

STATEMENT OF CLARK KENT ERVIN
INSPECTOR GENERAL
U.S. DEPARTMENT OF HOMELAND SECURITY
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES

MARCH 31, 2004

Mr. Chairman, Members of the Subcommittee: I am pleased to appear before you today, to discuss the Department of Homeland Security (DHS), Office of Inspector General's (OIG) efforts to review the DHS's bureau of Customs and Border Protection's (CBP) targeting program. Inasmuch as a successful targeting program is dependent, in part, upon data generated by inspections, I have included, in my prepared remarks, observations regarding CBP's inspection reporting program.

From April 2001 to March 1, 2003, the Department of Treasury Office of Inspector General (Treasury OIG), and since that date, DHS OIG, have been conducting reviews related to the targeting, inspection and security of ocean going cargo entering the United States. The Treasury OIG initiated a series of seaport reviews that focused on these issues at the major seaports of Los Angeles/Long Beach, New York/Newark, Charleston, South Carolina, Philadelphia, and Port Everglades, Florida. These ports processed about 4.5 million containers, or about two thirds of the vessel containers arriving in the U.S. during FY 2002. The Treasury OIG reports on these ports, along with a sixth nationally focused summary report, were completed shortly after the conversion of the Treasury OIG staff to the Department of Homeland Security on March 1, 2003 (see attachment for report listing). The DHS OIG is now responsible for following up on CBP compliance with the recommendations in those reports.

CBP, formerly Treasury's Bureau of Customs, performs dual missions: one of regulating commercial activities and one of law enforcement. Prior to September 11, 2001, Customs' law enforcement mission concentrated on preventing the smuggling of drugs into the country. Following September 11, Customs' mission expanded to include inspections for implements of terrorism and weapons of mass destruction.

CBP does not rely on any single technology or inspection process but deploys multiple technologies to support a layered inspection process. Customs relies heavily on the advanced information they receive electronically through the Automated Manifest System (AMS) to select cargo or containers for inspection. This selection is made using the Automated Targeting System (ATS) to identify high-risk shipments based on anomalies and "red flags" within AMS data.

The targeting process is performed by the Manifest Review Unit (MRU). Inspectors assigned to the MRU are responsible for analyzing risk factors by conducting pre-arrival manifest/document reviews of high-risk shipments and reviewing indicators of suspicious shipments. They also conduct intelligence work-ups using various research tools and enforcement databases.

After a container is targeted, it can be inspected in a number of ways. If available, large-scale x-ray and gamma ray machines, such as the Vehicle and Cargo Inspection System (VACIS) are used to assist the inspectors in conducting non-intrusive inspections. When circumstances warrant, containers are sent to container examination stations where more intrusive examinations such as opening and verifying cargo can be performed.

Treasury OIG's assessment of Customs' targeting concluded that inaccurate manifest data were used to target high-risk vessel containers; some MRU's improperly implemented the targeting

process; MRU targeting personnel lacked formal training and performed collateral duties reducing targeting activities; MRU effectiveness was reduced due to limited access to intelligence information; procedures for in-bond shipments did not address how to process ATS targeted shipments at in transit ports; and Customs did not have targeting efficiency measures for vessel containers to quantitatively assess the effectiveness of ATS to target potential violators.

Regarding inspections of targeted high-risk shipments, several staffing, procedural and processing issues existed that could impair Customs' ability to detect and deter contraband and weapons of mass destruction. These issues included: lack of sufficient inspection personnel to conduct examinations; inspections not always performed in accordance with established guidelines; results of examinations not always recorded accurately; examination statistics not reported consistently; and underutilization of non-intrusive inspection equipment.

DHS OIG is currently engaged in conducting a series of projects to assess CBP's cargo inspections and the reporting of statistics associated with those inspections. Inspectional reporting was found to be inconsistent and inaccurate. For example, at the Port of Houston, only about 51 percent of VACIS exams were input into the Port Tracking System (PTS). Accurate and complete reporting of examination results is critical when data from these files is used to develop or refine targeting criteria for high-risk shipments. In April 2003 we initiated work at the Port of Houston and have produced a draft report. CBP has not had an opportunity to officially comment on this draft; however, we have briefed Port of Houston -- Field Office and Headquarters personnel -- regarding our findings. We have also finished fieldwork at the ports of El Paso and Seattle, and will visit the port of Blaine, Washington in the near future. We will issue separate reports on these ports as well as a summary report to CBP detailing all issues requiring Headquarters attention.

Generally, we found that overall guidelines on what constituted an examination and what procedures and steps should be taken in different types of examinations were unclear and subject to different interpretation; the inspection procedures associated with each type of inspection were not applied consistently; examination results were not always recorded properly; and the reporting systems did not accurately reflect the examinations performed.

While CBP has not had the opportunity to formally comment on the draft report, the Port of Houston generally agreed with the findings, and, in fact, stated it is using the OIG audit process to improve the operation of the Port's cargo examinations. Following the audit, the port undertook several changes and modifications.

We will continue to provide oversight over CBP's targeting and inspection of high-risk vessel containers and associated port security issues. Specifically, during FY 2004 we will review CBP's Trade Partnership Against Terrorism program and CBP's Container Security Initiative. Also, we plan to conduct a series of projects to evaluate the physical security over high-risk vessel containers to ensure that these containers are not subject to compromise and theft.

Mr. Chairman, this concludes my remarks at this time. I would be happy to expand on this statement, and answer any questions you, or the Subcommittee Members, may have.

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ACCRONYMS/ABBREVIATIONS

Automated Manifest System (AMS)

Automated Targeting System (ATS)

Bureau of Customs and Border Protection's (CBP)

Manifest Review Unit (MRU)

Port Tracking System (PTS)

Vehicle and Cargo Inspection System (VACIS)