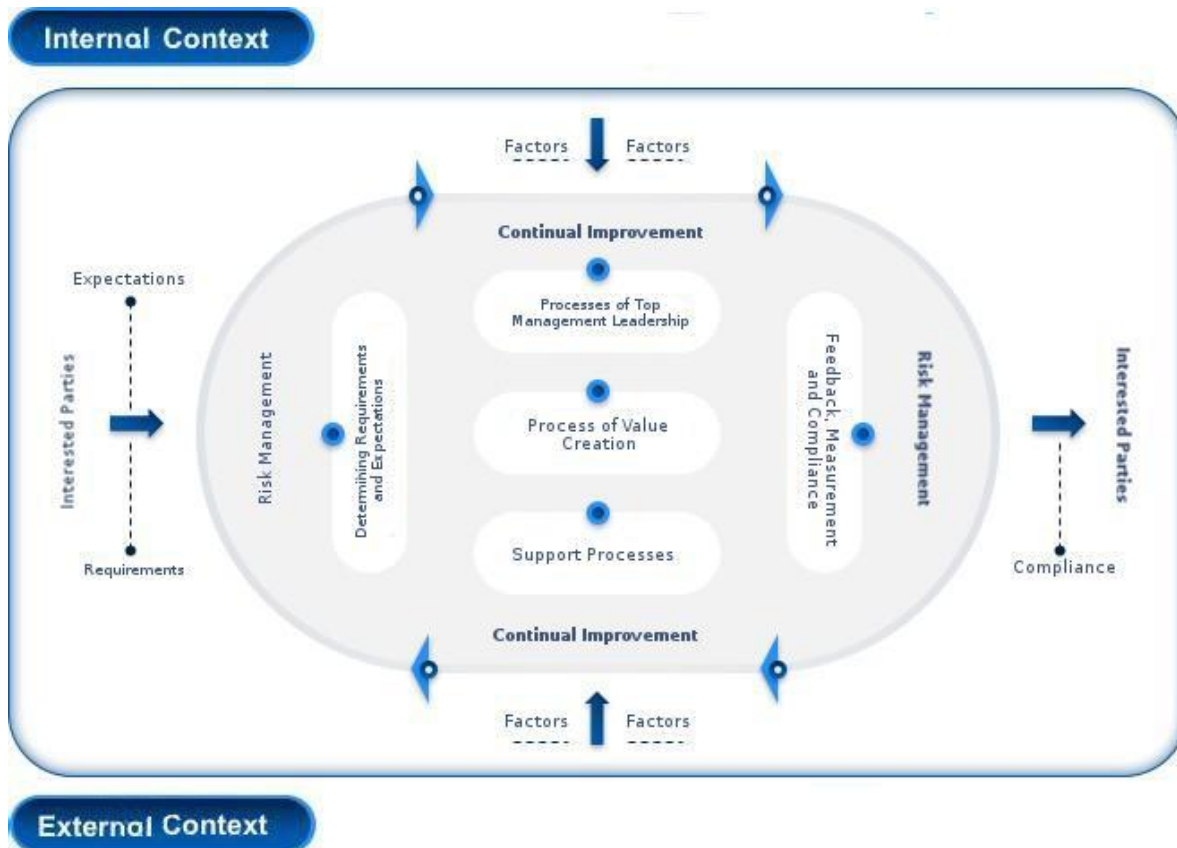
The requirements addressed in this international standard are essential for the effective implementation of the CSMS BASC.

All requirements must be incorporated into the company's processes; the form and scope of its application depend on the context in which it operates. Externally contracted processes do not exempt the company from the responsibility of complying with the requirements, as well as the legal and regulatory ones.

The understanding and management of processes as a system, contributes to the effectiveness of the company and the achievement of its objectives. This approach allows you to control

the interrelations and interdependencies between the CSMS BASC processes, so that your overall performance can be improved.

The following figure illustrates, by way of example, the process approach model applied and its interaction with the factors in the external and internal context, as well as the management of the requirements and expectations of the interested parties.



2 REGULATORY REFERENCES

This international standard is intellectual property of WBO. It was conceived to implement and administer the CSMS BASC, so that it can be integrated with other publications or regulations applied, which are explicitly or implicitly referenced and that give information or guidance, such as:

a)	WCO	Framework of Standards – World Customs Organization
b)	WTO	Trade Facilitation Agreement- World Trade Organization
c)	C-TPAT	Customs Trade Partnership Against Terrorism
d)	ISPS/PBIP	International Ship and Port Facility Security
f)	US FCPA	Foreign Corrupt Practices Act

g)	ISO 9000	Quality Management Systems. Vocabulary Basics	
h)	ISO 9001	Quality Management System	
i)	ISO 17712	Mechanical seal standards for containers	
j)	ISO 19011	Management Systems Internal Audits	
k)	ISO 31000	Risk Management	
l)	ISO 37001	Anti-bribery management system	
m)	ISO 27001	Specifications for information systems security	la

NOTE: The title of each reference may vary depending on the country.

3 TERMS AND DEFINITIONS

To facilitate content comprehension in these international regulations and standards, consult Annex 1 *Glossary of Terms and Definitions*.

REQUIREMENTS OF THE CONTROL AND SECURITY MANAGEMENT SYSTEM

4 COMPANY CONTEXT

4.1 Understanding the company and its context

The company must identify the factors originated from its external and internal context, which may have an impact on the supply chain and trade. The company must track and review information relevant to these factors.

NOTE 1 Understanding the external context can be facilitated by considering factors that arise from the legal, technological, competitive, market, cultural, social, economic, and political environments, whether international, national, regional, or local, good practices in business activity, levels of education, infrastructure, and others.

NOTE 2 Understanding the internal context can be facilitated by considering factors related to values, organizational culture (climate and work environment), knowledge, processes, infrastructure, and the maturity of the company.

NOTE 3 To better understand the company and its context, its role within the supply chain, and its relationship with stakeholders, and how they can affect the achievement of the expected results, must be determined.

4.2 Understanding the needs and expectations of interested parties

The company must determine:

- a) Stakeholders that are relevant to the CSMS BASC, supply chain and trade.
- b) The requirements and expectations of these interested parties.

The company must monitor and periodically review information about these interested parties and their requirements.

4.3 Scope Determination

The company must determine and document the scope of the CSMS BASC and this must include:

- a) All commercial activities and services developed by the company.
- b) Physical limits of the company (facilities included in the CSMS BASC).

4.4 Process approach

The company must determine the processes that include all the elements declared in the scope (see 4.3). The following must be documented:

- a) The inputs and outputs of the processes.
- b) The sequence and interaction of these processes (process map).
- c) Criteria and methods (including monitoring, measurements and performance indicators) necessary to demonstrate the effective operation and control of these processes.
- d) The resources needed for these processes and ensure their availability (see 7).
- e) The responsibility and authority for these processes (see 5.4).
- f) The risks related to these processes (see 6.1).
- g) Evaluate these processes and implement any necessary changes to ensure they achieve the expected results.

5 LEADERSHIP

5.1 Leadership and Commitment

Senior management must exercise and demonstrate leadership and commitment to the CSMS BASC by:

- a) Taking responsibility related to its effectiveness.
- b) Communicating the importance of the CSMS.
- c) Ensure that the management policy in control and security is established and that the objectives are in line with the context, scope, processes, and risks of the company.
- d) Ensure the integration of the requirements in the company's processes.

- e) Promote the use of process approach and risk management.
- f) Ensure that the necessary resources are available.
- g) Promote continuous improvement.

5.2 Control and security management policy

5.2.1 Establishment

Senior management must establish, document, and support the policy that:

- a) Be appropriate to the scope, context, and risks of the company.
- b) Provide a frame of reference for setting the objectives of the CSMS BASC.
- c) Include a commitment to maintain the integrity of your processes, the prevention of illegal activities, corruption, and bribery.
- d) Include a commitment to comply with legal requirements.
- e) Include a commitment to continuous improvement of the CSMS BASC.

5.2.2 Policy Communication

The policy should:

- a) Keep documented information.
- b) Communicate and understand at all levels of the company.
- c) Keep available to relevant stakeholders, as appropriate.

5.3 Objectives of the CSMS BASC

Senior management must establish, document, review, and monitor the objectives of the CSMS BASC, which must:

- a) Be aligned with policy commitments (see 5.2.1).
- b) Be measurable, concrete, clear, feasible, and propose a change.
- c) Be framed in a defined period of time.
- d) Establish indicator(s) that show its progress or compliance (see 8.1).
- e) Communicate at the relevant levels in the company.
- f) Establish the planned activities and goals.

5.4 Responsibility and authority in the company

Senior management must establish and document the responsibility and authority of personnel that have an impact on the CSMS BASC. This must include the responsibilities for:

- a) A management representative, who independently of other functions, must inform senior management about the system performance, ensure that it remains implemented and continuously improve its effectiveness.

- b) A boss or security officer.
- c) The internal auditors.
- d) The process leaders (see 4.4.e) and other personnel involved.

6. PLANNING

6.1 Risk management

The company must maintain a documented procedure for risk management based on the process approach. This should include the following elements:

a) Risk identification

1. Identify in which process(s) they are present.
2. Take into account the risks of the company's processes and the supply chain, based on the context analysis (see 4.1), the stakeholders (see 4.2), the scope (see 4.3), and the commitments established in the management policy in control and security (see 5.2).

b) Analysis and risk evaluation

1. Risks should be analyzed and evaluated based on the probability of occurrence (estimated frequency at which the risk may occur) and impact (estimated consequences in case the risk occurs).
2. A method must be defined to determine the level of priority.

c) Establish operational controls

Based on the priority of the risks, the appropriate methods must be established, documented, and implemented, in order to prevent them from materializing or, if so, minimize their impact.

d) Event Response

1. Document the activities to respond in case a risk materializes.
2. Based on the priority of the risks, drills should be carried out and criteria established to determine the effectiveness of the established actions. *Note: It should be considered, during the planning and execution of the drills, that these do not become a risk or may have negative consequences for the company.*
3. In the event that a risk materializes, corrective action must be requested to ensure that the causes are analyzed and, if necessary, managed to avoid recurrence. *Note: the result of these actions must provide feedback on the management of the risks related to the event.*

e) Follow up

Indicators that are connected with the effectiveness of risk management must be established and monitored.

f) Revisions

The company must review the risks periodically, at least once a year, or when changes in the CSMS context, scope, or processes are identified.

g) Communication

The company must periodically communicate the identified risks, the established operational controls, and the activities to face events in case they happen.

6.2 Legal requirements

The company must establish a documented procedure to:

- a) Identify and have access to the legal requirements related to trade and the scope of the CSMS BASC (see 4.3).
- b) Determine how these legal and regulatory requirements apply to the company.
- c) Update this information when changes occur.
- d) Determine the frequency with which compliance will be verified.
- e) Evaluate compliance and apply the necessary actions.

The company must retain documented information as evidence of the results of the compliance assessment.

7 SUPPORT

7.1 Resources

7.1.1 Forecasts

The company must determine and provide the necessary resources to continuously implement, maintain and improve the CSMS BASC.

7.1.2 Staff

The company must establish and document according to authority and responsibility (see 5.4):

- a) The competency requirements, including education, training, skills, and experience

requirements, and ensure through periodic evaluations compliance with these requirements. When necessary, take actions to achieve them and evaluate the effectiveness of these actions.

- b) The criteria for classifying critical charges.

7.1.3 Operational infrastructure

The company must establish, provide, and maintain the necessary infrastructure to ensure the effectiveness of operational controls (see 6.1.c); This infrastructure must include at least:

- a) Work equipment or tool.
- b) Physical security elements such as perimeter barriers and access controls.
- c) Electrical / electronic security elements.
- d) Information security elements.
- e) IT elements (*hardware/software*).

7.2 Documented information

7.2.1 Generalities

The CSMS BASC documentation must include:

- a) Policy (see 5.2).
- b) Objectives (see 5.3).
- c) A control and safety manual that contemplates and describes the scope, (see 4.3) duly justified exclusions, and how the company meets all the requirements of the BASC International Standard, and the applicable safety standards.
- d) The procedures and records required by the BASC International Standard and the applicable safety standard.
- e) Any other document that the company considers necessary.

7.2.2 Document control

The company must establish a documented procedure to:

- a) Approve the documents before issuing.
- b) Review periodically and update them when necessary.
- c) Maintain their integrity, availability, confidentiality, and keep them recoverable.
- d) Prevent the use of obsolete documentation.
- e) Control external documents.

The company must maintain a master list of documents.

7.2.3 Log Control

The company must establish a documented procedure for the identification, maintenance, and disposition of these CSMS records, and ensure that they remain legible, protected, easily identifiable, and recoverable. You must establish the retention period of the records based on legal requirements and risk management, as well as the activities for their final disposal.

8 PERFORMANCE EVALUATION

8.1 Monitoring, measurement, analysis, and evaluation

The company must establish a methodology to monitor, measure, analyze, and evaluate the performance of the CSMS BASC. This should include the objectives (see 5.3) and indicators of the processes that comprise it (see 4.4). In case the expected results are not achieved (goals and criteria) the causes must be analyzed and corresponding actions proposed.

8.2 Internal audit

8.2.1 Generalities

The company must establish a documented procedure to develop an internal audit cycle at planned intervals (at least once per annual cycle), which allows determining whether the CSMS BASC:

- a) It is in accordance with:
 - 1) The requirements determined by the company.
 - 2) The requirements of the BASC International Standard and the applicable safety standard.
- b) Is implemented, continuously improves, and remains effective.

8.2.2 Internal Audit Program

The company must establish an internal audit program, which specifies the frequency with which the processes that make up the CSMS BASC will be audited and all its elements should be considered. Its approach and frequency must adjust to the maturity of the system, the results of previous audits, and the importance and criticality of the processes identified in risk management.

8.2.3 Selection of the audit team

Internal audits to the CSMS BASC must be carried out by a team of competent auditors, independent of the processes audited and trained through the BASC chapters. This must be

the company's own team and be evaluated at least once a year to demonstrate its competences (see 7.1.2.a), in order to guarantee the continuity of the system and the monitoring of the results obtained in the audit processes.

8.2.4 Audit plan

The company must document in its internal audit plan the objective, scope, criteria, responsible parties, agenda, and the audit team.

8.2.5 Results of the audit

The company must document the results of the audits and communicate them at the relevant levels. At a minimum, this should include: strengths, opportunities for improvement, nonconformities, and observations.

9 Improvement

9.1 Generalities

The activities for managing improvements (corrections, corrective actions, and improvement actions), are elements that allow the system to develop and increase its level of effectiveness, and to achieve the planned results. These processes should provide feedback on risk management when applicable.

9.2 Corrections

When identifying deviations that require immediate attention, the company must develop the corresponding corrections to eliminate the effects of such deviation. Records of these corrections and analysis must be kept to determine if additional corrective actions are required.

9.3 Corrective action

The company must establish a documented procedure for the management of corrective actions and apply it when nonconformities are identified. The following aspects should be considered:

- a) Register nonconformities.
- b) Develop an analysis of the causes.
- c) Determine and implement the corresponding actions to eliminate these causes, including deadlines and those responsible for implementing the actions.
- d) Verify the effectiveness of the actions taken.

9.4 Improvement actions

The company must determine, record, and periodically monitor opportunities for improvement and implement the necessary actions to achieve the expected results, strengthen its system, and manage risks.

9.5. Management Review

Senior management should review the CSMS BASC at planned intervals, (minimum once a year) and should include:

9.5.1. Evidence on the input elements:

- a) Compliance with documented agreements in previous management reviews.
- b) The changes in:
 - 1. The relevant external and internal factors.
 - 2. The needs and expectations of interested parties, including legal and regulatory requirements.
 - 3. Risk management
- c) Fulfilling objectives.
- d) Information on the performance of the CSMS BASC, including trends related to:
 - 1. Process indicators.
 - 2. Nonconformities and corrective actions.
 - 3. Results of monitoring and measurement.
 - 4. Compliance with legal and regulatory requirements.
 - 5. Audit results.
- e) Resource allocation.
- f) Improvement actions

9.5.2. The output elements of the management review must include:

- a) The conclusions about the effectiveness of the system.
- b) Decisions related to improvement opportunities.
- c) Decisions related to any need, including resources.
- d) The necessary actions when the objectives have not been achieved.

The company must retain documented information as evidence of the results of management reviews.



BASC INTERNATIONAL SECURITY STANDARD

5.0.2

COMPANIES WITH AN INDIRECT RELATIONSHIP
WITH CARGO AND WITH CARGO TRANSPORTATION
UNITS

Version 5 – 2017

Approval date: August 10th, 2017

All rights reserved. Unless otherwise specified, no part of this publication may be reproduced, modified, or used in any form or by any means, electronic or mechanical, without the written permission of the World BASC Organization, Business Alliance for Secure Commerce, BASC.

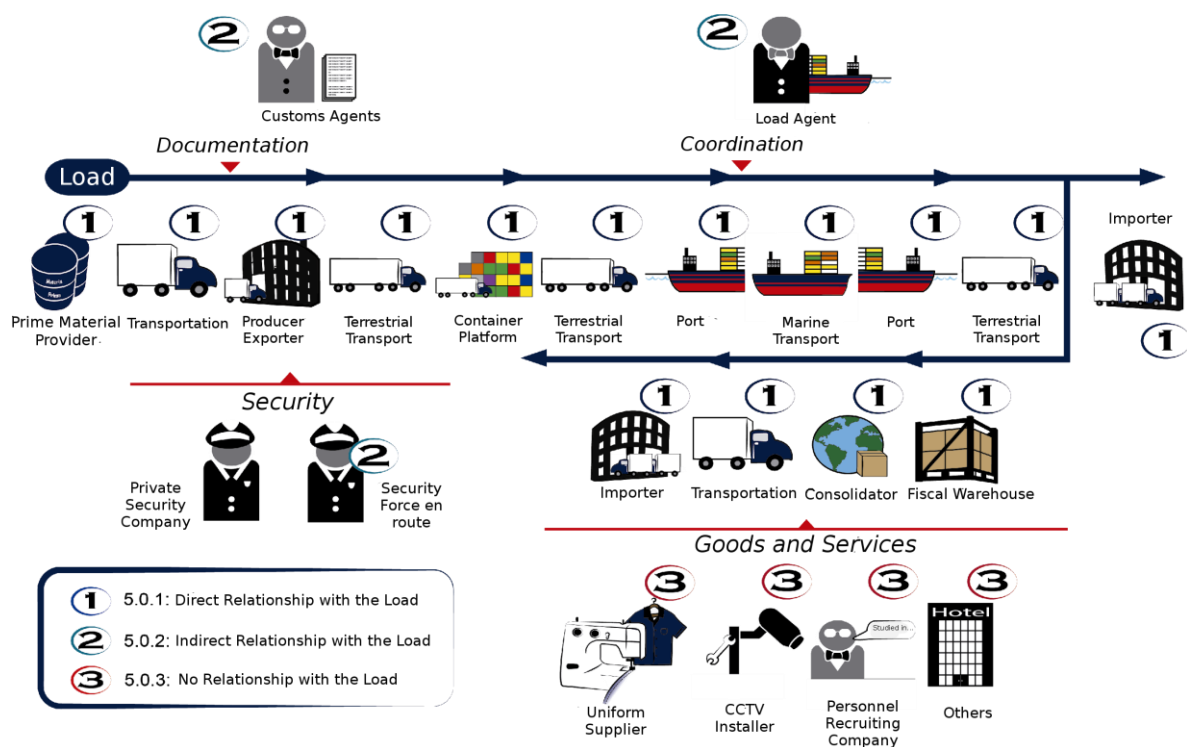
TABLE OF CONTENTS

<u>1</u>	<u>INTRODUCTION</u>	<u>3</u>
<u>2</u>	<u>BUSINESS ASSOCIATE REQUIREMENTS</u>	<u>5</u>
2.1	BUSINESS ASSOCIATES MANAGEMENT	5
2.2	PREVENTION OF LAUNDRY OF ASSETS AND FINANCING OF TERRORISM	5
<u>3</u>	<u>SECURITY IN CARGO INFORMATION MANAGEMENT PROCESSES</u>	<u>6</u>
3.1	INFORMATION PROCESSING AND CARGO DOCUMENTS	6
3.2	LOAD DISCREPANCIES	7
<u>4</u>	<u>SECURITY IN PROCESSES RELATED TO STAFF</u>	<u>7</u>
4.1	PROCEDURE FOR STAFF MANAGEMENT	7
4.2	TRAINING PROGRAM	8
<u>5</u>	<u>ACCESS CONTROL AND PHYSICAL SECURITY</u>	<u>9</u>
5.1	ACCESS CONTROL AND STORAGE IN FACILITIES	9
5.2	PHYSICAL SECURITY	10
<u>6</u>	<u>SECURITY IN PROCESSES RELATED TO TECHNOLOGY AND INFORMATION</u>	<u>10</u>
6.1	INFORMATION	11
6.2	SECURITY IN INFORMATION TECHNOLOGY	11

1 Introduction

The international BASC safety standard groups the operational control measures with the main elements that are related to the security of the supply chain. It aims to contribute to companies so that their activities are carried out safely, protect their employees, their facilities, their cargo, their business associates and other interested parties.

Three documents were issued with the intention of consolidating the requirements corresponding to the interaction with the load defined within the scope of the CSMS. The International Security Standard BASC 5.0.1 applies to companies that have direct contact with the cargo, or with the cargo transport units, such as manufacturers, producers, exporters, importers, marketers, logistics operators, transporters (e.g. land, sea, air, etc.), companies that store cargo, and port facilities, among others. The International Security Standard BASC 5.0.2 applies to companies that have an indirect relationship with the cargo or with the cargo transport units. And the International Standard of Security BASC 5.0.3 is applicable to all types of companies that wish to manage the basic operational controls that allow them safe operation. The following figure illustrates examples of the application of this criterion:



This document is the result of the management of:

Board of Directors 2015-2017: Álvaro Alpízar, President; José Nelton, Vice President; Maricela Valenzuela, Secretary; Juan Toruño, Treasurer and; Raúl Saldías, Speaker.

Board of Directors 2017-2019: Álvaro Alpízar, President; Juan David Osorio, Vice President; Armando Rivas, Secretary; Salvador Mónico, Treasurer and; Emilio Aguiar, Speaker.

WBO Technical Committee: Omar Castellanos, Dominican BASC Chapter Executive Director; Diego Castillo, Pichincha BASC Chapter Executive Director; Jorge Hütt, Costa Rica BASC International Auditor; Jorge Jiménez, Colombia BASC Chapter Executive Director; Jorge Wellmann, Guatemala BASC Chapter Executive Director.

2 BUSINESS ASSOCIATE REQUIREMENTS

2.1 Management of business associates

Clarifications: Business associates constitute interested parties within the company, represent clients, suppliers and third parties linked to the supply chain, which are weighed with some level of criticality according to the company's risk management.

The company must establish a documented procedure that defines the methodology for the selection and

periodic review of its business associates, in accordance with its ability to meet the security requirements related to the supply chain. This should include:

- a) The level of criticality based on risk management.
- b) Evidence of the BASC certification (for example: certificate authenticity, number, validity, etc.) or in its absence, maintain evidence of other certifications or security initiatives in force and internationally recognized. In case of not having security certifications or initiatives in accordance with the services provided, the company must sign security agreements based on risk management.
- c) Compliance with security agreements (second party audits or other formal verification method). The frequency will depend on the level of criticality. The corresponding corrective actions must be managed to ensure the monitoring of the results of said verification. In the event that it is not feasible to formalize a security agreement, the company must establish operational controls to manage the related risks.
- d) An updated list of business associates.

2.2 Prevention of money laundering and terrorist financing

1.2.1 The procedure for business associate selection should include prevention criteria such as:

- a) Knowledge of its business associates, identity, and the legality of the company and its partners.
- b) Legal, criminal, and financial background.
- c) Monitoring of its operations (economic activity, origin of its revenues, characteristics of its operations, other clients, contract fulfillment and age in the market).
- d) Timely report to the competent authorities when suspicious transactions are identified.
- e) Membership verification in unions or associations.

1.2.2 You should consider at least the following factors for identifying suspicious transactions:

- a) Origin and destination of the trade operation.
- b) Frequency of operations.
- c) Value and type of merchandise.
- d) Transportation method.
- e) Transaction payment method.
- f) Inconsistencies in the information provided by business associates.
- g) Unusual requirements.

Note: In order to report the suspicious transaction, it is not necessary to be certain that it is a criminal activity, nor to identify the type of crime or that the resources involved come from such activities. This report must be made to the competent authorities of each country.

3 SECURITY IN CARGO INFORMATION MANAGEMENT PROCESSES

Clarifications: Cargo information is understood to mean the set of elements that provide evidence of its traceability.

3.1 Information processing and cargo documents

The company must:

- a) Ensure the coherence of the information transmitted to the authorities, according to the information recorded in the operation documents, with respect to: supplier, consignee, name and address of the recipient, weight, quantity and unit of measure (i.e. boxes, cartons or others), and detailed description of the cargo.
- b) Ensure that the information used in the release of goods and cargo is legible, complete, accurate, and protected against modifications, loss, or introduction of erroneous data.
- c) Maintain a policy of signatures and seals that authorize the different cargo handling processes.
- d) Maintain records evidencing the traceability of the cargo.

3.2 Cargo discrepancies

There must be a documented procedure to investigate and solve all cases of missing or leftovers and other cargo discrepancies or anomalies and to timely notify the competent authorities.

4 SECURITY IN STAFF PROCESSES

Clarifications: Direct employees, subcontracted personnel, and temporary staff are understood as personnel.

4.1 Personnel management procedure

The company must have a documented procedure, in accordance with the legislation that regulates the following activities:

3.1.1 Verify before hiring:

- a) Information provided by the candidate.
- b) Labor and personal references.
- c) Background.

3.1.2 Selection and contracting:

The company must:

- a) Verify their competencies.
- b) Apply tests to detect the consumption of alcohol and illicit drugs to personnel who will occupy critical positions.
- c) Maintain an updated photographic archive of staff and include a fingerprint record and signature.
- d) Control the delivery and use of work items, identification, and uniforms when they have company IDs.
- e) Consider in the induction process the elements described in section 3.2.

The company should:

- f) Conduct a home visit to staff who will occupy critical positions, based on risk management and local regulations.
- g) Apply a reliability test to personnel who will occupy critical positions.

3.1.3 Staff Maintenance:

The company must:

- a) Update personnel data at least once a year.
- b) Verify the background of personnel in critical positions, at least once a year.
- c) Apply tests to detect the consumption of alcohol and illegal drugs at random, maximum every two years and when suspicions occur.
- d) Maintain an addiction prevention program.
- e) Maintain a corruption and bribery risk prevention program.

The company should:

- e) Conduct a home visit to personnel in critical positions, based on risk management and local regulations, maximum every two years.

3.1.4 Termination of employment relationship:

The company must:

- a) Withdraw identification, uniforms and assets based on the records generated by their delivery.
- b) Eliminate access to computer systems and facilities.

The company should, in accordance with risk management:

- c) Communicate to the interested parties the disconnection of the collaborator.

Note: When there is a change in the position of a collaborator, the elements described in the hiring process must be taken into account.

4.2 Training program

The company must have an annual training program that includes at least:

- a) CSMS BASC policies (see BASC 4.2), information management (see 5.1), signatures and stamps (see 2.1.c), etc.
- b) Risk management, operational controls, preparation, and response to events.
- c) Compliance with legal requirements related to their functions.
- d) Impact of individual activities on compliance with process effectiveness indicators.
- e) Application of the CSMS BASC procedures.
- f) Prevention of addictions to alcohol, drugs, games, and others, including visible notices and reading material.
- g) Corruption and bribery prevention practices.
- h) Money laundering and terrorist financing.
- i) Internal conspiracy prevention practices and suspicious activities.

5 ACCESS CONTROL AND PHYSICAL SECURITY

5.1 Access control and storage in the facilities

Clarifications: Access control to the facilities to prevent unauthorized entry, maintains control of employees, visitors and protects the company's assets.

The company must have a documented procedure that includes the following activities:

4.1.1 Employee Access:

- a) Identify your employees.
- b) Control access to the facilities.

- c) Limit access to assigned areas.

4.1.2 Access to visitors, contractors, and third parties:

- a) Present a valid official photo ID.
- b) Keep a record of entry and exit.
- c) Request authorization for admission.
- d) Deliver a controlled temporary identification.
- e) Ensure that visitors are accompanied or controlled by company personnel.
- f) Limit access to assigned areas.

4.1.3 Inspect mail and packages received before distributing them, keeping a record that includes intermediaries and intended recipients.

4.1.4 Operational control in facilities that includes:

- a) Display the card or temporary ID in a visible place, under the applicable industrial security regulations.
- b) Identify and remove unauthorized persons.

5.2 Physical security

Clarifications: Physical security refers to the protection measures of the facilities where critical processes are carried out.

4.2.1 The company must implement and maintain:

- a) Perimeter structures and barriers that prevent unauthorized access.
- b) Door and window locks.
- c) Alarm systems that identify unauthorized access.

4.2.2 The company must establish and document:

- a) Floor plans with the location of the critical areas in the installation.
- b) Periodic inspections and repairs to maintain the integrity of the perimeter barriers and structural integrity.
- c) Control of keys, devices, and access codes.
- d) Periodic inspection and repair of emergency systems.

Note: The physical security elements must comply with risk management.

4.2.3 The company should implement and maintain in accordance with its risk management:

- a) CCTV systems monitored by competent personnel 24 hours a day.

- b) Image and video backup systems (recordings) with sufficient storage capacity to respond to possible events.

4.2.4 The company should have a competent security service in accordance with legal requirements and that guarantees a timely response.

6 SECURITY IN PROCESSES RELATED TO TECHNOLOGY AND INFORMATION

Clarifications: Information security is considered any of the measures and controls established by the company to maintain the integrity, confidentiality, and availability of documentation, records and evidence related to the CSMS.

6.1 Information

The company must establish and implement:

- a) A policy to prevent the disclosure of confidential information.
- b) A policy for use of computer resources.

6.2 Information technology security

The company must:

- a) Establish a documented policy or procedure to manage computer security that allows identifying, protecting, and recovering information.
- b) Use individually assigned accounts and each user who accesses the system must have their own access credentials and maintain passwords; These should be changed periodically.
- c) Periodically review the access permissions assigned to users.
- d) Prevent the installation of unauthorized software.
- e) Implement and maintain software and hardware that protects information from computer threats (viruses, unauthorized access and the like).
- f) Have back-up copies of sensitive information, one of which must be stored off-site securely based on risk management.
- g) Eliminate access to information to all collaborators and external users at the end of their contract or agreement.
- h) Maintain an updated registry of users and access codes.
- i) Close / block the session on unattended computers.

The company should:

- j) Prohibit the connection of personal peripheral devices (smartphones, MP3 players, USB sticks, etc.) to any device that is connected to the computer network. USB ports should be disabled by default.

Annex 3: Checklist - Internal Audit of the BASC V5-2017 International Standard for the Malo y Arízaga Consortium - COMAR CIA.LTDA

INITIAL DIAGNOSIS CSMS BASC

BUSINESS: CUSTOMS AGENT *MALO Y ARÍZAGA CONSORTIUM* COMAR-CIA.LTDA

SCOPE CSMS BASC: INITIAL DIAGNOSIS - INTERNAL AUDIT BASC V5-2017 STANDARD

DATE CARRIED OUT: 11/28/2019

AUTHOR OF THE DIAGNOSIS CARLOS CÁRDENAS PALACIO

NC: DOES NOT COMPLY / IP: IN IMPLEMENTATION PROCESS (Partially complies) / CU: 100% COMPLIES / NA: Does not apply to the company.
(Mark the corresponding status within the CSMS BASC standard with an X)

No.	V5 - 2017 INTERNATIONAL STANDARD	NC	IP	CU	NA	FINDINGS ON DATE OF DIAGNOSIS	ACTIONS TO IMPLEMENT
1	4. COMPANY CONTEXT						
1.1	Has the company performed the external analysis or context in which the company operates?		x			The company is constantly aware of the analysis of the environment in which it is located and what situations may benefit or be affected but does not have a written procedure or formal analysis in a given period.	Develop a documented procedure in which the external context of the company is updated at least once a year.
1.2	Does the company have an internal analysis detailing its strengths and weaknesses?			x		The company has a SWOT analysis that details the main strengths, opportunities, weaknesses and threats that the company has.	Update the company SWOT at least once a year to keep the company profile of strengths and weaknesses up to date.

1.3	Does COMAR CIA.LTDA have an analysis of the needs and expectations of company stakeholders?	x			It is clear to the company what the needs and expectations of interested parties are in their processes; however, it still does not have a documented procedure.	Prepare a documented and updated analysis of the needs and expectations at least once a year for interested parties at that moment.
1.4	Has COMAR CIA.LTDA determined the scope of BASC certification in your company's processes?	x			The company has not yet defined the scope of the BASC certification within its operation.	Prepare an analysis of the scope that BASC certification will have in the procedures of COMAR CIA.LTDA
1.5	Does the company have a process map?		x		The company knows expressly and clearly, but informally, how the processes work in the actions of the company but does not have a documented procedure.	Prepare a documented process map, with all the details of the operations and decision making, in turn, share it with the entire company.
2	5. LEADERSHIP					
2.1	Does the company have an established management and security management policy?		x		The company, by law, must manage the company procedures with practical controls and security, but it does not have a formalized management and control policy.	Develop a documented management and security control policy, focused on all company processes.
2.2	Has the policy been shared and communicated to staff and stakeholders?	x			The company's staff has been trained in control and safety aspects, as well as interested parties. However, they do not have a formal policy	With the control and security policy established, share it with personnel, stakeholders, and physically place it in an easily visible part of the company.
2.3	Has the company established, documented, and monitored the objectives of the CSMS BASC?	x			The company does not yet have detailed information on the objectives that the CSMS BASC seeks and has not yet implemented them.	Establish and document the objectives that COMAR CIA.LTDA expects to obtain with the CSMS BASC.
2.4	Has the company appointed managers or internal leaders and auditors of the CSMS?	x			The company does not yet have the BASC certification, so it has not appointed leaders or internal auditors of the CSMS BASC.	Appoint the internal auditor of COMAR CIA.LTDA for the implementation of the CSMS BASC.
3	PLANNING					

3.1	Has the company identified, analyzed and evaluated the risks of the different company processes, established operational controls, and effective responses, monitoring, reviews and communications for these events?	x				The company always analyzes the risks that the company may be facing and carries out controls and monitoring but does not have formal parameters to perform these analyzes.	Prepare and document a risk management manual for the different processes of the company and share it with the company's personnel.
3.2	6.2 LEGAL REQUIREMENTS: The company has a documented and updated procedure that has identified the legal requirements required by the CSMS BASC	x				The company complies with the legal requirements demanded by the national customs authority but has not set out to comply with those required by CSMS BASC.	Develop a protocol specifying the legal requirements that COMAR CIA.LTDA has to comply with for implementing the CSMS BASC.
4	7. SUPPORT						
4.1	The company has budgeted and identified personnel as responsible for the implementation of the CSMS BASC,	x				Not having the BASC certification, the company has not yet thought about the most suitable staff member for the CSMS BASC implementation.	Make the budget for the CSMS BASC implementation in the company and appoint staff for COMAR CIA.LTDA that will be responsible for the implementation.
4.2	Does the company have the necessary infrastructure for operational controls?		x			The company by law must have at the time of operation controls, the safety material (Helmet, Vest, Identification), but only has that material.	Implement the rest of the necessary material (hardware, software, electrical safety, etc.) to have the necessary operational infrastructure at the time of the controls.
4.3	Is there a documented management process in the company that identifies its policy, objectives, control and safety manual, procedures and records?	x				The company does not have a documented, formalized control and security policy, or objectives and manuals, but they are managed through the experience of the staff.	Develop a protocol in which the company's security policy, security system objectives, and control manual and records for procedures are jointly identified.
4.4	Does the company have policies and procedures for the control of documents and records?			x		The company must have by law the records of the processes that it carries out, in order to have these procedures documented.	Officially document the procedures for control and registration and deliver them to each staff member to improve control and document records.
5	8. PERFORMANCE ASSESSMENT						

5.1	Does the company have CSMS BASC measurement, analysis, and evaluation systems?	x				The company does not yet have the CSMS BASC, has not performed measurement, analysis and evaluation systems of this system.	Develop a CSMS BASC measurement, analysis, and evaluation system within the company COMAR CIA.LTDA
5.2	Has the company established documented procedures to perform internal audits in a planned manner in accordance with the CSMS BASC?	x				The company does not yet have the CSMS BASC and has not established the procedures for conducting CSMS BASC internal audits.	Develop a documented protocol for conducting CSMS BASC internal audits in the company COMAR CIA.LTDA
5.3	Has the company identified and trained personnel to fulfill the role of CSMS BASC internal auditors?	x				The company does not yet have the CSMS BASC, has not defined which staff member will be the CSMS BASC internal auditor.	Perform the COMAR CIA.LTDA staff training that will serve as CSMS BASC internal auditor in the company.
5.4	Has the company documented and communicated the audit reports to the personnel involved?	x				The company does not yet have the CSMS BASC, has not performed internal audits, so no report has been sent to the personnel involved.	Carry out a communication protocol to the COMAR CIA.LTDA staff, with the results of the audit reports.
6	9. IMPROVEMENT						
6.1	Does the company have an action and measurement plan focused on continuous improvement, which will allow them to overcome the deviations and nonconformities found during CSMS BASC internal and external audits?	x				The company does not have the BASC certification, so it has not been analyzed the improvements that can be made through the internal and external CSMS BASC audits.	Develop a protocol with actions and measures focused on the continuous improvement of the CSMS BASC in the COMAR CIA.LTDA processes.
6.2	Has management performed reviews of the CSMS BASC on a regular, planned, and documented basis, focusing on compliance with agreements, changes in the internal and external context, risk analysis, compliance with objectives, indicators, and audit reports?	x				The company does not have the BASC certification, and therefore has not carried out reviews of the development of the CSMS BASC within the company, since it has not yet implemented it.	Performing periodic and updated reviews of the CSMS BASC for compliance within COMAR CIA.LTDA.

Annex 4: Checklist - Internal Audit of the BASC 5.0.2 V5-2017 International Standard, for the Malo y Arízaga Consortium - COMAR CIA.LTDA

INITIAL DIAGNOSIS CSMS BASC

BUSINESS:

MALO Y ARÍZAGA CONSORTIUM COMAR-CIA.LTDA CUSTOMS AGENT

CSMS BASC SCOPE :

INITIAL DIAGNOSIS - STANDARD INTERNAL AUDIT V5 5.02 - 2017

DATE CARRIED OUT:

11/28/2019

AUTHOR OF THE DIAGNOSIS

CARLOS CÁRDENAS PALACIO

NC: DOES NOT COMPLY / IP: IN IMPLEMENTATION PROCESS (Partially complies) / CU: 100% COMPLIES / NA: Does not apply to the company.
(Mark the corresponding status within the CSMS BASC standard with an X)

No.	STANDARD 5.02 V05- 2017 - COMPANIES WITH AN INDIRECT RELATIONSHIP WITH CARGO AND CARGO TRANSPORTATION UNITS	NC	P	CO	NA	FINDINGS ON THE DATE OF DIAGNOSIS	ACTIONS TO IMPLEMENT
1	BUSINESS ASSOCIATES						
1.1	Does the company have written procedures that establish the policies to follow for the selection and verification of business associates, in accordance with its ability to meet the security requirements related to the supply chain?	x				The company practices this verbally and uses references from other companies and how they handle the procedures. However the company doesn't have formal procedures to select their business associates.	Develop a protocol for the selection of business associates.
1.2	Does the company have a documented procedure that contains the data of its business associates, its background and how to carry out its operations?		x			The company only carries out a review through the background search performed by the Superintendence of Companies, Risk Center, etc.	Prepare a protocol or a template, which details the data to be investigated on the background of its business associates.

						through electronic means, but does not have a documented procedure.	
1.3	Does the company have a documented procedure to inform the competent authorities in case of suspicious operations of its business associates?	x				The company, in case of suspicion, notifies the competent authorities, but does not have a documented procedure on what situations should be reported, but only if the occasion arises.	Prepare a documented protocol detailing what kind of suspected situations should be reported to the competent authorities.
2	CARGO SECURITY INFORMATION						
2.1	Does the company have a documented procedure that guarantees the veracity of the information transmitted to the competent authorities in the cargo documents?			x		The customs authority requires the presentation of all the necessary cargo documents to carry out the dispatches, so the company must necessarily have the documents verified and sent through the electronic customs platform and the documents via physical means.	Prepare a protocol or template with a checklist so that the company's personnel make a checklist with all the documents submitted to the customs authority, facilitating their review.
2.2	The company maintains a policy of signatures and seals that authorize the different cargo handling processes and demonstrates their traceability			x		By law, the customs authority requires customers to authorize the company to perform the procedures through the digital customs platform. Without this authorization and electronic signature, the company cannot carry out the procedures on behalf of its clients.	As a backup, have a physical document that supports the business relationship of the company with its associates, with the signature of both parties.
2.3	Does the company have a documented procedure in which it is possible to investigate and solve any anomaly with the load, and can notify the competent authorities?	x				There is no documented procedure to investigate anomalies with the load and a manner in which to notify the authorities.	Develop a documented protocol that specifies the type of anomalies that may occur with the cargo, and the procedure for notifying the competent authorities.
3	STAFF SECURITY						
3.1	Does the company have a documented procedure for the selection, hiring, maintenance, and termination of employees?	x				The company makes the public appeal or through referrals for the presentation of resumes, but doesn't have a documented procedure for the selection and hiring of staff.	Develop a documented protocol detailing the requirements of the company's personnel in

							each vacancy, to quickly and efficiently review the profile of the needed worker.
3.2	Is the verification of references and background of the personnel done before hiring?			x		The company verifies the background of all personnel, by consulting previous workplaces.	Develop a protocol that contains the guidelines for requesting background and references of the newly staff hired.
3.3	Are periodic background checks performed on personnel who occupy critical positions?	x				Periodic checks are not performed, only the review at the beginning of employment.	Prepare and incorporate a protocol that details how to perform periodic background checks of personnel in critical company positions.
3.4	Are tests done to detect alcohol and drug use?	x				This type of testing is not done to company personnel.	Incorporate drug and alcohol tests to employees, as a requirement to start employment in the company.
3.5	Does the company conduct a home visit to personnel who will occupy critical positions, based on risk management and local regulations?	x				There is no home visit to the mentioned personnel.	Make home visits at least once a year to staff who occupy critical positions.
3.6	Does the company have a staff induction program?			x		An approximately 1 week process of adaptation and induction for new staff is carried out.	Prepare a protocol detailing the main activities that should be carried out in the induction of new company personnel.
3.7	Does the company have a procedure to constantly review personnel data at least once a year?			x		The company conducts an annual review of personnel data and repeatedly assess their situation within the company.	As a backup, implement an annual meeting with staff to assess data and behavior and their present and future situation in the company.
3.8	Does the company have a system for identifying employees?			x		The company has identification material for the main office staff (Vest, Safety Vest, Helmet)	Carry out a constant check of the identification materials used by the company's personnel.

3.9	Does the company have a personnel file with recent photographs?			x		For some reason, every year management asks that the resume of all company personnel be updated.	Annually update photograph of all company personnel with the IDs.
3.10	Do staff, visitors, and suppliers use an ID in a visible place?			x		The company personnel are required by law and customs authority regulations to use their IDs at all times.	Have backup IDs in all staff work spaces.
3.11	Does the company have procedures to inform all staff about security policies and standards?			x		The customs authority requires by law that personnel of this type of companies have training in security standards for the handling of information and cargo.	Conduct constant training year after year on safety issues to keep staff trained and updated in the event of any need.
3.12	Have administrative sanctions been defined in case of breach of security measures?			x		The customs authority requires that if the safety regulations, such as carrying security, IDs or other equipment are not met, the company cannot carry out the clearance of merchandise.	Develop a protocol so that personnel make a checklist for reviewing all of the necessary safety equipment before going to any customs process.
3.13	Does the company have an induction program and staff training on security aspects and possible threats?			x		The initial training of agents and customs assistants and workers on security and threat issues is mandatory.	Provide for the completion of at least 1 annual training program on safety aspects within the company.
3.14	In case of termination, does the company have a procedure to remove the ID and delete the records of former employees? As well as a process of communication to interested parties about the terminated employee?			x		The company requests the credentials from the workers at the end of employment and the elimination of users within the company system.	Perform a protocol with a checklist for reviewing the delivery of all credentials, users IDs, and personnel records of terminated employees.
4	ACCESS SECURITY AND PHYSICAL FACILITIES						
4.1	Does the company have a documented procedure that controls access to the facilities of its employees and company staff?			x		The company controls the entry of staff under the entry time register, but does not have a formalized procedure	Prepare a protocol and manual specifying the hours of staff entry and how to mark the entry and exit of the company's offices.

4.2	Does the company have a documented procedure that establishes the way to grant access to visitors, contractors, and third parties?	x				The company does not have a documented procedure of reviewing data and third-party documents upon entering the company's facilities.	Develop a protocol detailing how to grant access to visitors, contractors, and third parties.
4.3	Does the company have a documented procedure to inspect mail and packages that arrive at the company before distributing them?	x				The company does not perform any procedure to inspect the mail or packages, since it receives the packages with messengers from its own customers.	Develop a protocol on how to inspect the mail and packages that arrive at the company regardless of the sender, be it a customer or a third party.
4.4	Does the company require its staff and collaborators to always have their ID in a visible place, as per security regulations?			x		By law, agents and their customs assistants must carry visible identification in order to carry out their work activities.	Keep the IDs updated year after year for each employee and carry out a constant review of the personnel carrying these ID cards.
4.5	Has the company implemented structures to prevent unauthorized access, as well as a security system with an alarm to identify unauthorized persons?			x		The company has a security system to protect the company's facilities.	Document the operation of the security system and assign responsibilities in the monitoring and surveillance of the facilities.
4.6	Does the company have a documented procedure that specifies the facilities floor plan with their specified areas, as well as the access control to the facilities and emergency systems inspections?			x		The company has a plan that specifies all the facilities, signaling and emergency exits, as well as the evacuation processes in the case of the need.	Train someone on the risk management issues to be in charge of company security and emergency situations.
4.7	Does the company have a surveillance system monitored by competent image and video personnel to protect the facility security?	x				The company does not have surveillance systems in its facilities.	Implement an essential video and surveillance system to increase the security of the company.
4.8	Does the company have a competent security service and according to the legal requirements, a timely response in case of a security breach?		x			Being a shared building with other offices, they have shared guards to protect the facilities throughout the office building.	Develop a selection protocol or recommend a security company that meets the security requirements of the company.
5	PROCESS SECURITY WITH TECHNOLOGY AND INFORMATION						

5.1	Has the company established a policy for the protection of confidential information and how to use computer resources?			x		The company has policies and procedures on how to safeguard data and confidential information.	Design a manual of computer operations for workers so that in case of doubt about how to store a document, they can have a reference for how to safeguard the information.
5.2	Does the company have a documented procedure for managing computer security to identify, protect, and retrieve information?			x		The company's internal policy is to safeguard the information and keep it secure for retrieval when the information is needed for security.	Implement an extra encryption for the security processes, for particularly confidential documents that only company personnel with the same access will have, to protect the security and information.
5.3	Does the company use individually assigned accounts, track the access that each user makes to the system, and also reviews periodically the access history?			x		The company grants individual access to each member of the company's staff and the access codes are periodically updated under management supervision.	Prepare a protocol detailing the general and specific accounts of each employee and what actions are allowed within each session.
5.4	Has the company implemented software and hardware that protects information from computer threats (viruses, unauthorized access and the like)?			x		The company has security software that protects the customs declarations of the company's customers and all their backups.	The company is backed by the company's e-ComEx 360 software to protect security. It is recommended to renew the this software annually.
5.5	Does the company have backup copies of sensitive information and a copy stored safely outside the premises?	x				The company has digital and physical backup copies of company documents and customer but it has no external backups.	Implement an external backup of important company and customer documents and have a backup for any situation.
5.6	Does the company eliminate access to information from collaborators and external users at the end of their contract or agreement?			x		The company deletes all employee records when the contract or agreement is terminated.	Prepare a protocol with a checklist to make sure that all the collaborator information is eliminated at the end of their contract.

5.7	Does the company maintain an updated registry of users and access codes?			x		The company does keep an updated record of users and their passwords created in the company's network.	Develop a protocol for managing keys and personnel access, differentiating between general access and restricted access.
5.8	Does the company prohibit the connection of personal peripheral devices (smartphones, MP3 players, USB sticks, etc.) to any device connected to the computer network?	x				The company does not prohibit its employees from connecting peripheral devices.	Limit the use of certain peripheral devices to its employees and a total prohibition for third parties.