

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General

Transportation Security Administration's Oversight of Passenger Aircraft Cargo Security Faces Significant Challenges

(Redacted)



Office of Inspector General

U.S. Department of Homeland Security
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**Homeland
Security**

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Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (*Public Law 107-296*) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, and special reports prepared as part of our DHS oversight responsibilities to promote economy, effectiveness, and efficiency within the Department.

This report addresses the Transportation Security Administration's (TSA) oversight of air carriers' compliance with federal requirements relating to the acceptance, handling, and screening of cargo shipped on passenger aircraft. It is based on interviews with TSA employees and officials, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. It is our hope that this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

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Abbreviations

ATSA	Aviation and Transportation Security Act
ASI	Aviation Security Inspector
FSD	Federal Security Director
GAO	Government Accountability Office
PARIS	Performance and Results Information System
TSA	Transportation Security Administration

Executive Summary

This report describes the results of our audit of the Transportation Security Administration's oversight of air carrier compliance with cargo security regulations for passenger aircraft. Our objective was to determine whether the Transportation Security Administration provides adequate oversight of air carrier compliance with federal regulations relating to the acceptance, handling, and screening of cargo shipped on passenger aircraft.

The Transportation Security Administration relies on inspections carried out by Aviation Security Inspectors as an integral part of a multilayered approach to oversee and ensure air carrier compliance with cargo security regulations. However, Aviation Security Inspectors face challenges monitoring and reporting air carrier compliance with federal regulations that address the acceptance, handling, and screening of cargo transported on passenger aircraft. The Transportation Security Administration's inspection process may not accurately represent the extent to which air carriers comply with cargo screening requirements. [REDACTED] to determine compliance [REDACTED] We reviewed inspection reports that specifically addressed screening compliance at five selected airports and concluded that [REDACTED] determined compliance or noncompliance based on actual observations.

Additionally, the Transportation Security Administration does not provide sufficient resources for air carrier inspection coverage. Therefore, Aviation Security Inspectors do not have the capability to monitor cargo screening activities and are unable to report accurately on air carrier compliance. The Transportation Security Administration's compliance database, the Performance and Results Information System, is ineffective as a tool to monitor and report air carrier compliance with screening regulations.

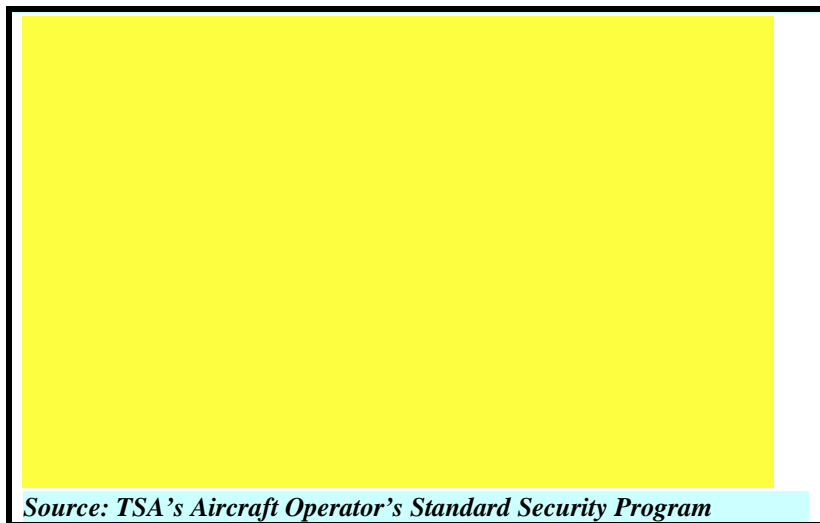
The current level of oversight does not provide assurance that air carriers are meeting congressionally-mandated goals of tripling the amount of cargo

screened for passenger aircraft and that air carriers are properly applying exemption rules for cargo screening. Consequently, the process increases the opportunities for the carriage of explosives, incendiaries, and other dangerous devices on passenger aircraft.

Accordingly, we are making a series of recommendations to the Assistant Secretary of the Transportation Security Administration to establish a system of cargo screening oversight and improve the agency's Performance and Results Information System. The Transportation Security Administration concurred with the recommendations in the report. However, all but one recommendation will remain open because, in most cases, the actions that the Transportation Security Administration states it has taken, or will take, do not fully address our concerns and corresponding recommendations. Other recommendations will remain open until more specific details and documentation are provided on agency actions taken such that we can determine whether these steps adequately address the substance of our findings and recommendations. The Assistant Secretary's comments to our report, dated May 24, 2007, are incorporated into the body of this report, as appropriate, and are included in their entirety as Appendix B.

Background

The Aviation and Transportation Security Act of 2001 requires the screening of all passengers and property transported on passenger planes. The Act charges the Transportation Security Administration (TSA) to oversee aviation security and ensure the safety of the air traveling public. The vast and multifaceted air cargo system transports approximately 7,500 tons of cargo on passenger planes each day, making air cargo vulnerable to terrorist threats. Given the high volume of cargo that must be expediently processed and loaded on aircraft, experts generally agree that full screening of all air cargo, as is now required of checked passenger baggage, is not feasible with available screening technologies and procedures. TSA reported that current requirements relating to the screening of air cargo apply only to a subset of all cargo that is actually transported. TSA calculates that only [REDACTED] of all passenger air cargo is actually screened because of screening exemption guidelines applied by air carriers. (See Exhibit 1.)



The Assistant Secretary of the TSA has primary responsibility for enforcing and implementing all regulations related to aviation security. TSA has been working to improve air cargo security using a risk-based layered approach that balances enhancing security without impeding the flow of commerce. TSA enforces statutory and regulatory requirements, disseminates threat-related information, and provides guidance and some funding. TSA's Office of Security Operations is responsible for operations and policy issues while the Federal Security Directors (FSD) at each airport are responsible for the day-to-day direction, leadership, and coordination of TSA security activities at their location, including air cargo screening. Air carriers and indirect air carriers are responsible for implementing TSA's security requirements. An indirect air carrier is any person or entity, not in possession of an air carrier operating certificate, who undertakes to engage indirectly in air transportation of property and uses the services of a passenger air carrier for all or any part of such

transportation. Indirect air carriers, sometimes referred to as freight forwarders, consolidate cargo from many shippers and deliver it to passenger air carriers.

The Code of Federal Regulations, Title 49, Parts 1544 and 1546, requires domestic and foreign air carriers to adopt and implement a security program to provide for the safety of persons and property traveling on flights provided by the aircraft operator. The program protects against acts of violence, air piracy, and the introduction of explosives, incendiaries, or weapons aboard an aircraft. TSA issued the Aircraft Operator Standard Security Program for Domestic Air Carriers and the Model Security Program for Foreign Air Carriers. TSA's security programs direct that, at the time of acceptance, the aircraft operator must inspect all cargo

. TSA's security programs require aircraft operators to screen cargo after acceptance, but prior to loading the cargo onboard the aircraft for the first air leg, using one of the approved screening methods shown in Exhibit 2. The air carrier must not transport any cargo that shows . TSA also requires that from the time of acceptance until the transfer of the cargo, the aircraft operator must maintain direct custody and control of the cargo.

EXHIBIT 2:
Approved Cargo Screening Methods

- Manifest verification
- Physical inspection (*screener searches through the contents of the shipment*)
- X-ray equipment
- Explosive detection systems
- Detection canine teams
- Explosives trace detection
- Decompression chambers

Source: TSA's Aircraft Operator's Standard Security Program

TSA relies on the oversight and inspections carried out by Aviation Security Inspectors (ASI), who are located at airports throughout the United States. ASIs are responsible for inspecting approximately 285 passenger and all-cargo air carriers with about 2,800 cargo facilities nationwide. ASIs are classified as Generalist ASIs, who conduct a variety of aviation security inspections, and Cargo ASIs, who conduct only air cargo inspections. TSA has approximately 300 Cargo ASIs, supplemented by 600 Generalist ASIs, responsible for conducting inspections of screening activities at approximately 100 airports. ASIs document inspection results in the Performance and Results Information System (PARIS), which TSA uses for factual and analytical information, monitoring compliance, measuring performance, assessing the efficiency and effectiveness of operations, and conducting inquiries into allegations of noncompliance with statutory or regulatory requirements.

TSA also relies on the Known Shipper Program as a primary means for screening air cargo. The program provides a systematic approach to assess risk and determine the legitimacy of shippers. Passenger air carriers and indirect air carriers must comply with a broad range of specific security requirements to qualify their customers as known shippers. More detail of the inspection process is provided in Appendix D.

TSA provides its Federal Security Directors with the Annual Aviation Inspection Plan as guidance on how to develop their local annual inspection plans. The Annual Aviation Inspection Plan contains [REDACTED] inspection goals requiring ASIs to conduct [REDACTED] cargo station inspections and [REDACTED] station inspections [REDACTED]. TSA also provides the National Inspection Manual and other regulations, rules, and directives, as guidance for air cargo security. TSA requires ASIs to follow the National Inspection Manual as their primary guidance for conducting inspections, which provides ASIs with a consolidated reference source for national requirements relating to planning, conducting, documenting, and approving inspections.

In October 2005, the Government Accountability Office (GAO) report, *Federal Action Needed to Strengthen Domestic Air Cargo Security* (GAO-06-76), raised concerns about the quality and thoroughness of TSA's cargo inspections. According to GAO, TSA could not be assured that increasing the percentage of cargo screened by air carriers would enhance air cargo security. GAO also expressed concern that TSA exempted certain cargo from air carrier inspection based on the nature and size of the cargo, creating potential vulnerabilities in the air cargo security system. Therefore, GAO recommended that TSA strengthen the security of the domestic air cargo transportation system and reexamine the rationale for exemptions because of the associated vulnerabilities. TSA said the agency continually reviews the measures in place as part of the threat-based, risk managed approach to securing the air cargo environment and would soon launch a review of current air cargo policies and processes.

The DHS Appropriations Act of 2005, Public Law 108-334, Section 513, mandated TSA to require domestic and foreign passenger air carriers to triple the amount of cargo screened, [REDACTED] of nonexempt cargo listed on each air waybill. In response to a congressional request, we conducted a limited review in the spring of 2006 to determine whether TSA was complying with the reporting requirements contained in Section 513 of the Fiscal Year 2006 DHS Appropriations Act, Public Law 109-90. That law requires the Secretary of Homeland Security to ensure that DHS is in compliance with Public Law 108-334, and to report to the Committees on Appropriations of the Senate and House of Representatives biweekly on any reasons for noncompliance with the increased screening requirement. During the review, we observed deficiencies that supported GAO's concerns and represented significant weaknesses in air carrier screening operations.

Results of Audit

TSA relies on inspections carried out by Cargo ASIs as an integral part of a multilayered approach to oversee and ensure air carrier compliance with cargo security regulations. However, ASIs face challenges in monitoring and reporting on air carrier compliance with federal regulations that address the acceptance, handling, and screening of cargo transported on passenger aircraft. TSA's inspection process may not accurately represent the extent to which air carriers comply with cargo screening requirements. [REDACTED]

[REDACTED], to determine compliance [REDACTED]. TSA's Annual Aviation Plan directs Federal Security Directors to ensure that ASIs inspect each aircraft operator and foreign air carrier [REDACTED], but limits the number of inspections conducted at individual air carrier cargo facilities to [REDACTED] inspections [REDACTED], unless previous inspections determined a lack of compliance or other specific factors. A cap on the number of on-site inspections of air carriers may unnecessarily limit direct observation by ASIs to determine carrier compliance with cargo security regulations. We reviewed inspection reports that specifically addressed screening compliance at five selected airports and concluded that [REDACTED] determined compliance or noncompliance [REDACTED]. Additionally, TSA does not provide sufficient resources for air carrier inspection coverage. Therefore, ASIs do not have the capability to monitor cargo screening activities and cannot accurately characterize air carrier compliance with the regulations.

ASIs do not perform inspections consistently among airports to determine whether air carriers apply the regulations as intended. Security programs and exemption guidelines are not clearly written and allow for different interpretation and application by both aircraft operators and TSA inspectors. Furthermore, TSA does not ensure that air carriers conduct [REDACTED] self-audits at each screening location as required. TSA's compliance database, PARIS, is not an effective tool to monitor and report air carrier compliance with screening regulations.

Without a comprehensive, consistent, and reliable program to provide proper coverage and oversight of air carrier cargo screening, TSA's inspection process does not ensure that air carriers are screening cargo to federal regulations. The current level of oversight does not provide assurance that air carriers are meeting congressionally-mandated goals of tripling the amount of cargo screened for passenger aircraft, and that air carriers are properly applying exemption rules for cargo screening. Consequently, the process increases the opportunities for the carriage of explosives, incendiaries, and other dangerous devices on passenger aircraft.

Documentation To Determine Compliance

TSA's oversight of air carrier compliance with cargo screening requirements for passenger aircraft may not be effective [REDACTED]

[REDACTED] Shipments are not properly accepted and screened, or lack documentation to support whether appropriate screening occurs. [REDACTED]

[REDACTED]. TSA does not provide sufficient resources for cargo inspection coverage; therefore, ASIs do not have the capability to monitor cargo screening and cannot accurately characterize air carrier compliance with the regulations.

ASIs [REDACTED] rarely observe air carriers' accepting, handling, and screening cargo to determine air carrier compliance with requirements for cargo transported on passenger aircraft, making the quality and quantity of inspections questionable. Some ASIs said they walk the cargo facility floor and inspect cargo when possible before reporting to the office and reviewing air carrier documentation. Other ASIs said they usually focus on the paperwork and devote less attention to the cargo itself. The National Inspection Manual directs that when an inspector is assigned to conduct a security inspection, the inspector will employ a methodology that includes surveillance, interviewing, document review, and validation testing. However, ASIs routinely rely on document reviews by comparing the air carrier's air waybills for the last passenger flight with the screening logs to determine whether the air carrier properly exempts cargo from screening, and screens [REDACTED] of the nonexempt cargo on each air waybill.



[REDACTED]

As shown in Figure 1, we reviewed inspection reports that specifically addressed screening compliance at five selected airports and concluded that [REDACTED] determined compliance or noncompliance based on actual observations. ASIs reported on screening compliance [REDACTED] without observing screening activities or noting how the inspectors reached their conclusion.

The risks of ASIs relying [REDACTED] on [REDACTED] documentation of cargo screening became evident by our observations at 40 air cargo facilities at the 5 Category X airports¹ we visited. TSA ASIs may not accurately determine the level of air carrier compliance [REDACTED]

[REDACTED] We identified numerous instances where:

- Air carriers improperly applied screening exemption criteria;
- Air carriers did not screen the required minimum percentage of nonexempt cargo;
- Cargo lacked legible documentation to support whether proper screening occurred; and
- Cargo documentation that indicated screening had occurred, but in fact the shipment had not been screened.

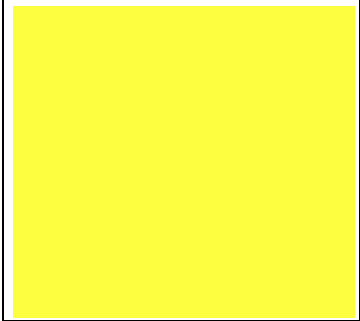
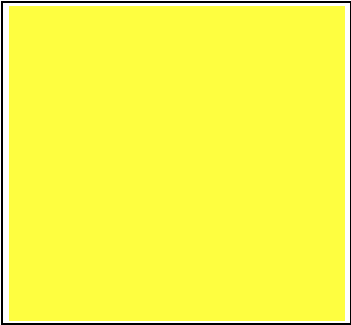
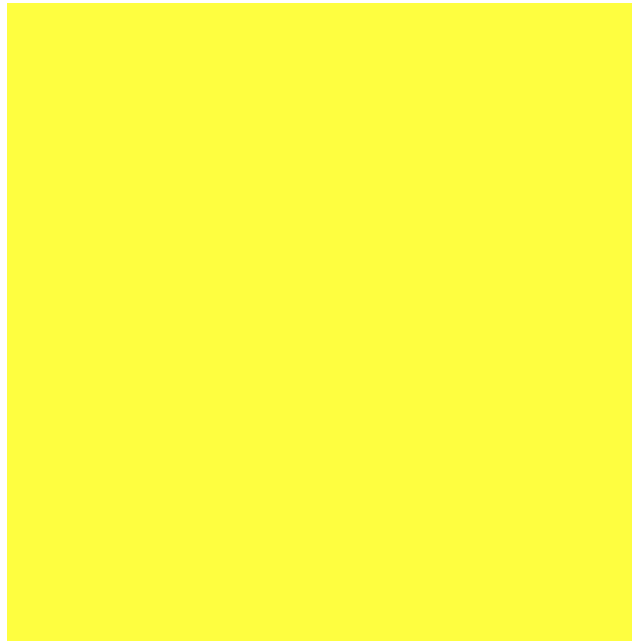
(See Appendix E and Appendix F, respectively, for additional details and photographs of vulnerable cargo shipments.)

For example:

- [REDACTED]

[REDACTED]

¹ TSA classifies the commercial airports in the United States into one of five security risk categories (X, I, II, III, and IV) based on various factors, such as the total number of takeoffs and landings annually, and other special security considerations. In general, Category X airports have the largest number of passenger boardings, and Category IV airports have the smallest.



- [redacted] nonexempt cargo shipments did not have the required minimum of [redacted] screened. [redacted]
[redacted]

In addition, we identified [redacted] cargo facilities that had access vulnerabilities. Unauthorized personnel walked around the warehouses and employees worked without displaying proper identification. Even if the cargo were accepted and screened by the air carriers according to TSA requirements, the absence of security within the facilities adds another obstacle to ensuring that screened cargo shipments remain safe. Our review demonstrates the need for [redacted] [redacted] and less reliance on air carrier documentation and interviews.

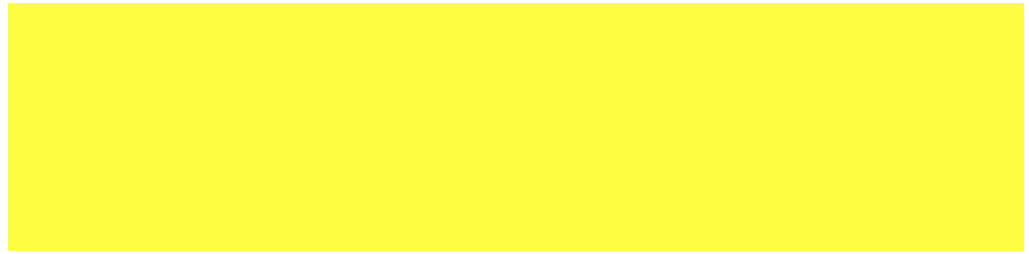
A comparison of findings of air carrier noncompliance reported by ASIs to the level of noncompliance we identified during our limited visits, places the thoroughness of ASI inspections into question. We reviewed a sample of 1,904 inspection reports. [redacted] sites, or [redacted] had reported findings of non-compliance. However, during our observations at 40 air carrier cargo facilities, ASIs conducted inspections at 24 sites in our presence and reported findings at [redacted], or [redacted]. Although areas of non-compliance were found at the [redacted], following our on-site visit, ASI inspection reports indicated findings at [redacted] of the locations.



[redacted] TSA's Annual Aviation Plan directs the Federal Security Director to ensure that TSA inspects each aircraft operator and foreign air carrier

[REDACTED]. The plan also includes [REDACTED] inspection goals that require locations with Cargo ASIs to conduct [REDACTED] facility inspections and [REDACTED] station inspections. The plan further requires the number of inspections of any one air carrier cargo facility or indirect air carrier station should not exceed [REDACTED] unless previous inspections determined a lack of compliance or other specific factors. TSA officials said that [REDACTED] visits to an air carrier [REDACTED] are sufficient to determine air carrier compliance with cargo screening regulations. A cap on the number of on-site inspections of air carriers may unnecessarily limit direct observation by ASIs to determine carrier compliance with cargo security regulations.

ASIs' time available to inspect air carrier facilities is further limited by other priorities and management decisions. ASIs and their supervisors estimate that [REDACTED] of their time is allocated to inspecting [REDACTED]s, leaving [REDACTED] for inspecting [REDACTED]



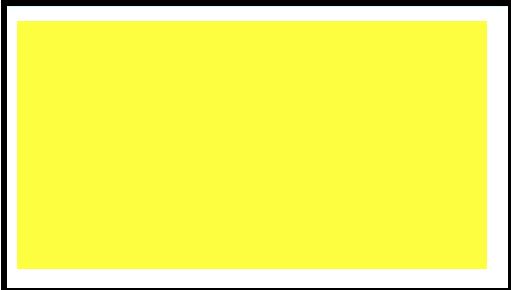
ASIs explained that they do not have a sufficient number of vehicles allocated to support their inspection activities. For example, one airport had two vehicles specifically designated to provide transportation to 13 ASIs. Another airport had three vehicles assigned to six ASIs for cargo security inspections. Inspectors must be flexible with their inspection activities and perform other office work until a vehicle becomes available. In TSA's management response to the draft report, the agency said it purchased 81 additional vehicles for selected airports, and planned to purchase an additional 28 vehicles with delivery scheduled for August 2007.

TSA Cargo Inspections Are Not Consistent

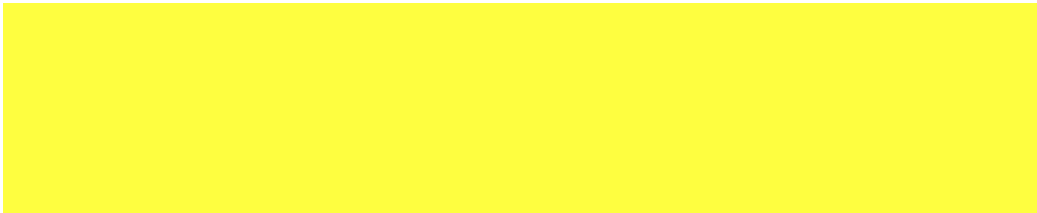
ASIs do not perform inspections consistently among airports to ensure air carrier compliance with cargo security requirements for passenger aircraft. TSA's security programs are not clearly written, allowing ASIs and air carriers to interpret and apply the regulations differently. ASIs reported not being properly trained to provide effective and consistent oversight of air cargo security.

Inspectors, even within each airport, differed among themselves on the interpretation and application of the regulations, as well as the methodology

they used to conduct inspections. For example, the TSA-approved security program and regulations allow domestic air carriers to exempt shipments from screening if the cargo [REDACTED]



[REDACTED] However, some inspectors allow air carriers to exempt cargo if there is [REDACTED]



We identified other examples of the inconsistent application of inspection methodology and cargo regulations. ASIs differed in the amount of evidence they collected as a result of their inspection. While some ASIs listed a minimal amount of support, one ASI said he collects supporting documentation until he runs out of space in his office. ASIs also explained that they resolve findings differently. Some ASIs would pursue noncompliance matters with stronger penalties, while others admitted that counseling was faster and easier to administer.

Vague regulations and guidance allow ASIs to interpret and apply the regulations inconsistently. ASIs and air carriers were confused about screening requirements [REDACTED] We observed

differences on what percentage [REDACTED] were screened. For example, one Supervisory ASI believed that TSA required [REDACTED] boxes to be screened because she never received TSA's policy memo r [REDACTED] [REDACTED], which was released almost a year before our visit. The new policy requires screening of [REDACTED]. Furthermore, the policy did not provide guidance on how the screening should be documented when the air waybill showed [REDACTED] making the determination of compliance difficult.

Although TSA personnel provide a number of services to minimize questions pertaining to regulations, such as clarification through question and answer sessions, the support resolves issues on an isolated basis and ASIs are unable to enforce the informal correspondence. TSA established a web-based mailbox for ASIs to send their questions; however, many ASIs indicated they did not always receive answers to their queries. A TSA official involved with writing the security programs acknowledged the ambiguity of the regulations, and explained that it is not easy to write short, clear regulations that are fully enforceable when the agency must write them as simple as possible.

Lack of adequate security cargo training may also be a contributing factor to the inconsistent and ineffective manner in which ASI inspections are conducted. Many inspectors said that TSA's cargo security training was insufficient because the initial 4-week training course addressed cargo security for only 3 days at the most. [REDACTED]

[REDACTED]

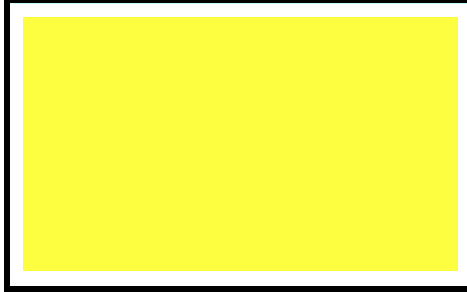
TSA reported the agency introduced an "On-the-Job" formal training program that would allow new inspectors to travel to another airport and learn from a designated trainer. However, the training is not mandatory and the Federal Security Director may elect to not send the new inspectors. TSA also held a conference in late 2006 to address new regulations, but did not review the current regulations that are unclear and inconsistently interpreted.



TSA Does Not Ensure Air Carriers Conduct [REDACTED] Self-Audits

ASIs do not consistently ensure that air carriers conduct required self-audits according to federal regulations. Inspections that address air carrier compliance with TSA's screening requirements should include a determination of whether air carriers complied with TSA's self-audit requirement; however, ASIs do not

routinely address the self-audit requirement during inspections of screening procedures. By not consistently ensuring that carriers conduct required self-audits of their security programs, TSA is missing an opportunity to improve the effectiveness of their oversight activities.

TSA's security program requires that air carriers conduct self-audits [REDACTED] at each screening location. The self-audit is an important exercise that requires the air carrier to review key operational and administrative screening elements. Self-audits help to ensure screeners' attentiveness to duties, screening equipment operations, and screener training. Additionally, TSA's Annual Aviation Inspection Plan for 2006 requires Federal Security Directors, or designees, to conduct comprehensive inspections and follow-up supplemental inspections [REDACTED] to include a review of self-audits. ASIs use a list of required elements from PARIS for their inspections of air carrier compliance with security program requirements. Under "Screening Procedures" for domestic air carriers, PARIS requires that "A self audit ...be conducted [REDACTED] at each location the aircraft operator conducts screening, are kept on file for a minimum of ninety days, and are made available to TSA upon request."



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- Inspectors at one airport said that they do not review self-audits at all as part of the inspection process.
 - ASIs at another airport said they looked at self-audits; however, [REDACTED] inspection reports addressing screening activities reported the self-audits were "Not Inspected." Additionally, [REDACTED] reports were marked as "Comprehensive Inspections" or "Part of Comprehensive Inspections," but the inspectors determined compliance with the self-audit requirement in [REDACTED].
 - ASIs at a third airport said they review air carrier self-audits; however, a review of the inspection reports indicated the quality of review is questionable. [REDACTED]s reported that an air carrier could not provide documented evidence of a self-audit; yet the ASI reported the element as "In Compliance."
 - An ASI requested documentation of the self-audit and the station manager responded that [REDACTED]
- 

[REDACTED]

[REDACTED]

[REDACTED] self-audits provide a cyclical and consistent method for TSA to ensure air carriers are verifying that screening personnel and operations are effective. By not conducting self-audits, TSA and air carriers are missing an opportunity to improve screening activities and ensure they are conducted according to TSA requirements. The limited review of self-audits may lead to weaknesses in screening operations and may allow opportunities for the introduction of explosives, incendiaries, weapons, and other dangerous devices on passenger aircraft.

TSA's Performance and Results Information System Is Ineffective as a Monitoring and Reporting Tool

TSA relies on PARIS as the primary management tool for monitoring the quality and quantity of ASI inspections. However, the system faces many obstacles that call into question TSA's ability to monitor and report air carrier compliance with screening regulations. TSA does not have quality control procedures in place to prevent inconsistent and inaccurate data entry. TSA officials and ASIs described difficulties and technical problems with using the system. In 2006, a TSA advisory council identified numerous PARIS challenges, including:

- Insufficient funding,
- Rigid contract terms and conditions that prevent timely and agile response to TSA needs,
- Limited TSA information technology support, and
- Insufficient resources provided to the database and its users.

TSA does not provide specific guidance on the quality and quantity of information entered into PARIS, making the inspection data inconsistent and its veracity problematic. PARIS provides ASIs multiple answers to select for each inspection, but TSA does not have standards in place that specify levels of detail and evidence needed to determine compliance. PARIS guidance does not require ASIs to provide supporting evidence, comments, or explanations to support conclusions about air carrier compliance with regulations. TSA said that Assistant Federal Security Directors of inspections and ASI supervisors have responsibility for quality control of inspection data, and TSA Headquarters conducts spot-checks of the data to ensure consistency and completeness. However, TSA's quality control procedures are not consistently assuring data quality and completeness.

ASIs addressed 3,648 questions in the 251 inspection reports reviewed, but did not sufficiently answer 1,396 of the items, or 38%, to support the inspectors' determination of compliance or noncompliance. ASIs answered many of the questions with little or no detail to support the inspectors' conclusions. A TSA official supported this with other examples of inaccuracies and inconsistencies that he recognized with inspection results entered in PARIS. In one case, the ASI reported an area as "In Compliance" and contradicted the conclusion in the supporting explanation.

Our review discovered similar circumstances. For example, an ASI reported an air carrier as "In Compliance" for "Employees having the duties and responsibilities for acceptance, handling, and carriage of cargo under its security program are trained and knowledgeable of their security responsibilities; and a record of this training is kept on file at the employee's place of employment." However, the inspection report categorized this as a finding and reported, "(the) Air Carrier failed to provide cargo security training or maintain a record of training for their employees responsible for cargo handling and acceptance at the inspected location." Another inspection reported the air carrier as "In Compliance" for "Cargo accepted directly from a known shipper and transported on a passenger aircraft meet the requirements of MSP Section IV.C.6.d." The inspection report then categorized this as a finding and reported the air carrier accepted the shipment from an unknown shipper.

To address PARIS issues and challenges, in 2006, TSA created the PARIS Advisory Group, a subgroup of the Compliance Advisory Group, which comprises experts, advisors, and Federal Security Directors. The group reported numerous problems and challenges associated with PARIS:

- "PARIS lacks sufficient infrastructure support, adequate business rules, and defined resources to data integrity."
- "Training and education have not kept pace with the expanding requirements and growth of the workforce and there is evidence of inaccurate output and a lack of confidence in the data."

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- “(PARIS) lacks the resources to ensure administrative oversight and accountability.”
 - “PARIS problems...are the result of disjointed fixes lashed together by a series of incongruent recommendations from headquarters and field elements and piece-meal funding.”
 - “Rigid adherence to terms and conditions of contract support prevent quick and agile response to TSA needs.”
 - “Insufficient in-house IT support... to support PARIS and its users.”

TSA Headquarters, the PARIS Advisory Group, and ASIs described difficulties and technical problems in using PARIS. Personnel at all five airports reported instances of entering inspection data into the database that they had trouble retrieving. ASIs at three of the five airports reported that they lose inspection data in PARIS and save inspections as Microsoft Word documents or hard copies as a precaution. Two airports reported that if multiple inspection reports are printed and the ASIs do not completely exit the system after printing each report, the system inserts incorrect security contact information for the next report generated. TSA PARIS officials said that this issue is currently being resolved. The PARIS program manager indicated that most of the problematic instances cited by personnel in the field are the result of user errors and explained that data does not disappear—PARIS is just not an easy system to manipulate, and the users need to be trained. However, TSA has not implemented business rules and other corrective actions to prevent the errors and ensure quality in the system.

TSA cannot effectively and accurately monitor, analyze, and report compliance for air carriers regarding cargo security due to PARIS limitations. Without a user-friendly system, proper training, and oversight, the PARIS data may be flawed and produce erroneous inspection results. Furthermore, TSA information reported to the Congress regarding air carrier compliance with legislative and regulatory requirements may be inaccurate.

Recommendations

We recommend that the Assistant Secretary of the Transportation Security Administration:

1. Establish a system of cargo screening oversight that includes the following elements:
 - a. Clearly written guidance and comprehensive training on the intent of the regulations and exemption criteria for the acceptance, handling, and screening of cargo so the requirements are accurately interpreted and applied;
 - b. Specific procedures on how to improve inspections, to include the increased frequency of inspections and amount of direct observations of air carriers screening operations, and the quality and quantity of information that should be obtained during inspections;
 - c. Guidance on what aspects of the security program requirements should be inspected and how often, including the self-audit requirement for air carriers to ensure that screening activities are conducted according to Transportation Security Administration requirements;
 - d. A quality control program to improve the consistency, thoroughness, and quality of cargo security inspections; and
 - e. Providing sufficient resources to the cargo inspection program, particularly inspectors and vehicles, that would allow an increased Transportation Security Administration presence and monitoring at aircraft operator cargo facilities to collect and report data that represents more realistic compliance conditions.

2. Improve the Performance and Results Information System. Specifically:
 - a. Provide better guidance and detailed training to all users, especially Aviation Security Inspectors, on the quality or quantity of information that should be collected and entered to ensure data integrity and enhance the system as a management tool.
 - b. Provide sufficient staff and funding for database operations and maintenance, including information technology support, to ensure data integrity and improve reporting capabilities.

Management Comments and OIG Analysis

TSA generally concurred with the report's findings, conclusions and corresponding recommendations. TSA appreciated the OIG's efforts in conducting this audit and believes the report's recommendations will help the agency improve and implement more effective oversight of passenger aircraft security inspections. However, the Assistant Secretary indicated that the agency has reached a number of significant milestones to improve the security of cargo traveling on passenger aircraft while working with industry to implement risk-based solutions.

The agency provided examples of policy enhancements and initiatives to strengthen its air cargo compliance and enforcement program. For example, in May 2006, TSA issued a comprehensive air cargo security rule to enhance security of the air cargo supply chain. In October 2006, the agency said that it increased the quantity and quality of cargo screening by issuing a series of security enhancements through Security Directives and Emergency Amendments. The agency also noted that it strengthened its air cargo compliance and enforcement program by increasing the number of ASIs, instituting a "cargo strike" program, and implementing a covert testing program.

The agency's response also indicated efforts to modify PARIS features to enhance user's knowledge and understanding of the reporting application, increase connectivity to TSA's systems used by ASIs, and a plan to improve compliance reviews and implement quality control measures beginning in FY 2008. TSA stated that the agency will put greater emphasis on ASI observation, interviewing, and testing and will refine its FY 2008 plan to address the frequency of ASI inspections.

In addition, TSA has taken initial steps to evaluate the current staff and funding level for its PARIS database operations and maintenance. TSA also identified the specific need for additional technical staff to support the PARIS program and will work to coordinate the allocation of additional resources accordingly. TSA is procuring an enhanced Helpdesk service for PARIS users that will alleviate some of the user management issues that consume a large segment of current staff time.

OIG Analysis

We recognize the agency's efforts to improve the passenger cargo inspection program and acknowledge steps taken to raise the security bar for passenger and cargo air carriers. The agency concurred with our recommendations. We consider all recommendations resolved based on the steps and initiatives TSA has taken, or plans to take, to address our concerns. However, all but one recommendation will remain open because, in most cases, the actions that TSA indicates the agency has taken or will take, do not fully address our concerns and corresponding recommendations. The recommendations will remain open

until more specific details and documentation are provided on agency actions taken such that we can determine whether these steps adequately address the substance of our findings and recommendations.

Management Comments to Recommendation 1.a:

TSA concurred with our conclusion that the system of air cargo screening oversight needs to include clearer guidance and more comprehensive training. The agency indicated that it has in fact provided such guidance and training within the last year. For example, in October 2006, TSA provided a three-day training session to field inspectors and supervisors on the air cargo final rule and seven new security directives. In addition, the agency has conducted regular bi-weekly teleconferences with staff and posted answers to questions on its employee web board. TSA also published a detailed question and answer document that clarifies the new cargo screening requirements in detail. TSA said some field staff were not fully aware of the resources for guidance available to them and, consequently, TSA's Office of Security Operations reminded the staff of the complete range of references available for their use in May 2007.

OIG Analysis

We commend TSA for their efforts to assemble and train its Cargo ASI workforce in 2006; however, we believe that TSA has only partially addressed our concerns and, therefore, we consider this recommendation open. The October 2006 training focused on the new security rules and does not satisfy all of the concerns about quality of training for new Cargo ASIs and the resulting disparate interpretations and application of cargo security regulations by ASIs. In addition, TSA's response does not address our recommendation that the agency develop and distribute more clearly written guidance on air cargo security regulations, particularly with regard to the intent and appropriate application of cargo screening exemption criteria.

Management Comments to Recommendation 1.b:

TSA concurred with our conclusion and stated that oversight methods other than document review are vital to an effective compliance and enforcement program and will work to create specific procedures to improve inspections. TSA stated its four-week core training and subsequent On-the-Job training program teaches Cargo ASIs the importance of observation, interview, surveillance, and document review techniques for effectively gauging industry compliance.

OIG Analysis

The agency's response generally indicates that it is satisfied that the current training regime is sufficient to address our concerns about Cargo ASI inspection practices we observed, which tended to emphasize documentation review over direct observation. As noted in the report, many Cargo ASIs said that TSA's cargo security training did not adequately address inspection techniques. Based on our findings, we do not believe that current classroom and On-the-Job training sufficiently addresses our concerns about the reliance by ASIs on

documentary review. TSA needs to specifically emphasize the need for more observation and less reliance on the air carriers' word or documentation as the most effective inspection technique Cargo ASIs can utilize to ensure compliance with TSA's security programs. Accordingly, we consider the recommendation open until our concerns are addressed.

Management Comments to Recommendation 1.c:

The agency's response states that TSA's FY 2007 Annual Inspection Plan provides clear direction regarding how often to conduct inspections and specifies the regulatory requirements that Cargo ASIs should prioritize during air cargo inspections. TSA further said the Annual Inspection Plan does not cap or limit the number of inspections to be conducted on any regulated party but instead provides flexibility needed at the local level. Notwithstanding, the agency's response indicates that TSA plans to refine the FY 2008 Annual Inspection Plan to clarify there is no limit to the frequency of inspections of regulated parties. In addition, the agency's response states that TSA has developed critical air cargo inspection protocols for all inspectors conducting air cargo compliance reviews.

OIG Analysis

We disagree with a portion of the agency's response. As stated on page 10 of this report, TSA's Annual Inspection plan contains language that limits number of inspections to [redacted] unless previous inspections determined a lack of compliance or other factors. We will consider this recommendation open until the agency provides us documentation indicating that its FY 2008 Annual Inspection plan clearly states that there is no cap on the number of inspections of regulated parties.

TSA's development of critical inspection protocols should provide clear direction to Cargo ASIs for ensuring that specific critical inspection elements are covered during air cargo inspections. The FY 2007 plan requires that critical inspections be conducted at both domestic aircraft operators and foreign air carrier stations, and includes an appendix containing the critical inspection prompts that must be inspected. However, the plan fails to include critical prompts for the foreign air carrier station critical inspections. Additionally, TSA's response failed to address our observation about the lack of inspection of the carrier self-audit requirement, which is [redacted] in the FY 2007 Annual Inspection Plan. Because of these factors, the recommendation remains open.

Management Comments to Recommendation 1.d:

TSA concurred with our observation and said that the agency would establish additional procedures to better ensure consistency and thoroughness of field audits. TSA has already taken several actions to implement this recommendation. The agency established critical air cargo inspection protocols to help ensure consistency on which prompts each Cargo ASI inspects. The

agency also believes that reviewing inspection reports is the local FSD's responsibility. TSA implemented a structured and recurring "spot-check" review process whereby TSA headquarters staff reviews compliance reports to further ensure inspection reports meet the highest standards. TSA's FY 2008 Annual Inspection Plan will contain specific direction regarding quality control measures for air cargo inspections.

OIG Analysis

We agree with the actions TSA has taken and plans to take to address the intent of our recommendation. However, the recommendation will remain open until TSA completes all planned actions to address our concerns, and provides us documentation that specifically details actions taken to improve the consistency, thoroughness and quality of cargo security inspections.

Management Comments to Recommendation 1.e:

TSA concurred with our observation and acknowledged that additional resources, such as more inspectors and vehicles, would allow increased TSA oversight of air cargo operators. The agency said it used available funding to order and receive 81 vehicles in April 2007, and to order another 28 vehicles with delivery scheduled for August 2007. TSA is also in the process of distributing personal digital assistants to all 300 Cargo ASIs to facilitate inspection data input into PARIS. The upgrade to PARIS needed to complete this enhancement is scheduled for early 2008.

OIG Analysis

TSA has been responsive to our recommendation and has taken steps to provide additional vehicles and resources to its Cargo ASIs, and we consider the recommendation closed.

Management Comments to Recommendation 2.a:

TSA concurred with our observation and stated the agency is currently modifying the training features of PARIS to enhance the user's knowledge and understanding of the PARIS reporting application. TSA efforts are continuing to provide field personnel with expanded local reporting capabilities beyond the fixed PARIS reports already available to them. TSA will enhance the level of supervision and guidance of the inspection workforce.

OIG Analysis

We commend TSA for the agency's efforts to educate PARIS users and expand the level of reporting capability in the field. The agency's response, however, was silent concerning what type of supervision and guidance the agency will provide to the inspection workforce as to the quality and quantity of inspection data that Cargo ASIs should enter into PARIS upon completion of an inspection. This recommendation will remain open until the agency provides us with documentation which provides these details.

Management Comments to Recommendation 2.b:

TSA concurs and has taken initial steps to evaluate the current staff and funding level for database operations and maintenance at headquarters. TSA identified the specific need for additional technical staff to support the PARIS program and will work to coordinate the allocation of additional resources accordingly. TSA is procuring an enhanced Helpdesk service for PARIS users that will alleviate some of the user management issues that consume a large segment of current staff time.

OIG Analysis

We agree with the actions TSA has taken, or plans to take to address our observations concerning insufficient resources provided towards support of its PARIS database. We will consider the recommendation open until planned, future actions, such as enhancing the agency's Helpdesk service and the allocating additional technical staff resources, are complete.

Appendix A

Purpose, Scope, and Methodology

The objective of the audit was to determine whether TSA provides adequate oversight of air carriers' compliance with federal security regulations relating to the acceptance, handling, and screening of cargo shipped on passenger aircraft. Specifically, we assessed whether:

- TSA's overall methodology for conducting and documenting cargo inspections is an effective system to ensure air carriers comply with passenger air cargo screening requirements.
- TSA ensures that air carriers inspect 100% of accepted cargo, and screen the required percentage of shipments not exempt from screening.
- TSA ensures that air carriers correctly interpret and apply screening exemption criteria.
- TSA ensures that air carriers conduct the required self-audits according to federal security requirements.

To evaluate how effective TSA is overseeing air carrier compliance with its security programs, we visited 5 airports and 40 cargo facilities, and interviewed 31 ASIs to determine the methodology inspectors use to conduct regulatory inspections. To assess TSA's oversight of air carriers' compliance with federal regulations relating to the acceptance, handling, and screening of cargo shipped on passenger aircraft, we obtained and reviewed applicable federal laws, directives, and regulations; TSA's Aircraft Operator Standard Security Program for Domestic Air Carriers and the Model Security Program for Foreign Air Carriers; and associated Security Directives and Emergency Amendments. We also reviewed prior audit reports and current TSA initiatives.

We interviewed personnel at TSA Headquarters. We selected five airports and interviewed Federal Security Directors, Assistant Federal Security Directors, and TSA ASIs, as well as air carrier personnel and their contractors involved with air cargo security. We observed operations, security, and cargo inspections while visiting the air carrier cargo facilities. We had to rely on information generated by TSA's Performance and Results Information System; however, we noted the limitations of the system as a finding in our report. We also obtained and reviewed reports and documents used by

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Purpose, Scope, and Methodology

inspectors to conduct their assessments. We reviewed and obtained copies of screening documentation from air carrier cargo facilities.

During our survey phase, we visited [REDACTED] because it was a Category X airport [REDACTED]. We then selected four airports [REDACTED] [REDACTED] to assess TSA's oversight of air carriers' compliance with federal regulations relating to the handling and screening of cargo shipped on passenger aircraft:



We conducted fieldwork between August 23 and November 19, 2006, under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. We appreciate the cooperation and courtesies extended to our audit team by TSA.

Appendix B Management Comments To The Draft Report

Office of the Assistant Secretary

U.S. Department of Homeland Security
601 South 12th Street
Arlington, VA 22202-4220



Transportation
Security
Administration

MAY 24 2007

INFORMATION

MEMORANDUM FOR: Richard L. Skinner
Inspector General
Department of Homeland Security

FROM: *(Signature)* Kip Hawley
Assistant Secretary

SUBJECT: Transportation Security Administration's (TSA) Response to the Department of Homeland Security (DHS) Office of Inspector General's (OIG) Draft Report, "Transportation Security Administration's Oversight of Passenger Aircraft Cargo Security Faces Significant Challenges" (Draft Report OIG-07-XX), March 2007

Purpose

This memorandum is TSA's response to the DHS OIG draft report, "Transportation Security Administration's Oversight of Passenger Aircraft Cargo Security Faces Significant Challenges" from March 2007. TSA appreciates DHS OIG's efforts to plan, conduct, and issue this report. TSA generally concurs with the report and recommendations. However, TSA's current air cargo security program has reached a number of significant milestones to improve the security of cargo traveling on passenger aircraft both domestic and U.S.-bound and is working with the industry to aggressively implement solutions based on risk.

Background

TSA is responsible for overseeing aviation security and protecting the air traveling public. Because of Congressional concerns regarding air cargo security reporting, OIG began a review of TSA's oversight of passenger aircraft cargo in June 2006. The objective of this review was to determine whether TSA adequately oversees air carrier compliance with Federal requirements concerning acceptance, handling, and screening of cargo transported on passenger aircraft.

OIG met with TSA Headquarters (HQ) officials, conducted site visits to five airports and 40 cargo facilities, and interviewed 31 Aviation Security Inspectors (ASIs). OIG determined that (1) TSA's inspection process may not accurately represent the extent to which air carriers comply with cargo screening requirements, and (2) TSA does not provide sufficient resources for air carrier inspection coverage. OIG also found that TSA faces numerous challenges in utilizing

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its compliance database — the Performance and Results Information System (PARIS) — to monitor and report air carrier compliance with cargo screening requirements.

Discussion

Mitigating the threat of a terrorist exploiting vulnerability within the air cargo supply chain is a high priority of the Department. Myriad initiatives are underway to strengthen security across the entire supply chain. DHS is committed to prioritizing its work in response to this risk and executing a threat-based risk management strategy that balances the need to enhance air cargo security without unduly impeding the flow of commerce. By employing a layered security strategy—combining policy, strong regulatory oversight, and technology to combat threats, mitigate vulnerabilities, and control consequences—the DHS air cargo team is effectively managing the associated risks.

TSA has taken a comprehensive approach and is very engaged with industry to pro-actively develop security solutions based on risk, and the air cargo security program has reached a number of significant milestones to improve the security of cargo traveling on passenger aircraft. TSA's cargo security programs contains comprehensive standards for air cargo transported to, from, and within the United States. Because security programs and standards vary between countries, TSA is also working closely with international partners to raise global air cargo security standards to increase the level of security for U.S.-bound cargo. TSA works with Customs and Border Protection to communicate information on air cargo security programs and requirements, and to establish procedures for routine sharing of air carrier risk assessment information. These efforts include significant industry collaboration through the Aviation Security Advisory Committee Air Cargo Working Group.

In the past year alone, TSA has increased its screening requirements and tightened the rules governing shipments believed to be of elevated risk and has eliminated exemptions from screening so that now, all cargo is subject to some form of screening or detailed authentication procedure. Because new technologies that physically screen air cargo are not on the near horizon, TSA has responded to the challenge by using existing technologies in the airport and improving them through both adaptation and process improvement. TSA has increased the utilization of certified canine teams in the air cargo arena. More than 350 TSA canine teams now dedicate approximately 25 percent of their time to air cargo security activities. We have essentially re-vamped the way air cargo is screened by making significant process changes with both resources and people and eliminating certain exemptions. These changes have resulted in a much more streamlined and effective screening process for air cargo.

In October 2006, TSA issued a series of security enhancements through Security Directives and Emergency Amendments, which dramatically increased both the quantity and quality of cargo screening within the United States. The Security Directives eliminated previous air cargo screening exemptions; today all cargo is subject to some form of screening or detailed authentication procedure. TSA also mandated 100 percent screening of all air cargo accepted in airport terminals as well as all cargo loaded on passenger aircraft at more than 250 smaller domestic airports.

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In May 2006, TSA issued a comprehensive air cargo security rule substantially raising the security bar for passenger and all-cargo air carriers, airports, and indirect air carriers (IACs). The basis for this rule was more than 40 recommendations from our industry partners to enhance security of the air cargo supply chain. In January 2007, TSA issued corresponding security programs giving detailed instruction for industry compliance with the final rule.

Additionally, the Air Cargo Security Requirements Final Rule (71 FR 30478) published in May 2006 requires airports that currently maintain a Security Identification Display Area (SIDA) to expand the SIDA to air cargo operating areas. At airports where SIDA is non-existent but all-cargo operations occur, the TSA requires aircraft operators to incorporate other security measures into their programs. For instance, TSA requires Security Threat Assessments (STA) for all persons who have unescorted access to cargo. Section 1544.228 of the Final Rule requires that all-cargo aircraft operators comply by March 15, 2007, for direct employees and by June 15, 2007, for agents. These industry deadlines were recently extended via notice in the Federal Register to May 15, 2007, for direct employees, and July 15, 2007, for agents.

In addition to policy enhancements and advances related to air cargo screening, TSA has significantly strengthened its air cargo compliance and enforcement program during the past two years. TSA currently employs 300 Cargo-Aviation Security Inspectors (C-ASIs), hired in increments of 100 during FY04-06. They are the primary resource for cargo-related inspection activities that ensure air carrier and IAC compliance with TSA's air cargo security requirements. TSA HQ coordinates closely with local Federal Security Directors (FSDs) on the roles, responsibilities, and objectives of the C-ASIs. For example, if inspection data for a specific airport shows unusually low compliance with a specific security requirement, the FSD typically directs C-ASIs to focus additional effort to remedy the problem.

In 2004, TSA initiated a cargo strike program with unannounced surges of inspectors at major cargo airports. These have been conducted monthly since September 2004 and typically target locations where high volumes of cargo are transported (and consequently where there are large numbers of IACs). For example, during November 2006, 30 C-ASIs from throughout the country teamed with 30 New York area C-ASIs to perform unannounced inspections of air cargo at the three major New York City airports. The teams conducted more than 425 inspections and noted more than 200 instances of noncompliance. Overall, during 2006, TSA inspectors conducted more than 31,000 compliance reviews of air carriers and freight consolidators.

In 2006, TSA implemented a covert testing program with realistic, risk-based testing of air carrier and IAC compliance with TSA security requirements. Specific protocols for the testing have been developed and used to test known shipper requirements at approximately 100 domestic airports.

C-ASIs also play a key role in TSA's execution of enforcement actions against air carriers and IACs. When facts and circumstances warrant, C-ASIs may recommend that a noncompliant entity be assessed a monetary civil penalty. In the most serious cases, TSA can withdraw or deny renewal of an IAC's authority to operate under its security program, prohibiting the IAC from tendering cargo for transport aboard passenger aircraft. In 2006, TSA revoked or denied security program renewal of five IACs based on their noncompliance with TSA security

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requirements. C-ASIs work closely with TSA's Office of Chief Counsel in all civil penalty and IAC withdrawal actions.

TSA has utilized PARIS, a robust, enterprise-wide reporting system that stores data in a systematic and highly structured way. This application stores security information collected by all inspectors and others engaged in security oversight. This storehouse of data can generate numerous reports, depending on the desired metric or field of inquiry. Efforts are continuing to expand PARIS's reporting capabilities for field staff beyond fixed reports.

TSA continues to improve operating efficiency by upgrading connectivity to TSA's subsystems, delivering faster technology solutions to field inspectors. The High-Speed Operational Connectivity (Hi-SOC) Program was launched in 2005 to complete deployment of the TSA network to all federalized airports. Hi-SOC provides secure high-speed connectivity and the most advanced information technology infrastructure available. Since its inception, the Hi-SOC team has deployed high-speed capability to 96 percent (398 of 415) of airports. The program has also achieved high-speed connectivity for all 16,158 TSA computers. TSA's main goals for the Information Technology Division were to deliver full Hi-SOC to 70 percent of all Category X and 1 airports, and high speed connectivity to all airports nationwide, by September 30, 2006. An airport with Hi-SOC experiences faster e-mail, high-speed internet connectivity, and more efficient and effective access to Transportation Security Officer training. Other features include VoIP Intelligent Phones and Electronic Time and attendance Scheduling Systems. Hi-SOC provides the basic infrastructure for installing these mission-critical applications.

Despite our significant improvements during the past few years, we recognize that field personnel need additional education. This can be accomplished through teleconferences, emails, web board posts, and other communication vehicles. TSA will put greater emphasis on C-ASIs' observation, interviewing, and testing, and will refine its FY08 annual inspection plan to address frequency of inspections. In FY08, TSA HQ will work with all FSD staff to improve compliance reviews and implement quality control measures that complement the current review process. TSA will also address its compliance program shortcomings and improve PARIS to augment its air cargo security program.

Your recommendations will help us continue improving and implementing more effective oversight of passenger aircraft security inspections. We generally concur with your recommendations and have taken steps to address several of them. TSA's specific responses to the recommendations contained in this report are:

Recommendation 1: Establish a system of cargo screening oversight that includes the following elements:

- Clearly written guidance and comprehensive training on the intent of the regulations and exemption criteria for cargo requirements;
- Specific procedures on how to improve inspections;
- Guidance on what aspects of the security program requirements should be inspected and how often;

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- A quality control program to improve the consistency, thoroughness, and quality of cargo security inspections; and
- Sufficient resources to the cargo inspection program.

Establish a system of cargo screening oversight that includes the following:

- **Clearly written guidance and comprehensive training on the intent of the regulations and exemption criteria for cargo requirements.**

TSA Concur: TSA concurs with OIG's assertion regarding the need for clear guidance and comprehensive training to better ensure compliance with TSA's air cargo screening requirements. TSA has provided such guidance and training through a number of avenues during the past year. Specifically, in October 2006 in the Washington, DC area, TSA hosted an intensive three-day training session which gave TSA field inspectors and supervisors information and training on the recently published air cargo final rule and seven accompanying security programs, including requirements for the screening of air cargo. Along with oral briefings, comprehensive reference materials were provided to TSA staff. Conference participants were also given (1) historical background on the evolution of the air cargo requirements; (2) how industry was to comply with the new requirements; and (3) information on corresponding security programs.

In conjunction with the Security Directives issued in October 2006, which enhanced the air cargo screening requirements for industry, TSA published a comprehensive question and answer document for both field staff and industry. This Q&A document clarified the new cargo screening mandates in detail. For the past two years, TSA HQ has also conducted bi-weekly teleconferences with field staff to address compliance-related questions, including those about air cargo screening. Answers to these questions are posted on the employee web board for all compliance staff. TSA field staff may also submit questions about air cargo screening to a central headquarters mailbox. Responses to the questions from TSA field staff are developed by the appropriate TSA office, and answers are posted on the employee web board for all to review.

TSA recognizes that some field staff may not be fully aware of all available resources, some of which could give inspectors a clearer understanding of the air cargo screening requirements. To rectify this shortcoming, in May 2007 the Office of Security Operations reminded all field staff of the complete range of available compliance reference material.

Establish a system of cargo screening oversight that includes the following:

- **Specific procedures on how to improve inspections.**

TSA Concur: TSA believes that oversight methods, other than document review, (1) are vital to an effective compliance and enforcement program and (2) create specific procedures that improve inspections. TSA has established a solid foundation for regulatory oversight of air cargo operations through four weeks of core inspector training. TSA also uses an on-the-job

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training (OJT) program for new cargo inspectors, giving newly hired C-ASIs 80 hours of intensive training with experienced C-ASIs. During OJT, the experienced inspector builds on the fundamental information provided in the core class, giving the newly hired inspectors additional, real-world insight into how to most effectively inspect cargo. Both layers of training teach new C-ASIs the importance of observation, interview, surveillance, and document review techniques for effectively gauging industry compliance.

Establish a system of cargo screening oversight that includes the following:

- **Guidance on what aspects of the security program requirements should be inspected and how often.**

TSA Concurs: The FY07 annual inspection plan gives clear and specific direction to field staff about how often to conduct inspections and which regulatory requirements should be prioritized during inspections. The annual inspection plan does not cap or limit the number of inspections on any regulated party. Rather, the plan helps prioritize our inspectors' work. The local FSD staff regularly communicates and works with regulated parties in their communities and is best suited to determine the frequency with which to conduct inspections of any one carrier. The guidelines in the annual inspection plan provide flexibility needed at the local level.

Although the FY07 work plan has proven a very effective part of TSA's compliance and enforcement program, we are committed to further refining the FY08 plan. The FY08 annual inspection plan clarifies to all field staff that there is no limit to the frequency of inspections of regulated parties.

Furthermore, consistent with TSA's threat-based, risk-management approach to ensuring air cargo security, TSA developed critical air cargo inspection protocols for all inspectors conducting air cargo compliance reviews. Critical inspection elements are security requirements which, if compromised, are the most likely to lead to an air cargo related incident. Examples of critical air cargo inspection elements are requirements related to the qualifications of known shippers, access control, and cargo screening.

Establish a system of cargo screening oversight that includes the following:

- **A quality control program to improve the consistency, thoroughness, and quality of cargo security inspections.**

TSA Concurs: TSA will establish additional procedures for the cargo inspection program to better ensure consistency and thoroughness of field audits. As indicated above, in FY07 TSA developed, for all inspectors conducting air cargo compliance reviews, critical air cargo inspections protocols, consisting of critical inspection elements. These elements, if compromised, are the most likely to lead to an air cargo related incident. The critical prompts also help TSA to ensure consistency about which prompts each C-ASI inspects.

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Currently, the local FSD is responsible for reviewing and approving all cargo inspections the field staff performs. TSA believes that reviewing inspection reports is most appropriately the local FSD staff's responsibility. The local staff can ensure complete and accurate oversight of the regulations. TSA HQ will reiterate and further emphasize the importance of consistent and thorough compliance reviews at the local level with all FSD staff responsible for reviewing and approving cargo inspection reports.

The FY08 annual inspection plan will also contain specific direction regarding quality control measures for air cargo inspections. TSA has also implemented a structured and recurring spot-check review process whereby, to further ensure inspection results meet the highest standards, HQ staff reviews the compliance reports that the field staff generates.

Establish a system of cargo screening oversight that includes the following:

- **Sufficient resources to the cargo inspection program.**

TSA Concur. From FY04-06, TSA was provided funding for 300 C-ASIs to oversee air cargo security. TSA assigned those resources to 102 domestic airports based on a risk management approach. This included factors such as cargo volume, number of regulated carriers, and airport threat rankings. Despite devoting these resources toward air cargo compliance oversight, TSA agrees that the introduction of additional resources, such as more inspectors and vehicles, would allow increased TSA oversight of air cargo operators.

TSA has already taken the steps available within current budgetary constraints to address resource shortcomings. In 2006, TSA HQ committed \$1 million to purchase additional government vehicles for the cargo inspector workforce. After evaluation, a prioritization list was developed to deploy vehicles to airports that need them the most for more efficient air cargo inspections. This funding enabled TSA to purchase 81 additional government vehicles for deployment to cargo inspectors at 51 airports throughout the United States as of April 2007. An order for an additional 28 vehicles has been placed, with delivery scheduled for August 2007. Furthermore, TSA is distributing personal digital assistants (PDAs) to all 300 C-ASIs. The PDAs will be configured with PARIS prompts to allow inspectors to enter their compliance review data during the actual inspection. The data will be transferred directly into PARIS, eliminating the need for inspectors to create paper-based inspection notes and transfer those notes into the electronic PARIS format. This upgrade to PARIS is scheduled for early FY 2008.

Recommendation 2: Improve the Performance and Results Information System. Specifically:

- **Provide better guidance and detailed training to all users, especially aviation security inspectors, on the quality or quantity of information that should be collected and entered to ensure data integrity and enhance the system as a management tool.**

TSA Concur. TSA is currently modifying PARIS's training features to enhance users' knowledge and understanding of the PARIS reporting application. In April 2007, TSA released

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the new software PARIS Version 1.6. To further expand the users' understanding of the new system features, this version comes with a video graphic illustrating the version's key features and improvements. This video details how to operate the system independently. TSA is reviewing the best way to deliver the next generation of PARIS. Additionally, as we look forward to an expanding scope of compliance oversight activity, TSA will enhance the level of supervision and guidance of the inspection workforce. Efforts are continuing to provide field personnel with expanded local reporting capabilities beyond those fixed reports currently available in PARIS.

- **Provide sufficient staff and funding for database operations and maintenance, including information technology support, to ensure data integrity, and to improve reporting capabilities.**

TSA Concur. TSA has taken initial steps to evaluate the current staff and funding level for database operations and maintenance at HQ. As a result of this evaluation, TSA is in the final stages of acquiring an enhanced Helpdesk service for PARIS users. This will alleviate some of the user management issues that consume a large amount of staff time. The Helpdesk will provide telephone support for more than 1,500 PARIS users to resolve technical or software issues. Also, TSA has identified a specific need for additional technical staff to support the PARIS program and will work to coordinate the allocation of additional resources. Further improvements to the user interface are anticipated with the soon-to-be-released PARIS Version 2.0, which will enhance inspection reporting capabilities.

Appendix C
Major Contributors to The Report

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Timothy Crowe, Director, Transportation Security Audits Division

Patrick O'Malley, Audit Manager

Robert Ferrara, Auditor-In-Charge

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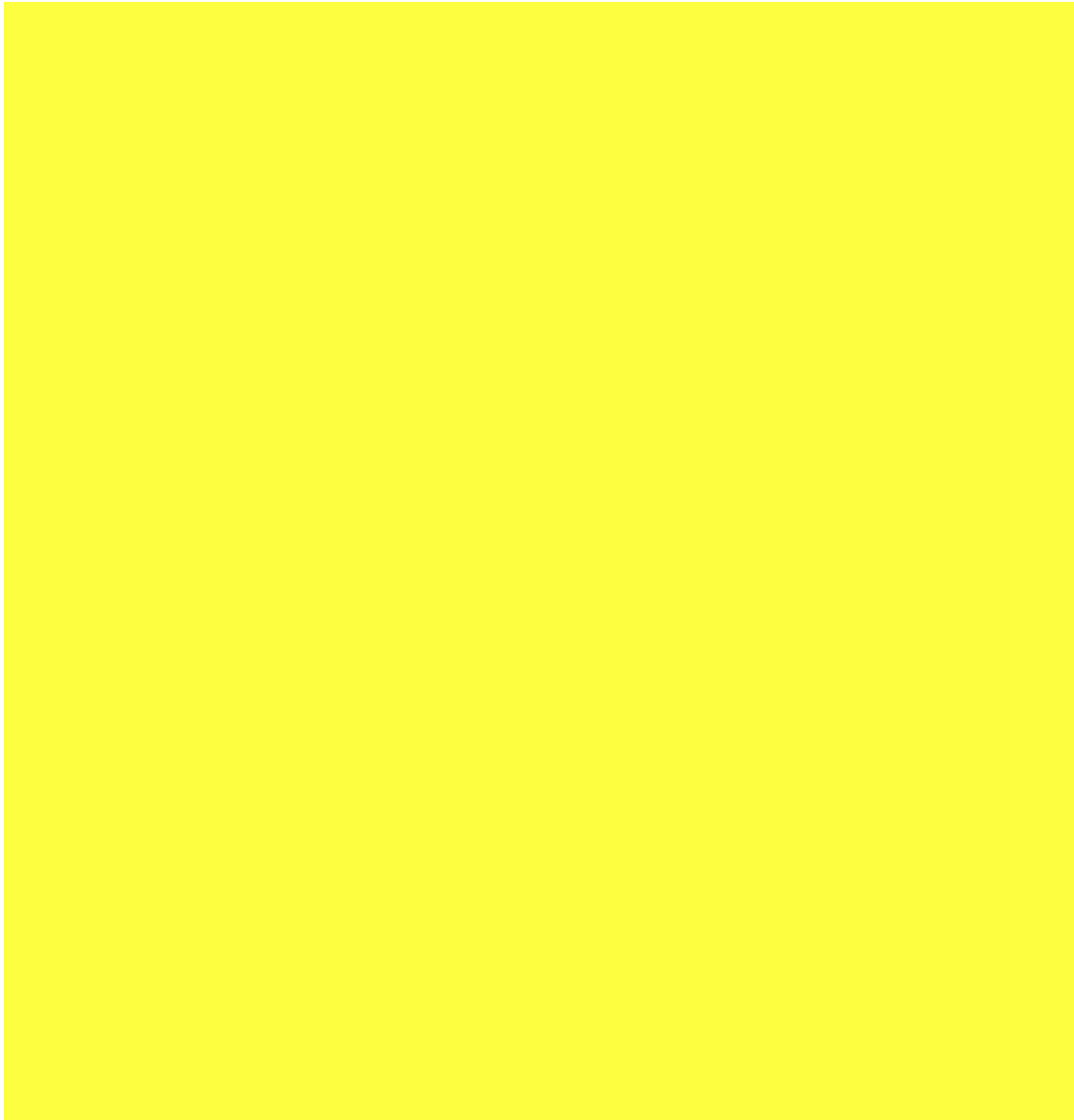
Christine Haynes, Auditor

Richard Kotecki, Auditor

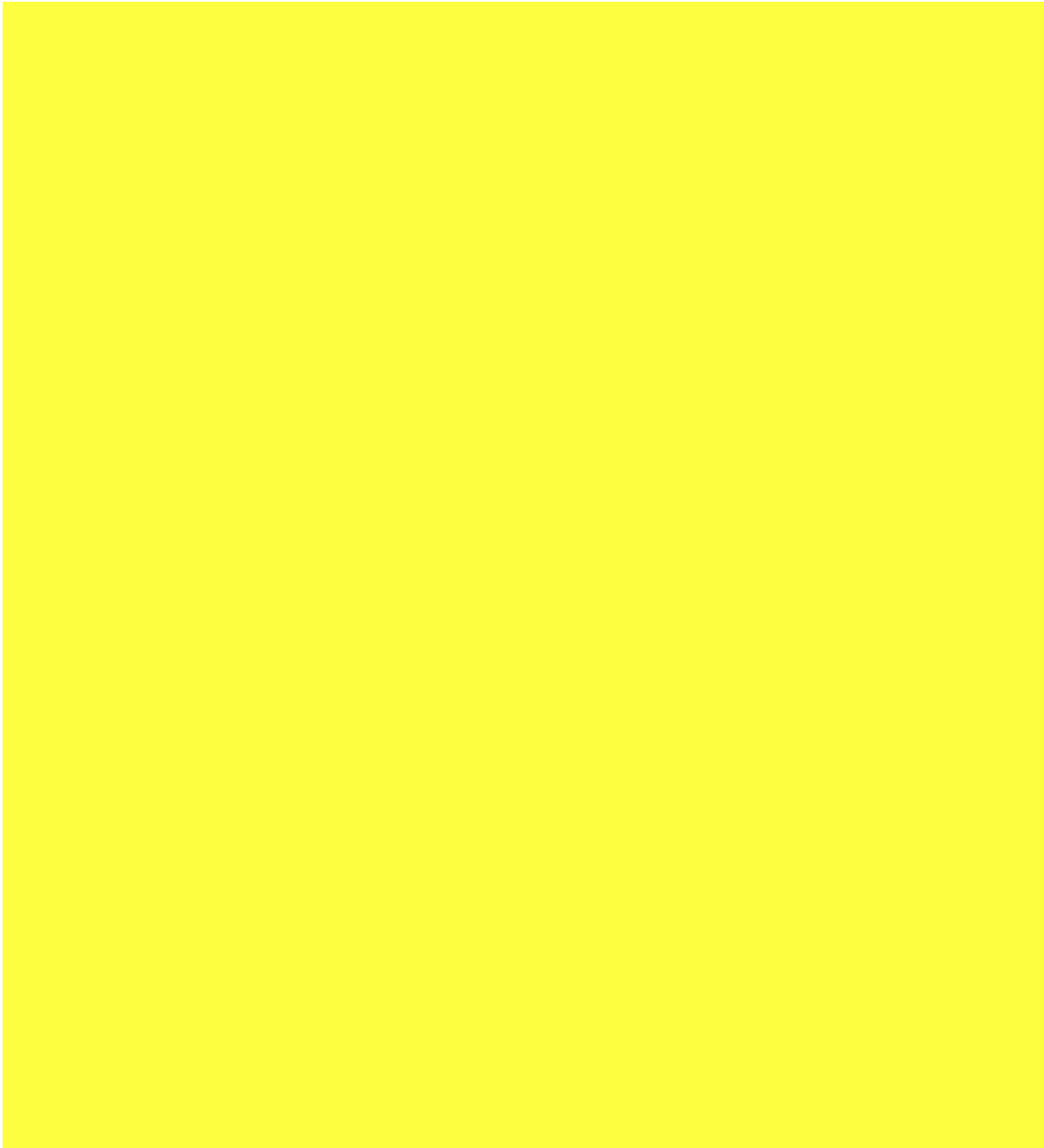
Mark Phillips, Auditor

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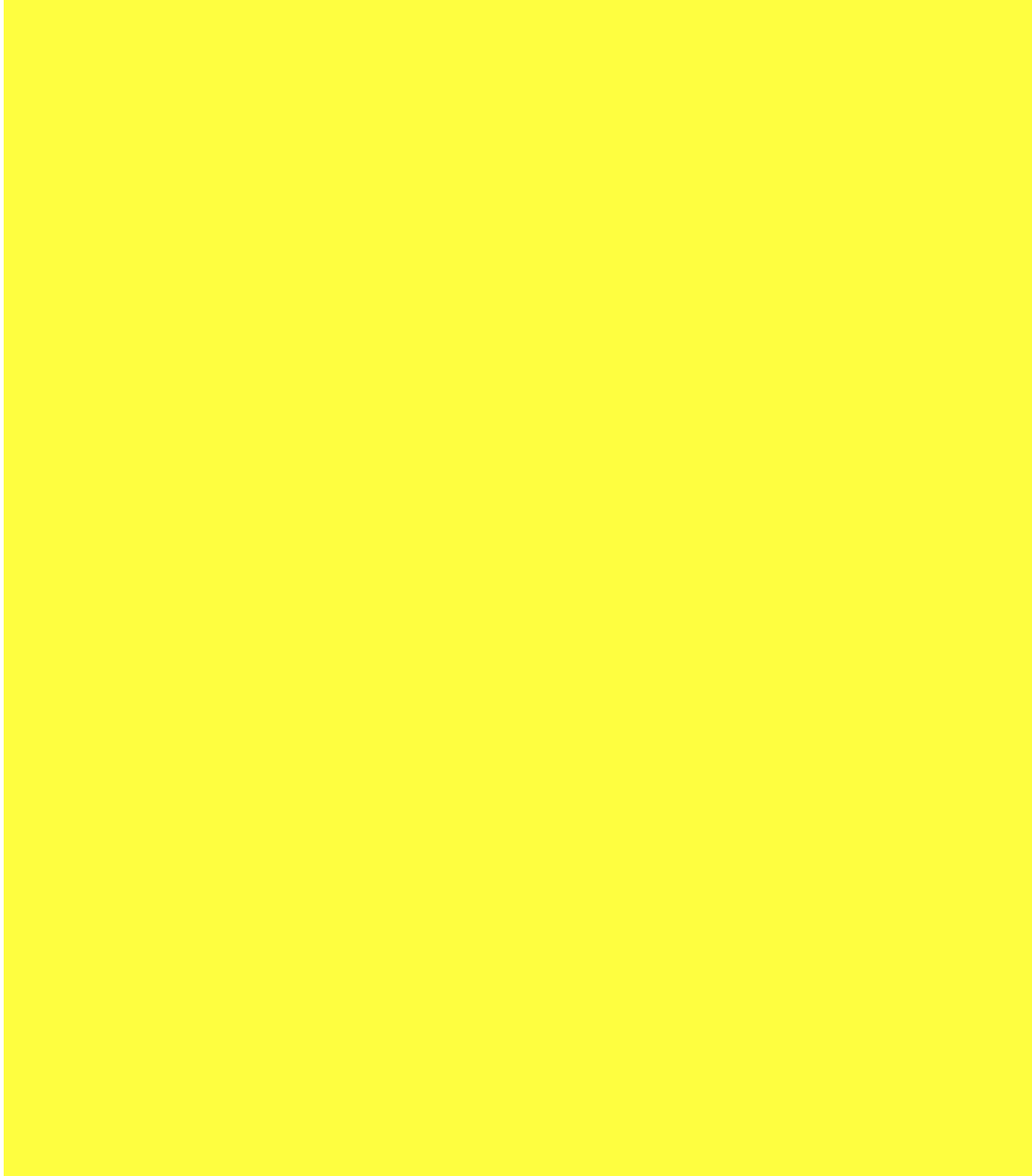
Appendix E
Detail of Identified Screening Compliance Issues



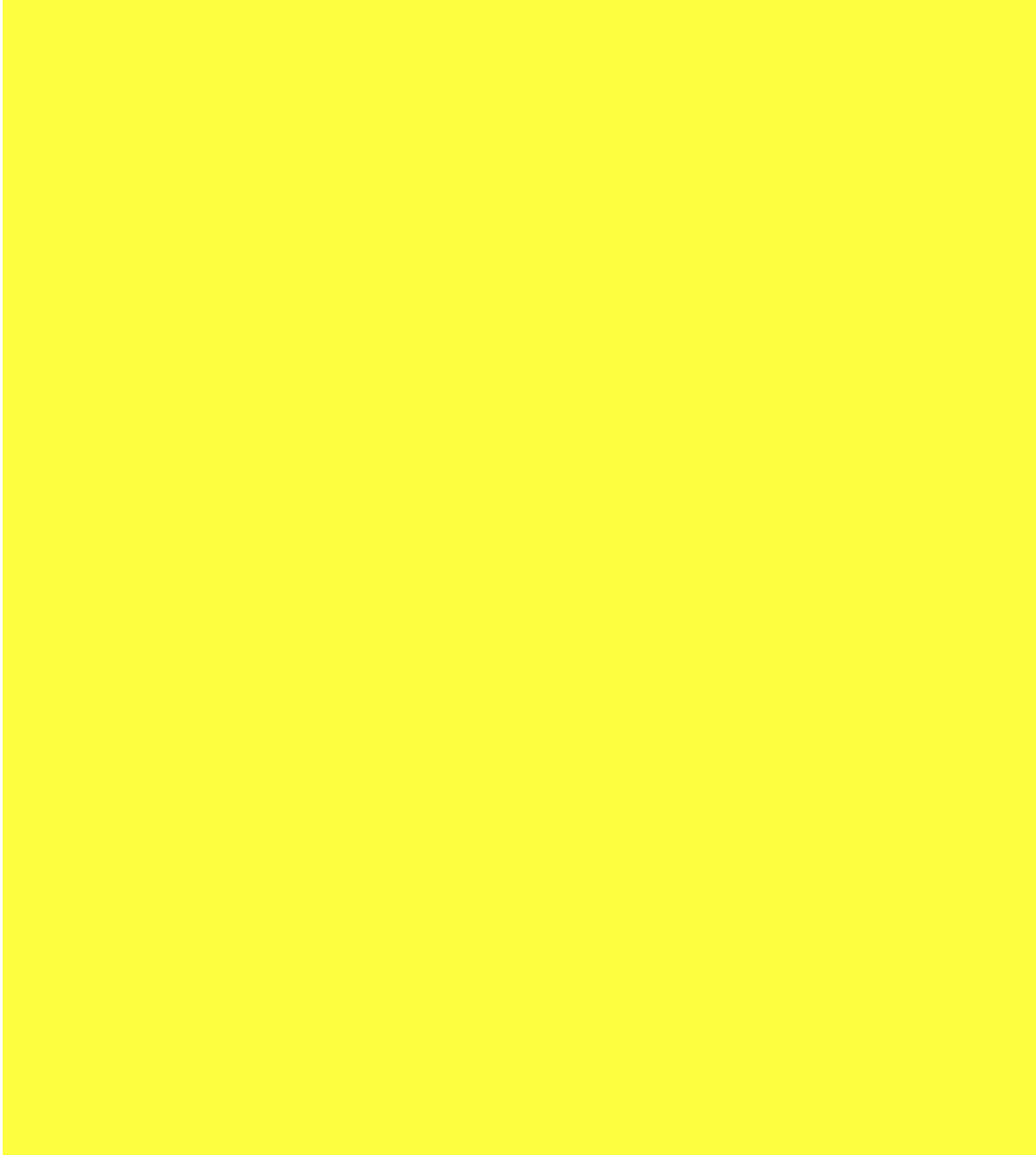
Appendix E
Detail of Identified Screening Compliance Issues



Appendix E
Detail of Identified Screening Compliance Issues



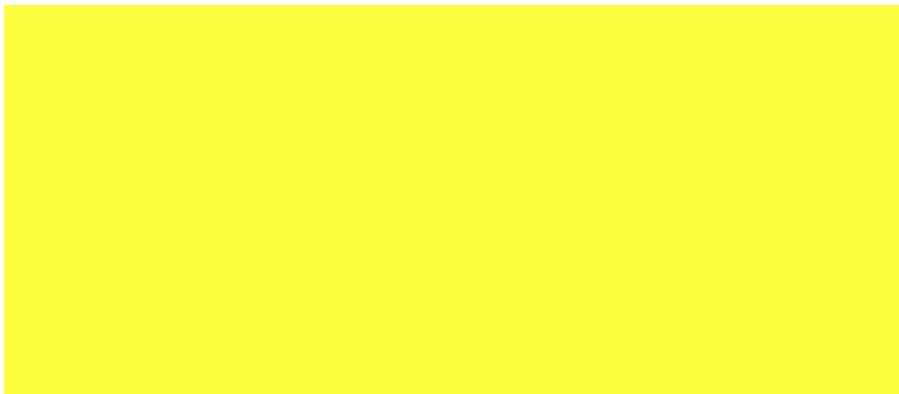
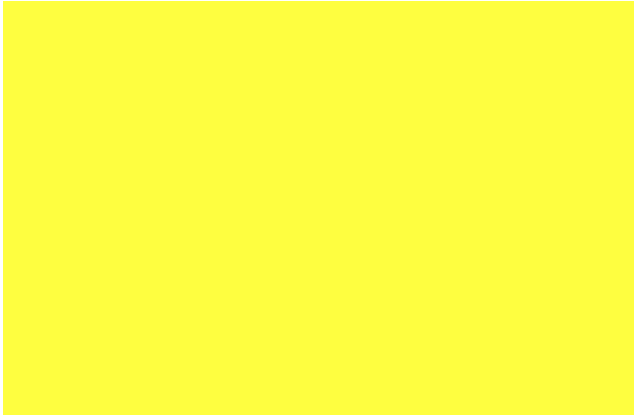
Appendix E
Detail of Identified Screening Compliance Issues



Appendix E
Detail of Identified Screening Compliance Issues



Appendix F
Photographs of Vulnerable Cargo Shipments



Appendix G
Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chief of Staff
General Counsel
Executive Secretary
Assistant Secretary for Transportation Security Administration
Assistant Secretary for Policy
Assistant Secretary for Public Affairs
Assistant Secretary for Legislative and Intergovernmental Affairs
Chief, Security Officer
Director, GAO/OIG Liaison Office
TSA Audit Liaison
Chief Privacy Officer

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate.

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To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations:

- **Call our Hotline at 1-800-323-8603;**
- **Fax the complaint directly to us at (202) 254-4292;**
- **Email us at DHSOIGHOTLINE@dhs.gov; or**
- **Write to us at:**
 - DHS Office of Inspector General/MAIL STOP 2600, Attention:**
 - Office of Investigations - Hotline, 245 Murray Drive, SW, Building 410,**
 - Washington, DC 20528.**

The OIG seeks to protect the identity of each writer and caller.