Ministry
of Defence

WATERGUARD

Compliance with HMRC Regulations and Assets Subject to Special Control (ASSC)

Programme Requirement

- The Department has not been fully compliant with Her Majesty’s Revenue and Customs (HMRC) regulatory requirements for the export and re-import of military equipment, nor with the reporting of Assets Subject to Special Control (ASSC) procured under Foreign Military Sales agreements or assets exported under Foreign Export Control Regulations such as the International Traffic in Arms Regulations (ITAR) and Defence Trade and Cooperation Treaty (DTCT)

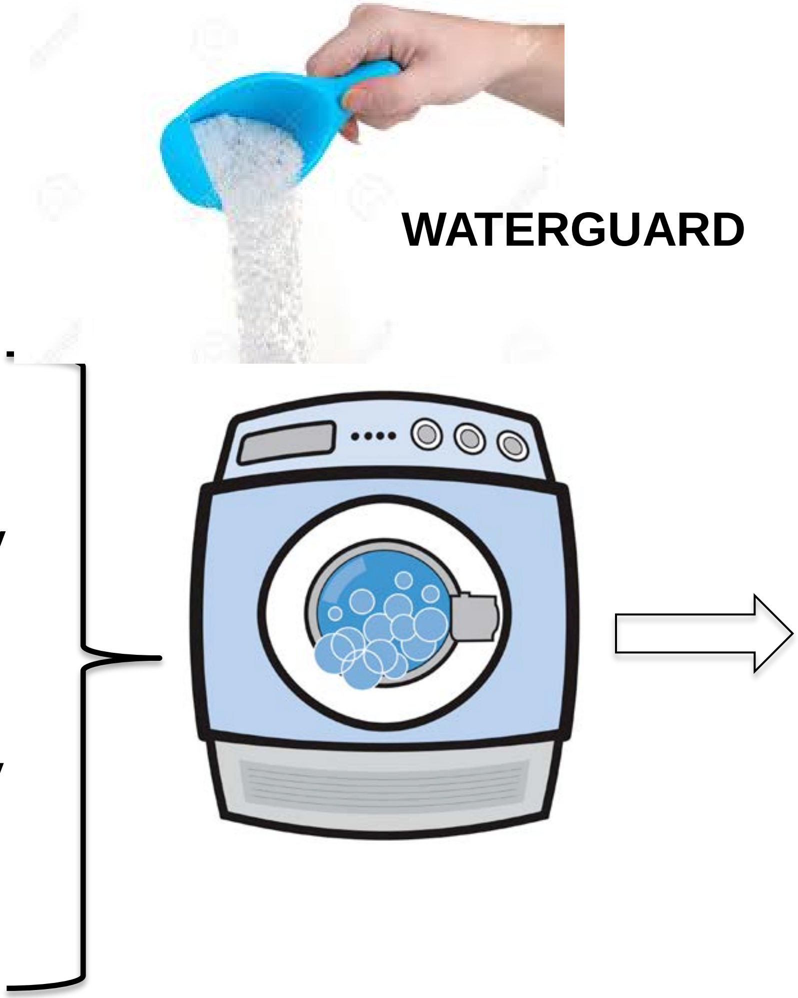
- There is a **reputational**, **programmatic** and **financial** risk of non-compliance with HMRC regulations and the inability to report on ASSC

- Programme WATERGUARD has been set up to address the MOD’s compliance with these requirements

Mission Statement

‘To enable the Department to be tax efficient and compliant with HMRC Regulations, EU law and the reporting of ASSC’

Compliance - How ?



WATERGUARD

HMRC Requirements

ASSC Requirements

Current Logistic Policy and Process

Current Commercial Policy and Process

Current Finance Policy and Process

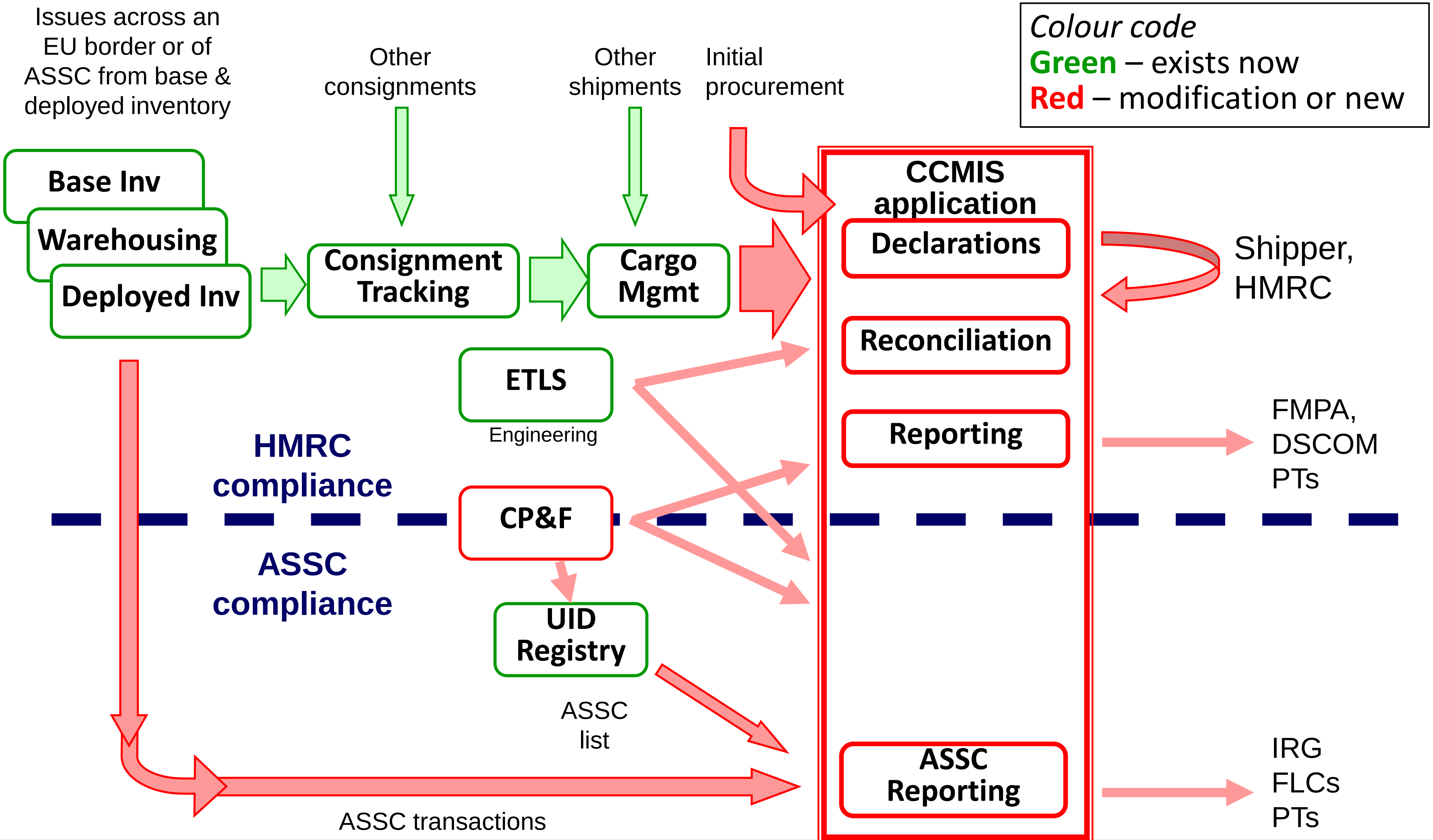
Current Engineering Policy and Process

Coherent Policy and Process across the Defence Authorities and supporting IS

Compliance - How ?

- Update Policies / write new Policies when required;
- Make sure that Customs and ASSC Compliance Policy is coherent across the functional areas of Logistics, Commercial, Finance;
- Deliver changes to MoD Information Systems to enable better use of information;
- Reconcile Imports to Exports to enable the MoD to claim Returned Goods Relief;
- Report on compliance performance.

WATERGUARD Capability



Colour code
Green – exists now
Red – modification or new

Issues across an EU border or of ASSC from base & deployed inventory

Other consignments

Other shipments

Initial procurement

Base Inv

Warehousing

Deployed Inv

Consignment Tracking

Cargo Mgmt

CCMIS application

Declarations

Shipper, HMRC

Reconciliation

ETLS

Engineering

Reporting

FMPA, DSCOM PTs

HMRC compliance

CP&F

ASSC compliance

UID Registry

ASSC list

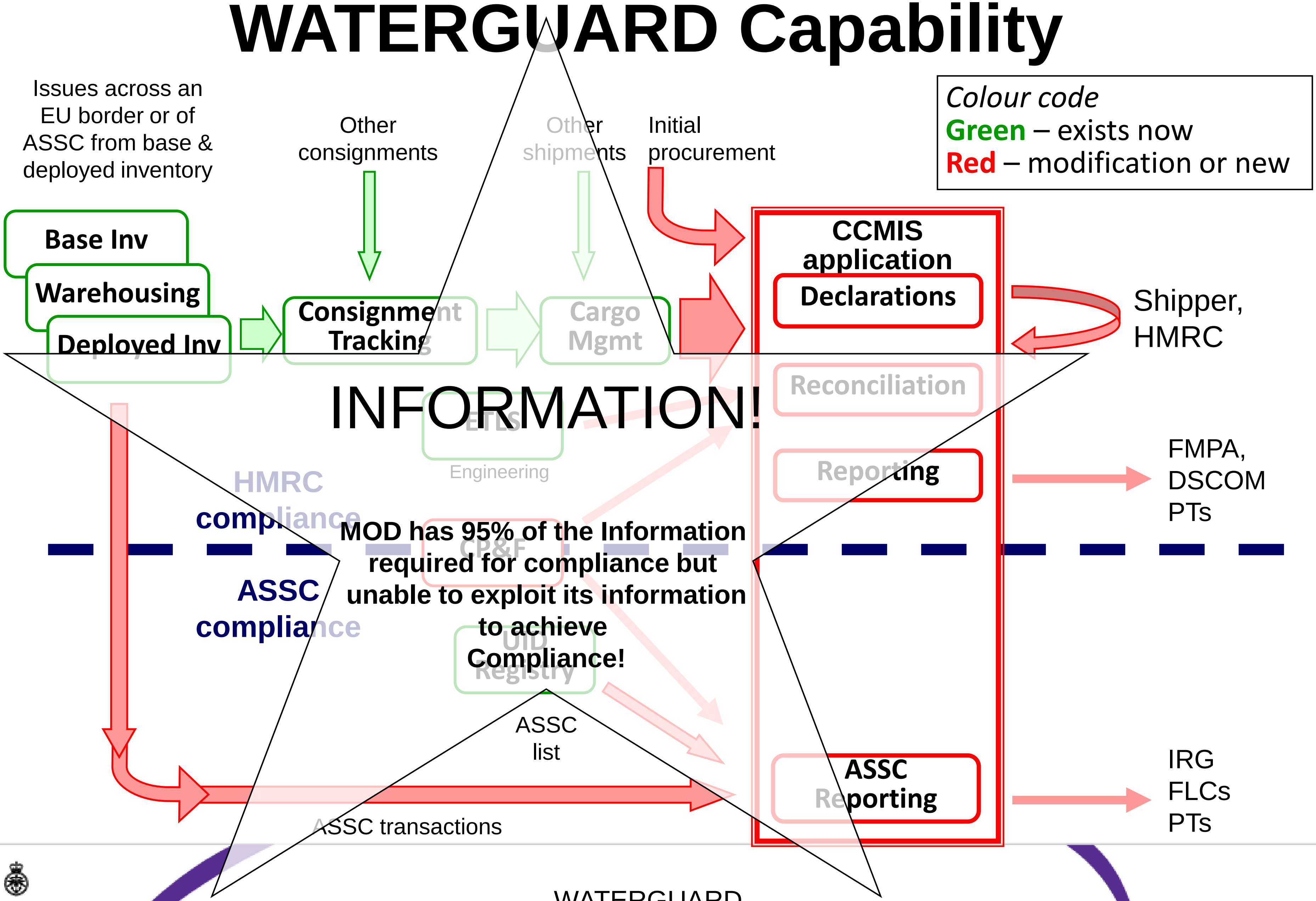
ASSC Reporting

IRG FLCs PTs

ASSC transactions

WATERGUARD Capability

Colour code
Green – exists now
Red – modification or new



Issues across an EU border or of ASSC from base & deployed inventory

Other consignments

Other shipments

Initial procurement

Base Inv

Warehousing

Deployed Inv

Consignment Tracking

Cargo Mgmt

CCMIS application

Declarations

Reconciliation

Reporting

ASSC Reporting

Shipper, HMRC

FMPA, DSCOM PTs

IRG FLCs PTs

ETLS

Engineering

HMRC compliance

CP&F

ASSC compliance

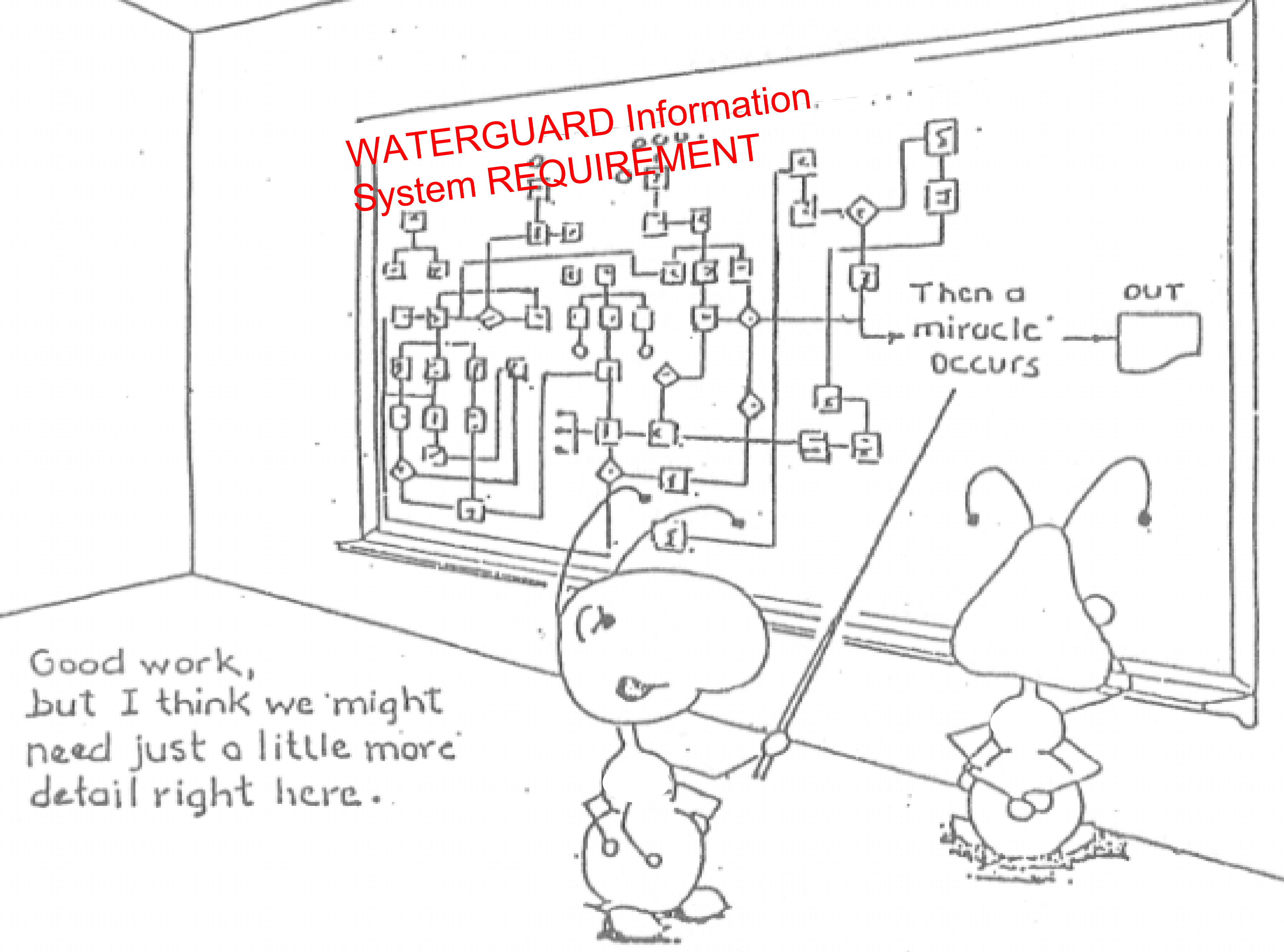
UID Registry

ASSC list

ASSC transactions

INFORMATION!

MOD has 95% of the Information required for compliance but unable to exploit its information to achieve Compliance!


WATERGUARD Information System REQUIREMENT
Then a miracle occurs
OUT
Good work, but I think we might need just a little more detail right here.

Ministry
of Defence

Assets Subject to Special Control (ASSC)
And
WATERGUARD engagement with UKCeB

ASSC (ITAR)

Why:

- MOD does not recognised the Extra-Territoriality of the US Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR).

However:

- UK Defence Industry **MUST** be compliant with these laws and Implementation arrangements or face administrative and financial penalties.

Therefore:

- MOD **WILL** work as a trusted partner to identify the information and asset control requirements as of a member of UK TEAM Defence to minimise the risk of any US regulated violations from occurring.

ASSC and JIG

- WATERGUARD has been working with Industry through the Joint Information Group, Secure Information Sharing (JIG SIS), Export Control and Support to WATERGUARD work stream since Step 6;

- This work is supported and facilitated through the UKCeB;

- To develop joint understanding and ways of working, covering areas such as:

  - Business Operating Processes;

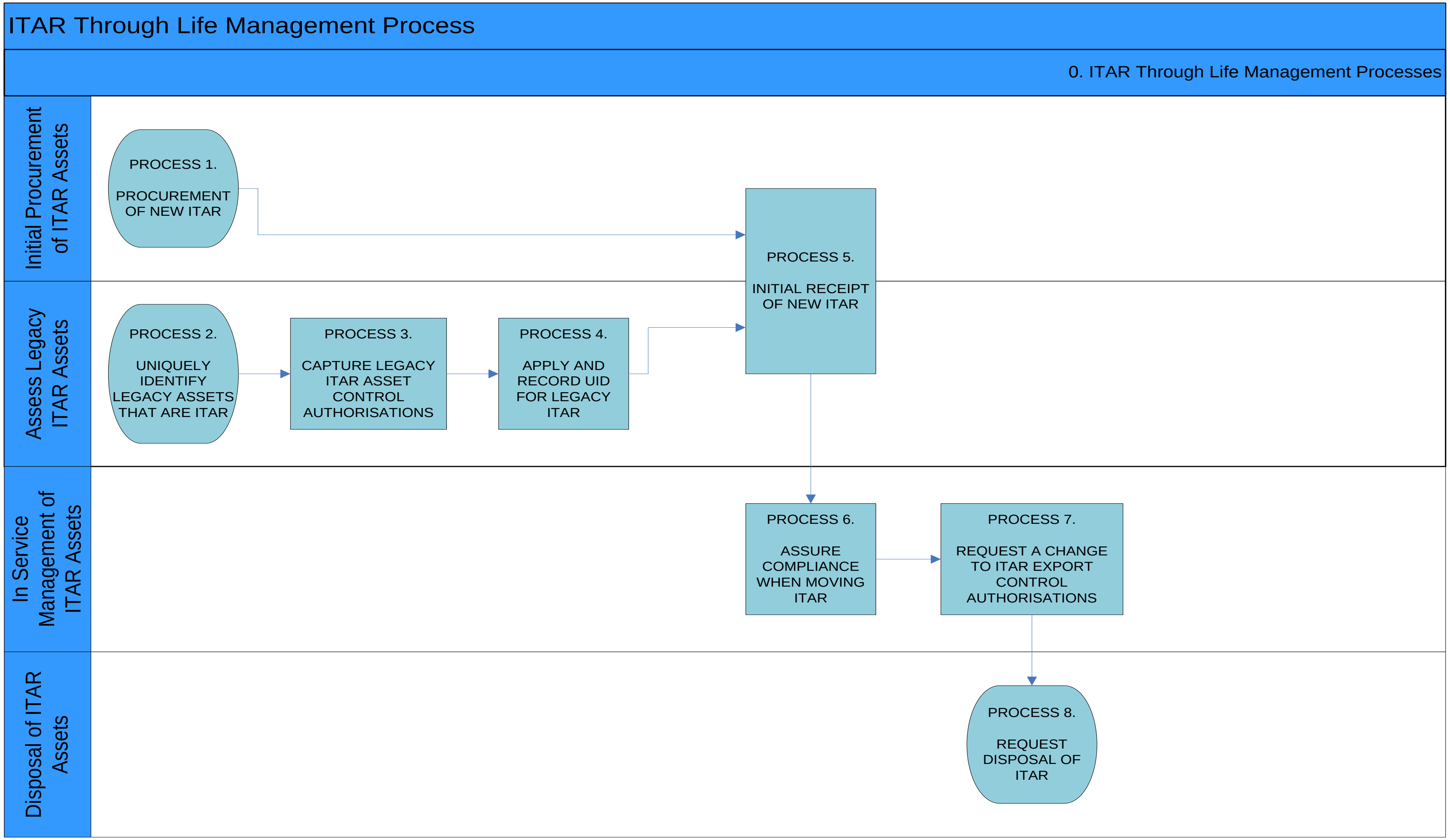
  - Information Exchange Requirements;

  - Regulatory Definitions and Impacts.

ASSC and UKCeB

- To ensure end-to-end compliance, WATERGUARD and its information access and control requirements have been included in the:
  - SIS Identification and Access Management workstream (IdAM);
- Through this, the WATERGUARD requirement is being used as a test case within the IdAM work being conducted under the remit of the MOD Submarines Operating Centre;
- This will exploit the output from this workstream and ensure that the requirements of Intangible ASSC Asset are understood and met

TLM Business Processes



ITAR Through Life Management Process

0. ITAR Through Life Management Processes

Initial Procurement of ITAR Assets

PROCESS 1.

PROCUREMENT OF NEW ITAR

PROCESS 5.

INITIAL RECEIPT OF NEW ITAR

Assess Legacy ITAR Assets

PROCESS 2.

UNIQUELY IDENTIFY LEGACY ASSETS THAT ARE ITAR

PROCESS 3.

CAPTURE LEGACY ITAR ASSET CONTROL AUTHORISATIONS

PROCESS 4.

APPLY AND RECORD UID FOR LEGACY ITAR

In Service Management of ITAR Assets

PROCESS 6.

ASSURE COMPLIANCE WHEN MOVING ITAR

PROCESS 7.

REQUEST A CHANGE TO ITAR EXPORT CONTROL AUTHORISATIONS

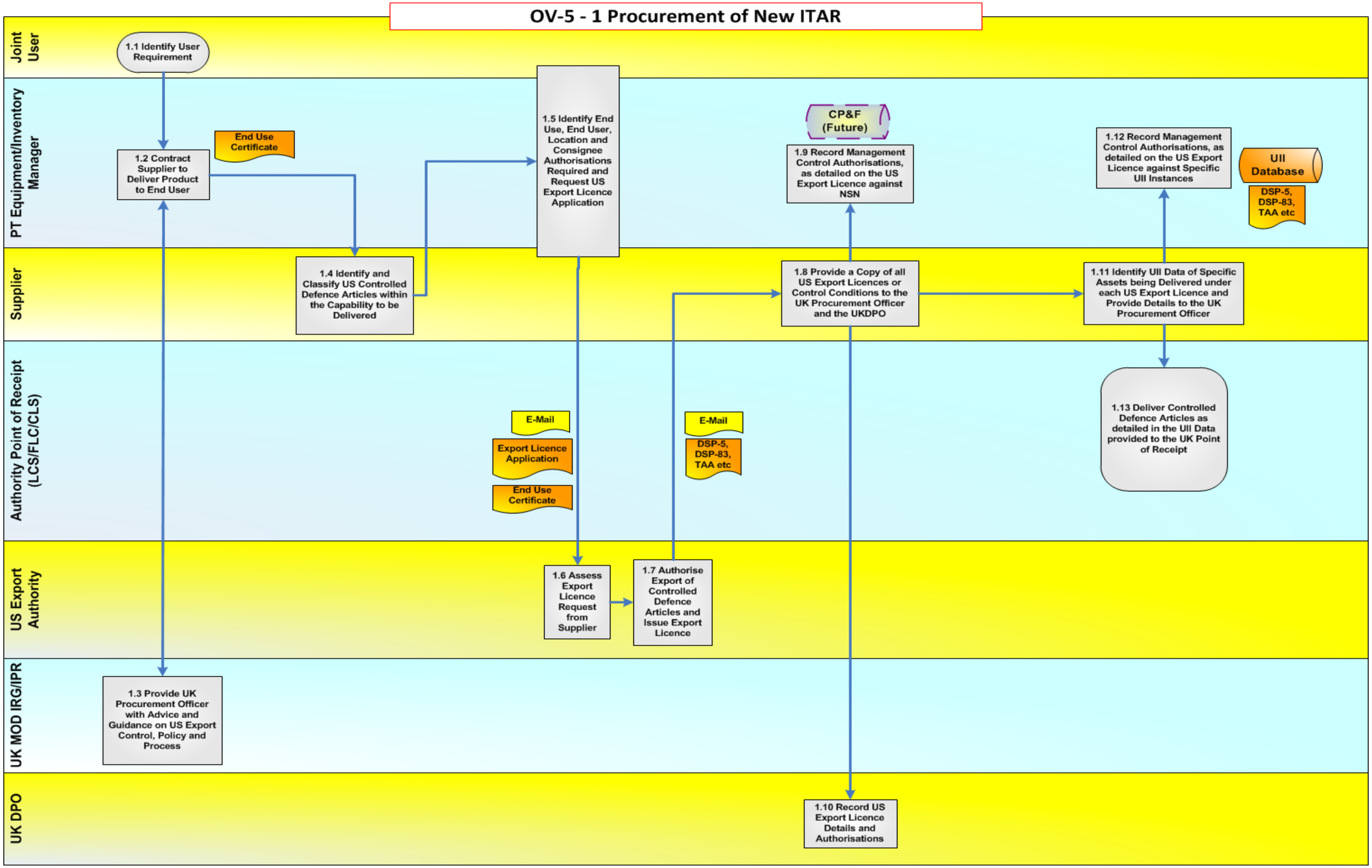
Disposal of ITAR Assets

PROCESS 8.

REQUEST DISPOSAL OF ITAR

Ministry of Defence

TLM Business Processes



OV-5 - 1 Procurement of New ITAR

Joint User

1.1 Identify User Requirement

PT Equipment/Inventory Manager

1.2 Contract Supplier to Deliver Product to End User

End Use Certificate

1.5 Identify End Use, End User, Location and Consignee Authorisations Required and Request US Export Licence Application

CP&F (Future)

1.9 Record Management Control Authorisations, as detailed on the US Export Licence against NSN

1.12 Record Management Control Authorisations, as detailed on the US Export Licence against Specific UII Instances

UII Database

DSP-5, DSP-83, TAA etc

Supplier

1.4 Identify and Classify US Controlled Defence Articles within the Capability to be Delivered

1.8 Provide a Copy of all US Export Licences or Control Conditions to the UK Procurement Officer and the UKDPO

1.11 Identify UII Data of Specific Assets being Delivered under each US Export Licence and Provide Details to the UK Procurement Officer

Authority Point of Receipt (LCS/FLC/CLS)

E-Mail

Export Licence Application

End Use Certificate

E-Mail

DSP-5, DSP-83, TAA etc

1.13 Deliver Controlled Defence Articles as detailed in the UII Data provided to the UK Point of Receipt

US Export Authority

1.6 Assess Export Licence Request from Supplier

1.7 Authorise Export of Controlled Defence Articles and Issue Export Licence

UK MOD IRG/IPR

1.3 Provide UK Procurement Officer with Advice and Guidance on US Export Control, Policy and Process

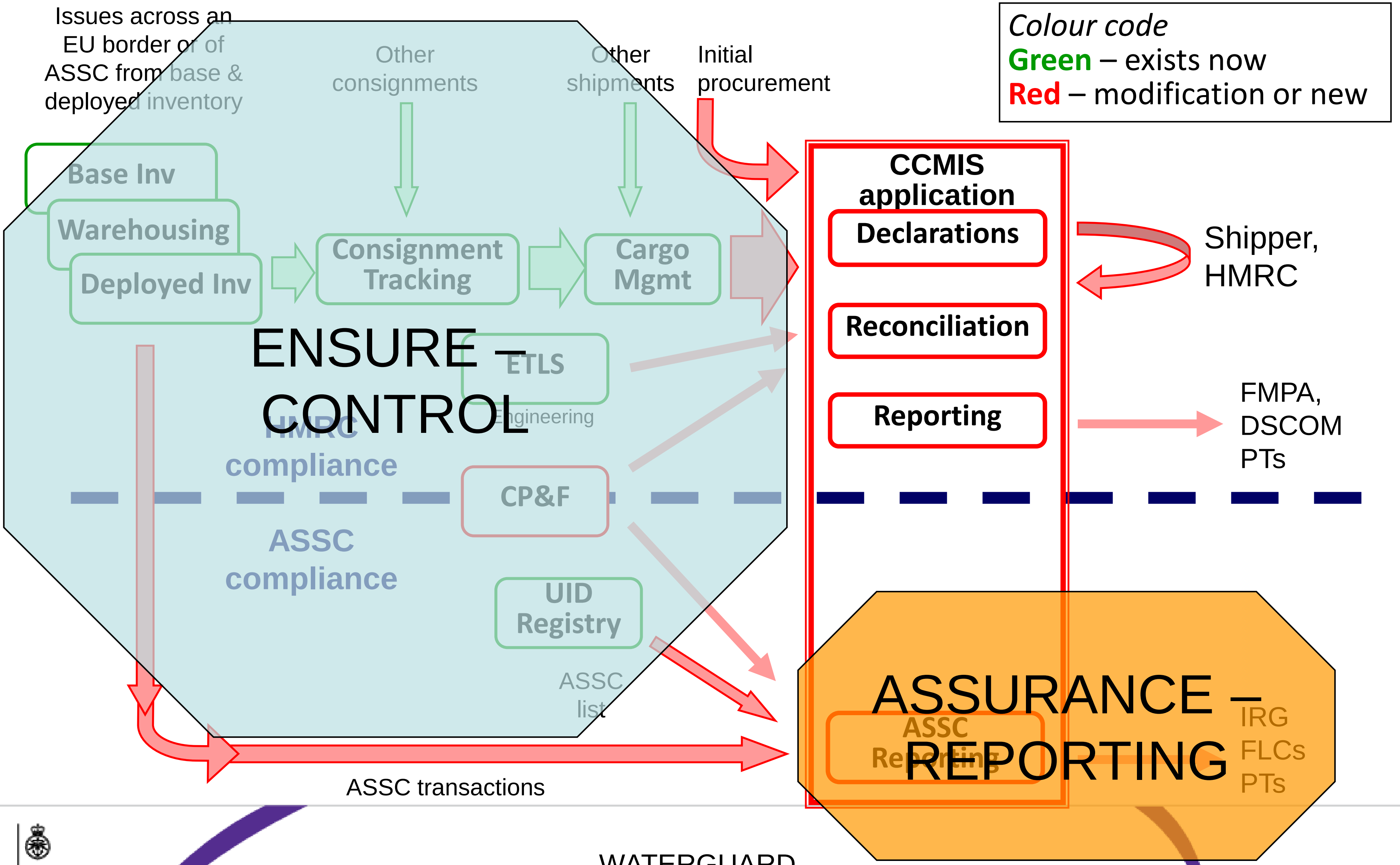
UK DPO

1.10 Record US Export Licence Details and Authorisations

Proof of Concepts

- WATERGUARD has been working with Industry, developing Proof of Concept projects for ASSC asset management, including:
  - APACHE;
  - PHALANX;
- Work under way to confirm ITAR assets and parents assets in V, A and T Class Submarines, Tornado, Sea King and Lynx aircraft and initiating work on various Land Managed Platforms;
- The UKCeB work has informed the development of MOD ITAR Policy developed and published in 2015DIN04-074;
- Step 10 will inform the development of MOD EAR Policy.

WATERGUARD Capability



Colour code
Green – exists now
Red – modification or new

Issues across an EU border or of ASSC from base & deployed inventory

Other consignments

Other shipments

Initial procurement

Base Inv

Warehousing

Deployed Inv

Consignment Tracking

Cargo Mgmt

ENSURE – CONTROL

ETLS

HMRC compliance

Engineering

CP&F

ASSC compliance

UID Registry

ASSC list

ASSC transactions

CCMIS application

Declarations

Reconciliation

Reporting

Shipper, HMRC

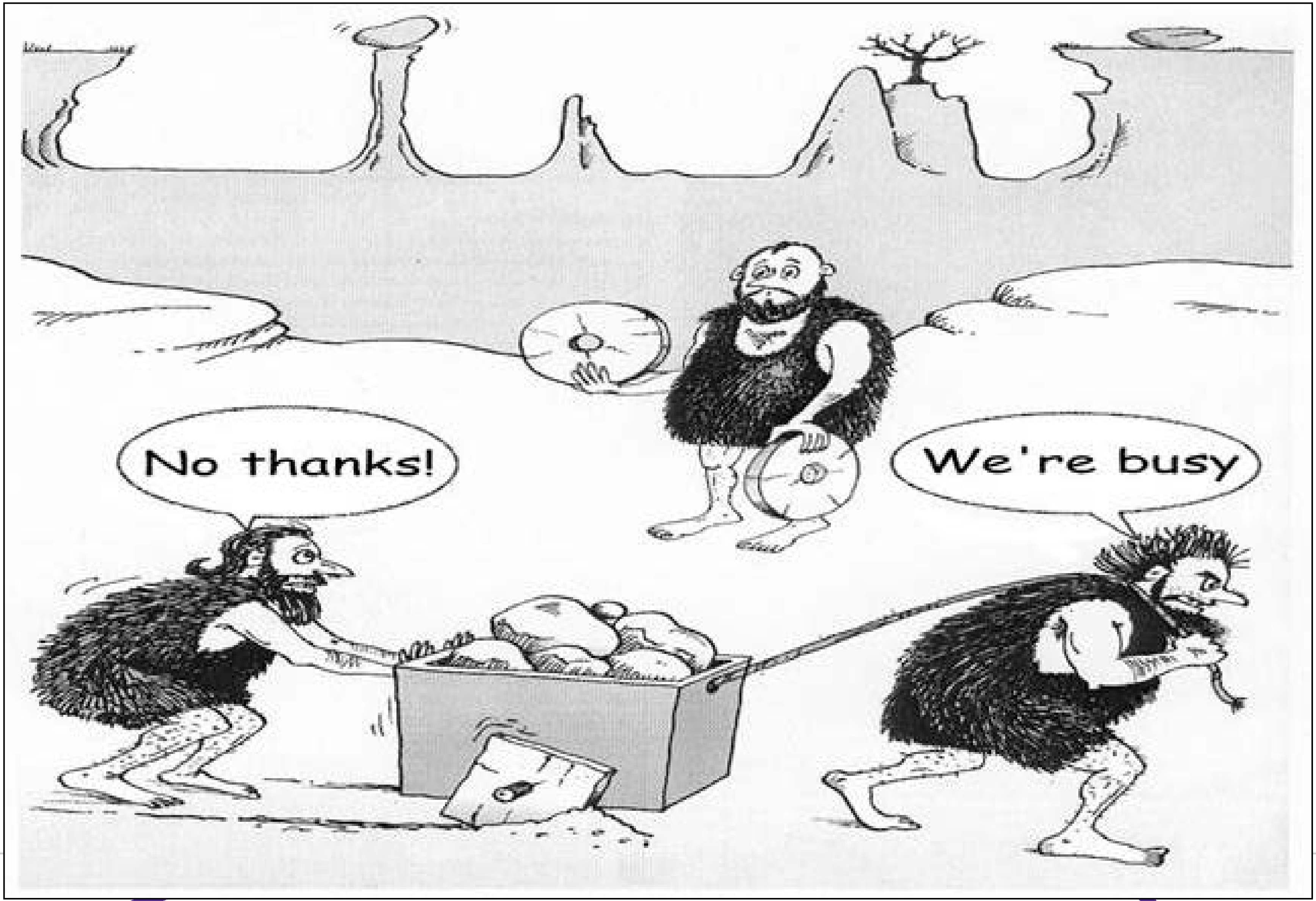
FMPA, DSCOM PTs

ASSURANCE – REPORTING

ASSC Reporting

IRG FLCs PTs

The Challenge


No thanks!
We're busy

How to Get Involved

- The next UKCeB Export control and support to WATERGUARD workshop is being held:
    - 8th December 2015 at Babcock International, Devonport House, Keynsham;
- For more information, contact:

Andy Dunn,
Business Systems Customer Support Mgr Analytic Solutions,
Babcock International,
E-mail: Andy.Dunn@babcockinternational.com
Tel: 0117 9161630

Questions and Discussion?

Mark Jones
WATERGUARD - ASSC Compliance Lead
E-mail: DESWATERGUARD-ProjDel1@mod.uk
Tel: 030 679 85927
Mob: 07876 803690

David Jones
Strategic Development Manager Analytic Solutions
Babcock International Group
E-mail: David.Jones42@babcockinternational.com
Mob: 07730 753500