DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General

Transportation Security Administration Review of the TSA Passenger and Baggage Screening Pilot Program

Homeland Security

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, investigative, and special reports prepared by the OIG as part of its DHS oversight responsibility to identify and prevent fraud, waste, abuse, and mismanagement.

This report assesses the strengths and weaknesses of the program or operation under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

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

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Inspector General

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Abbreviations

ATSA	Aviation and Transportation Security Act
COTR	Contracting Officer's Technical Representative
FDO	Fee Determining Official
FSD	Federal Security Director
ITS	International Total Services
JHAB	Jackson Hole Airport Board
OIG	Office of Inspector General
OJT	On-the-job training
PEP	Performance Evaluation Plan
SOP	Standard Operating Procedures
TSA	Transportation Security Administration

OIG

Department of Homeland Security
Office of Inspector General

Introduction

On November 19, 2001, the President signed the Aviation and Transportation Security Act (ATSA) that created the Transportation Security Administration (TSA). ATSA required TSA to assume responsibility for security screening at commercial airports in the United States. ATSA also required TSA to implement a two-year private security screening pilot program designed to determine whether, with proper government supervision and controls, private contract screening companies could provide and maintain passenger screening performance at levels equal to or greater than the TSA screener workforce. On October 10, 2002, TSA awarded four pilot program contracts covering five different sized airports, with one contractor providing security services at two airports. The pilot program began at the five airports on November 19, 2002.

The OIG evaluated the pilot airport program with specific emphasis on: (1) TSA's role in recruiting, hiring, deploying, and training screeners; and (2) the steps taken by TSA to monitor program operations and to measure, evaluate, and reward contractor performance.

The OIG conducted the audit from April 2003 through November 2003 at the San Francisco International Airport, Kansas City International Airport, Greater Rochester International Airport, and Jackson Hole Airport. In addition, the OIG conducted its review at TSA headquarters, contractor facilities at the airports, and at one contractor's headquarters. The audit did not include Tupelo Airport, which is the smallest of the five pilot program airports, and is part of the contract awarded to the contractor for San Francisco International Airport. For further information regarding the scope and methodology of the audit, see Appendix A.

Results in Brief

TSA's level of involvement was intended to ensure that pilot airport screeners would operate at a level at least equal to screeners at federalized airports. TSA's

level of involvement, while apparently not inconsistent with congressional intent, significantly limited any role the contractors may have played in improving all aspects of the program, including hiring, training, and on-the-job screener performance. For example, contractors had to rely on TSA to evaluate and approve applicants through assessment centers[1] established ad hoc for that purpose. When contractors needed additional staff, they had to wait for TSA to reestablish an assessment center, which sometimes took months. This resulted in understaffing, excessive overtime, and poor morale. Further, TSA's screener approval process resulted in high (about 70 percent) rejection rates, even when applicants were pre-screened by contractors.

TSA headquarters provided overall policy for the pilot program, but relied on local TSA officials to manage and monitor the contractors. However, when local officials needed policy decisions or other program guidance from headquarters, there was no central point of authority; their requests had to be routed through numerous divisions within TSA headquarters to be researched, discussed, and finally approved. Consequently, the four pilot program contractors interpreted program guidelines differently or received different guidance from TSA on similar issues, leading to inconsistencies in operations among the pilot program contractors and making comparisons among them difficult.

Further, TSA had not developed or implemented adequate performance standards or criteria to monitor, measure, and evaluate pilot program contractors' performance, or to compare private screeners' performance with federalized screeners' performance. Specifically, performance evaluation plans were not developed and implemented uniformly within stated contract time periods, and the evaluation plans lacked measurable performance criteria to evaluate each individual contractor properly. Lacking performance criteria, award fee determinations were highly subjective and based primarily on contractor self-assessments and input from TSA officials.

The OIG is recommending that TSA: (i) develop criteria for measuring and comparing the performance of contractor and federal screeners; and (ii) establish greater flexibility within the program to test innovations and new approaches. TSA addressed the issue of evaluating contractor performance, but did not address the issue of comparing contractor and federal screener performance. TSA should address how it intends to compare performance in its formal response to this final report. See Appendix D for management comments to the draft report and Appendix E for the OIG's analysis of those comments.

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[1] Assessment centers, operated by a TSA contractor, were established to test screener applicants to determine their eligibility for employment.

Background

Prior to September 11, 2001, airlines were responsible for providing security screening services at airports. The airlines generally contracted with private companies to provide passenger and baggage screening. On November 19, 2001, the President signed ATSA into law to improve and strengthen the security of the civil air transportation system. Specifically, ATSA strengthened hiring and training qualifications of passenger and baggage security screeners, increased screeners' pay scales, and transferred the responsibility for providing civil air transportation security from the airlines to TSA at more than 440 national airports.

ATSA also required TSA to implement a two-year private passenger and baggage screening program at five airports of different sizes. ATSA required that the level of screening provided at the airports under the pilot contracts be equal to or greater than the level provided at the airports by federalized screeners. ATSA was silent on TSA's role in recruiting, hiring, staffing, and training screeners for the pilot airports. TSA chose to set staffing levels, approve or disapprove all applicants, and train all screeners. After the two-year pilot program ends, airport operators may request approval from TSA to opt out of the federal screening program. If approved, TSA will award contracts to qualified private screening companies to perform passenger and baggage screening.

Nineteen airports applied for the pilot program. In June 2002, TSA selected one airport for each of the five airport categories, as required by ATSA. U.S. airports are categorized by different risk categories based on size and other factors, with "Category X" representing the largest airport and "Category IV" representing the smallest airport. On October 10, 2002, TSA awarded the following contracts:

Airport	Category	Contractor
San Francisco International	X	Covenant Aviation Security
Kansas City International	I	International Total Services
Greater Rochester International	II	McNeil Technologies
Jackson Hole Airport	III	Jackson Hole Airport Board
Tupelo Airport	IV	Covenant Aviation Security

The first year contracts totaled about $111.7 million, while the second year totaled about $111.1 million. These figures include Tupelo Airport where contract fees totaled about $1 million per year.

Covenant Aviation Security (Covenant). Covenant was awarded a one year $70.3 million contract to provide private screening services at San Francisco International Airport. Covenant was to furnish all labor, supervision, management, facilities, equipment, materials, and services necessary to operate and maintain screening services at the airport. The contract also contains an option for a second year of screening services valued at $72.6 million. As an incentive, the contract offers a first year award fee of about $5.2 million and a second year award fee of about $5.4 million if Covenant met certain performance objectives. Covenant initially hired approximately 1,000 passenger screeners. By December 2002, Covenant increased its workforce to about 1,300 screeners, which included over 300 baggage screeners.

International Total Services[2] (ITS). ITS was awarded a one year $29.3 million contract to provide private screening services at Kansas City International Airport. ITS was to provide gate screening, checkpoint screening, and checked baggage screening services. The contract contains an option for a second year of screening services valued at $26.3 million. As an incentive, the contract offers a first year award fee of about $1.8 million, and a second year award fee of about $1.6 million if ITS met certain performance objectives. ITS had an initial workforce of more than 500 passenger screeners. In December 2002, ITS added over 200 baggage screeners.

McNeil Technologies (McNeil). McNeil was awarded a one year, $7.9 million contract to provide private screening services at Greater Rochester International Airport. McNeil was to provide all management, administrative, clerical, and supervisory functions of the pilot program. The contract contains an option for a second year of screening services valued at $7.9 million. As an incentive, the contract offers a first and second year award fee of about $779,000 if McNeil met certain performance objectives. McNeil's initial workforce was 130 passenger screeners. In December 2002, McNeil added about 60 full-time and 15 part-time additional baggage screeners.

Jackson Hole Airport Board (JHAB). Unlike the other three pilot program contractors, JHAB is not a private company. Instead, JHAB is a "government body corporate," that is, a governmental entity set up within the Town of Jackson and County of Teton under Wyoming state statutes. Another distinctive feature of this airport is that JHAB hired the airport operator and provided security screening services at the Jackson Hole Airport prior to the pilot program.

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[2] International Total Services has changed its name to FirstLine Transportation Security.

The JHAB was awarded a one year $3.2 million contract to provide private screening services at the Jackson Hole Airport. The contract requires JHAB to provide all labor, supervision, and management necessary to provide screening services at the airport. The contract also contains an option for a second year of screening services valued at $3.3 million. As an incentive, the contract offers a first and second year award fee of $150,000 if JHAB met certain objectives. JHAB's initial workforce was about 60 screeners, which was sufficient to perform both passenger and baggage screening duties.

Recruiting and Hiring Process

TSA used assessment centers to screen applicants. Both TSA and the pilot program contractors participated in the initial recruitment. Initially, TSA hired NCS Pearson Company to establish the assessment centers and test screener applicants to determine their eligibility for employment. Once determined eligible by NCS Pearson, pilot program contractors could then select their employees from among those applicants. Subsequently, TSA replaced NCS Pearson Company with Cooperative Personnel Services to administer the assessment centers.

The assessment center process verified U.S. citizenship and educational credentials and administered drug, image recognition, and English proficiency tests. Applicants had to meet minimum requirements for basic aptitudes and physical abilities as well.

Initial Training

ATSA required all screeners to complete a minimum of 40 hours of classroom training and 60 hours of on-the-job training before independently performing screening duties. This was a major increase over the previous Federal Aviation Administration requirements for airline contracted screeners, who generally were required to have 12 hours of classroom training and 40 hours of on-the-job training.

For the initial training of screeners, TSA hired Lockheed Martin to provide the training for passenger screening, and Boeing-Siemens to provide the training for checked baggage screening. The TSA mobile screening force also provided on-the-job-training at some airports. Currently, Lockheed Martin provides the 40-hour classroom training for both passenger and checked baggage screening.

Award Fee Methodology

Under TSA's contracts with the private contractors, Performance Evaluation Plans (PEP) were to be developed by TSA ten calendar days prior to the start of the first evaluation period. However, the PEPs were not developed. In lieu of the PEPs, TSA devised an award fee plan, based on the statement of work specified in the contract to evaluate contractor performance. The award fee plans, however, did not include a rating scale to define performance achieved and percentage of award fee earned.

The contracts contained an award fee base period of year one and a two-year option period. The contracts provided for the individual contractors to submit written self-evaluations to TSA within fifteen days after the evaluation periods. These optional self-assessments summarized contractor achievement relating to the objectives contained in each contractor's statement of work.

The contracts also designate performance monitors, including the Federal Security Director (FSD), the Contracting Officers Technical Representative (COTR), the Area Director, and the Contracting Officer. Each is required to submit written evaluations within fifteen days of the end of an evaluation period. For San Francisco, the Deputy FSD is also required to submit an evaluation. At the end of each evaluation period, the performance monitors send their evaluations to TSA headquarters. The responsible TSA headquarters official for the award fee determination is the Acquisition Airport Operations Division Director, who is also called the Fee Determining Official (FDO).

TSA's Role Limited Opportunities for Identifying Program Improvements

TSA's tight controls over the program, while apparently not inconsistent with congressional intent, prevented pilot program contractors from independently addressing hiring, staffing, and training issues to improve effectiveness and efficiency.

Hiring Limitations

The inability to hire screeners independently left pilot program contractors totally dependent on TSA to obtain their initial workforce and to backfill any attrition during the first year of the contract. Accordingly, the pilot program contractors could not effectively address problems with high attrition levels, understaffing, excessive overtime, or poor employee morale.

Hiring Shortages

Shortly after the pilot program began, Covenant and ITS experienced high levels of attrition. Because of TSA's high rejection rate for screener applicants, the contractors depleted their pools of eligible candidates during the initial hiring. Covenant and ITS were unable to backfill the positions as they became vacant in the San Francisco and Kansas City airports. As a result, the two contractors were understaffed and incurred excessive overtime costs. According to contracting officials, screeners were unable to take their requested time off because of the shortage, which led to job dissatisfaction. Additionally, due to the extended periods of overtime hours worked, the potential existed for deterioration in the screeners' effective detection of security threats.

The staffing shortage at Kansas City Airport was so severe that, to meet the minimum staffing requirements and to ensure airport screening security, TSA temporarily deployed 68 federal screeners to two passenger checkpoints and three baggage screening areas. The federal screeners were deployed to the Kansas City Airport for two months, costing TSA over $1 million. Because of TSA's involvement, the pilot program provided no "lessons learned" on how private contractors might independently and better handle the staffing shortages now and in the future.

The third pilot program contractor was affected by seasonal work requirements which were not accounted for by the TSA staffing model. The Jackson Hole Airport has two periods during the year that have a high influx of passengers, greatly increasing the need for additional screeners. JHAB faced difficulty in getting TSA to open an assessment center for its peak season. After many requests from JHAB, TSA opened an assessment center barely in time to meet the airport's high season needs. JHAB maintained that, had it been able to perform its own hiring like most government contractors, it would have started the hiring process much sooner and trained new screeners well before additional staffing needs arose.

Applicant Screening

The TSA assessment process prevented Covenant from hiring applicants whom the company believed were qualified to be screeners. During the second round of screener recruitment, Covenant pre-screened all the applicants prior to sending them to the TSA assessment center. The pre-screening process included

interviews with screener supervisors and human resource personnel. In addition, Covenant conducted drug, English aptitude, and threat image recognition tests. Covenant and local TSA officials believed that Covenant's pre-screening process would increase the assessment center pass rate for the pre-screened applicants. So, Covenant officials believed that the 225 applicants they approved and would have hired would result in more than enough qualified screeners to fill 100 part-time screener positions. However, only 70 (31 percent) passed the TSA assessment process. After the second round of recruitment, Covenant was still 30 part-time screeners short of its optimum staffing level. Covenant had to wait for another TSA initiated assessment center before it could attempt to fill the remaining vacant positions.

ITS also pre-screened its second round screener applicants prior to sending them to the TSA assessment center. Unlike Covenant's detailed pre-screening process, ITS merely verified applicants' U.S. citizenship and educational credentials. Of the 900 pre-screened applicants whom ITS pre-approved, only 323 (36 percent) passed the TSA assessment process.

According to San Francisco TSA and Covenant officials, the above pass rates (31 and 36 percent) were consistent with the previous average pass rate of 30 percent, when less applicant pre-screening, if any, was performed. In attempts to improve the applicant pre-screening process, local TSA and Covenant officials asked TSA headquarters to share its hiring criteria for screeners. However, TSA headquarters refused to provide them with the information or to allow Covenant to screen and hire applicants on its own.

Staffing Limitations

In addition to the inability to hire screeners when needed, pilot program contractors were unable to staff screeners according to the airports' varying workload demands or to select employees who were best suited for the screener positions.

Staffing Levels

TSA restricted the number of screeners the pilot program could hire to levels specified in TSA's staffing models. TSA established the staffing models in general terms and did not take into account each airport's unique characteristics, such as the Jackson Hole Airport seasonal passenger load requirements or Covenant's screener requirements for training, leave, and other "indirect hours" spent on

non-operational matters. Consequently, although JHAB and Covenant hired the maximum number of screeners allowed by TSA, these contractors believed that they needed additional screeners to achieve optimum performance.

Furthermore, although the TSA pilot contract award press release and the pilot program contracts noted a requirement for baggage screening, TSA did not include the authorizations for baggage screeners in the initial hiring or staffing levels. Because pilot program contractors were required to provide checked baggage screening, screeners were deployed to perform baggage screening duties even though they were hired as passenger screeners.

Part-time Screeners

Due to the constraints of the initial TSA staffing model, Covenant believed that it was not allowed to hire part-time screeners. With only full-time screeners available, the pilot program contractor did not have the flexibility to adjust staffing levels to accommodate the airport's peak and slow periods, resulting in excessive downtime during the slow periods and excessive overtime during the peak periods.

After recognizing the need to optimize staffing by accommodating airports' varying passenger loads, TSA began hiring part-time screeners at national airports and approved Covenant's hiring part-time screeners to backfill its continued attrition in July 2003. On the other hand, three pilot program contractors had been hiring part-time screeners since the beginning of the pilot program.

Supervisory Positions

Based on screener applicants' test results, the assessment center categorized the eligible applicants as "screeners," "lead screeners," or "screener supervisors." The pilot program contractors hired the screeners and supervisors accordingly. However, both the pilot program managers and federalized airport officials discovered that, in many cases, the applicants selected as supervisors did not have the proper supervisory training or experience to meet the needs of the position. The lack of proper supervisory training also was identified in a recent TSA study on passenger screener performance improvement.[3]

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[3] Passenger Screener Performance Improvement Study - Performance Analysis Final Report, July 2003.

One pilot program contractor interpreted the pilot contract to allow the hiring or promotion of only those candidates and screeners who initially qualified as "supervisors." The other three pilot program contractors promoted screeners based on their ability or potential to supervise, or their previous supervisory experience in screening.

Training Limitations

Because TSA controlled and approved all the training for screeners, pilot program contractors were not able to meet their training needs in a timely or efficient manner.

Cross-Training

Initially, TSA did not provide screeners with training in both passenger and checked baggage screening. Instead, TSA provided only passenger screening training to those hired as passenger screeners, and checked baggage screening training to those hired as baggage screeners. As a result, pilot program contractors did not have the ability to cross-utilize the screeners in either screening area when needed. Additional training for the baggage screeners had to take place during normal daily operations.

To attain staffing flexibility, pilot program contractors, with approval from local TSA officials, cross-trained passenger screeners in checked baggage screening on their own. After recognizing that cross-training screeners would facilitate optimum usage of screeners, local TSA worked in conjunction with pilot program contractors to cross-train new screeners in both screening areas after the initial training, if necessary. In June 2003, TSA began providing new screeners training in both passenger and checked baggage screening at one pilot program airport. According to the TSA program manager, TSA plans to implement dual training at all airports, including pilot airports, as soon as possible.

Training Differences

Inconsistent training also resulted in the inability to cross-utilize screeners. A Covenant official discovered that screener performance was inconsistent throughout the airport. In the pilot program training official's opinion, the inconsistent screening performance resulted from training differences received during the initial TSA on-the-job training process. Consequently, the pilot

program contractor was unable to deploy screeners throughout the airport until they were able to perform the screening procedures in the same manner.

Training Standards

Although TSA believes that ongoing training is critical to maintaining and enhancing screener skills, TSA has not set standards for recurrent, remedial, or supervisory training to ensure that screeners are effectively trained. Comprehensive and frequent training are the key to a screener's ability to detect threat objects. In addition, studies have shown that ongoing training can lead to more effective performance and lower turnover rates. Pilot program contractors, with the approval of local TSA officials, eventually developed and implemented their own recurrent and supervisory training courses to meet their training needs. Moreover, to address weaknesses identified as a result of TSA covert testing, TSA's pilot program contractors also provided their own remedial training to screeners who failed the covert tests. TSA still needs to develop the standards for security training so that all screeners receive appropriate security and supervisory training.

Training Restrictions

TSA restricted pilot program contractors from providing covert testing of screeners as part of screener training. Pilot program contractors believe that covert testing is the best way to detect training weaknesses and to measure screener performance. So, they wanted to incorporate covert tests into their training program. However, TSA allowed only its headquarters staff to perform the official covert testing of screeners, which occurred about once a year.

On the other hand, with the approval of local TSA officials, one airport performed covert testing as part of its screeners training program beginning in June 2003. A TSA official at that airport said that they requested permission from TSA headquarters but received no reply, so they approved it locally.

TSA required screeners to receive three hours of computer based threat image training per week. However, TSA provided only one training software package for identifying threat images and did not update the software with new images. As a result, screeners eventually memorized the threat images, rendering the training software ineffective. To provide screeners with continued effective training, pilot program contractors wanted the flexibility to purchase alternative training materials. However, TSA controlled the dissemination of training

materials. Further, the pilot program budget did not include funds for training software.

Although two pilot program contractors hired in-house training personnel specifically to address and administer screener training, TSA prohibited the two other pilot program contractors from hiring training coordinators. TSA believed that contractor training coordinators would be unnecessary, as they would duplicate the efforts of the regional TSA training coordinators for these two pilot program airports. Additionally, when asked by the TSA regional training coordinator why the pilot program airport could not have a training coordinator, TSA headquarters personnel said that all the pilot program contracts had to be the same. As a result, these pilot program contractors delegated one screening supervisor to act as the training officer in addition to performing normal screening duties. The two pilot program contractors are, therefore, dependent on TSA to address their daily training needs.

TSA's Evaluation of Contractor Performance Needs Improvement

TSA has not developed or implemented consistent performance standards or criteria to monitor, measure, and evaluate the results of the private screener performance, or to compare private screener performance against federal screener performance.

TSA Management and Oversight

TSA headquarters provided overall policy for the pilot program, but relied on local TSA officials to manage and monitor the contractors. However, when local officials needed policy decisions or other program guidance from headquarters, there was no central point of authority; their requests had to be routed through numerous divisions within TSA headquarters to be researched, discussed, and finally approved. Consequently, the four pilot program contractors interpreted program guidelines differently or received different guidance from TSA on similar issues, leading to inconsistencies in operations among the pilot program contractors and making comparisons among them difficult.

According to the TSA program manager, TSA does not monitor the pilot program routinely at the headquarters level. Instead, TSA relies on the airport FSD for monitoring. It is the FSD's responsibility to inform headquarters of any unusual contractor practices. TSA headquarters is involved primarily in developing policy

on such issues as hiring and training. However, one problem identified with this management structure was that headquarters was not aware of the operational differences occurring at each pilot program airport. When asked how these operational differences occurred, the program manager said that there has not been any formal reporting process from the FSD to the program manager. Some TSA airport officials said it was much easier just to make their own decisions rather than to contact headquarters.

Some local TSA officials discussed their frustrations dealing with headquarters. They complained that the TSA headquarters was often non-responsive to their requests for guidance or that inaccurate guidance was sometimes given. A TSA headquarters official admitted that turnover of the contracting officer and program manager positions contributed to these problems. However, the official emphasized these positions have stabilized and recent improvements have been made to the program to improve efficiency and oversight.

Generally, airport operators considered the pilot program a success. They believed that the quality of security screening at the airports has improved and that screeners were more courteous to passengers than prior airline contracted security personnel. However, they believed there was little difference between the pilot program airports and the airports with federal screeners because TSA controls the hiring, training, and the screener staff levels. The airport operators considered the TSA organizational structure to be restricting and confining, allowing the pilot program contractors little flexibility in managing the program.

Performance Evaluation Plans

TSA failed to establish contract performance evaluation plans (PEP) within stated contract time periods. TSA was required under the contracts to establish the PEPs unilaterally ten calendar days prior to the start of the first evaluation period. The plans were to include the criteria to be used to evaluate each performance area and identify the percentage of award fee available for each area. TSA did not complete either contract requirement. Instead, TSA evaluated the contractor's performance by using the objectives contained in each contract's statement of work, which were based on each contractor's proposal. Three of the four contracts did not contain measurable performance criteria. A TSA official said that the PEP for the contracts were not completed timely due to the nature of the pilot program and the hectic environment TSA was under at that time.

A TSA program official said that the contract PEPs were delayed originally in November 2002 until January 2003 due to the complications of putting together a new pilot program. The official added that in February 2003, a draft PEP was circulated among the FSDs, COTRs, and the four contractors for review. However, the draft PEP was put on hold by TSA headquarters pending the program office's determination as to how best to evaluate the private contractor airports and the federally run airports and whether the award fee process would affect the evaluations. The PEPs were to be unilaterally established by TSA no later than September 30, 2002. As of September 18, 2003, TSA was still in the final stages of finalizing PEPs for the pilot program.

Notwithstanding the lack of PEPs, three airports received award fees prior to September 18, 2003. The awards were based on contractor self-assessments and input from some, but not all, of the TSA officials identified in the contract. Two of the three contractors received at least 85% of the maximum award fee amount. For the third contractor, the FSD and COTR both recommended to the FDO that the contract be terminated at the end of the first year for continuing poor performance; however, the FDO awarded the contractor almost $300,000 in award fees. Due to the significance of the largest award fee for the fourth contractor and second round of award fees for the other three contracts scheduled in September 2003, the OIG briefed TSA on September 17, 2003, on its findings and recommendations concerning award fees.

The four pilot program contracts were reviewed to identify the pre-established performance criteria used in their evaluation. Appendix C contains a summary for each contract.

A TSA official said that TSA was working to ensure that all pilot program contracts are uniform and that they contain the same measurable criteria, where applicable, in order to evaluate the program and the contractors accurately. By implementing corrective action, TSA can better determine the strengths and weaknesses of the individual contractors and improve the overall pilot program operations.

Pilot Program Reorganization

TSA has taken steps to improve the monitoring and oversight of the pilot program. On June 9, 2003, TSA announced that numerous changes were being made to the pilot program structure following a meeting of the Leadership Council on Performance Evaluation. One of the major changes in the structure

allows the program office, which includes the program manager, to have greater influence regarding program evaluation, strategy, and general management. The new structure also created an advisory board comprised of experts from industry and academia, to provide external guidance and evaluation. Although the structural changes began to occur in June 2003, operational improvements were just beginning to take shape in November 2003.

On September 25, 2003, TSA implemented other positive management and oversight changes to the pilot program. Important changes included changing the organizational structure for the determination of the pilot program award fee and giving the program manager more responsibility for evaluating the pilot program contractors' performance. Prior to that date, the FDO for the contract award fee was the acquisition airport operations division director. However, the office of acquisitions is involved primarily in administering contracts and typically has minimal or no involvement in developing program objectives and goals, setting performance criteria, or running day-to-day operations. The FDO position was changed to the Deputy Assistant Administrator, Aviation Operations, who is in a better position to evaluate overall contractor performance and operations.

Under the current program manager, pilot program contractors have said that there have been noticeable improvements in the pilot program in recent months. These improvements include closer TSA headquarters involvement and timely answers to contractor questions. Additionally, program communication has been strengthened between TSA headquarters and airport level personnel by having more meetings to discuss pilot program strategies and working together to solve the different problems facing the pilot airports.

In October 2003, TSA contracted with Bearing Point to develop screening performance criteria. These new screening performance criteria should allow TSA officials to make a better comparison of the screening effectiveness of both the pilot and federal airports. In addition, a TSA official said that TSA was working to ensure that all pilot program operations were generally uniform, and that it was making program management and oversight changes based on recommendations contained in the OIG's briefing of September 17, 2003, on TSA's pilot program contract practices.

Other Matters

The following issues were identified during the OIG's visits to the pilot airports, but were outside the scope of the audit. However, these issues require

management attention. These issues include controls over uniforms and badges and the referral of selectee passengers to secondary screening.

Controls over Uniforms and Badges

One pilot program contractor did not have adequate controls to track the issuance and return of uniforms and badges for 35 former employees. An unauthorized person could use the uniforms and badges to pose as an employee and gain access to secure airport areas. The uniforms and badges were to be returned to the pilot program contractor upon an employee's termination, at which time the program contractor would return the badges to the airport aviation department. The pilot program contractor said that these former employees could have returned some or all of their screener uniforms.
However, the contractor admitted that it did not maintain adequate records on those who returned the uniforms or how many pieces of clothing may have been missing.

TSA did not consider missing screener uniforms and airport badges to be "a security risk" because the badges do not provide access to other secure areas, only to passenger checkpoints, and security employees have to go through the same security checks as all passengers. However, lost uniforms and badges were enough of a concern for TSA to issue letters requesting return of the uniforms and badges, lest the former pilot program employee face a $10,000 fine.

Referral of Selectee Passengers

Airline contracted personnel sometimes failed to identify and refer "selectee" passengers, i.e., passengers identified by computer requiring automatic second screening, to secondary screening operations. TSA Directive Number SD 1544-01-10V, dated April 9, 2003, places the responsibility on the airline to pre-screen passengers entering the security screening checkpoints.

Prior to ATSA, airline ticket counter personnel identified potential selectees to be checked by the airline contractors, who were responsible for passenger security. Currently, the airline's automated ticketing system designates passengers as selectees. This is based on pre-determined computerized criteria, which are matched against the passengers' personal information. As a selectee, the passenger is automatically required to undergo secondary screening, regardless of whether the metal detector alarms during the initial walk through. The airline or airline-contracted employees are responsible for identifying all the designated

selectees and referring them to federal or pilot program screeners for secondary screening.

At one pilot airport, the airline contracted employee located at the front of the security check lane failed to identify three of four selected passengers who entered the lane within minutes of each other. Fortunately, a screener noticed the selectee designation on the passengers' boarding passes and referred all four selectees to secondary screening. However, the screening supervisor said that screeners are not required to check boarding passes and do not usually look out for selectee passengers. Moreover, the screeners generally rely on the airline or its contracted employee to identify selectees because it is their responsibility. Both local TSA officials and private contractor screeners believe that this function should be their responsibility so that they could be sure that all passengers selected for secondary screening actually undergo such screening.

Recommendations

The OIG recommends that the Assistant Secretary of Homeland Security for Transportation Security Administration:

Recommendation #1: Develop measurable criteria to compare and evaluate the performance of both contractor and federal screening operations.

Management Comments: In September 2003, a contract modification was issued to incorporate the Performance Evaluation Plan (PEP) into each contract according to contract clause H.2, PEP, and H.4 Finalization of PEP. The PEP covers Operational/Technical, Management/Leadership, Contract Management, and Human Resources criteria under which contractor performance is evaluated.

OIG Comments: TSA was partially responsive. TSA developed and issued measurements for evaluating contractors' performance in September 2003; however, it did not address the requirement for developing measurable criteria for comparing contractors to federal screeners. However, TSA actions taken to date, such as the Bearing Point Study and subsequent studies, show efforts are being made to measure federal screening performance and compare private contractor performance against federal screening performance. TSA should address its recent actions and progress in the development of measurements for comparing performance in response to this report.

Recommendation #2: Establish a true passenger and baggage screening pilot program that allows greater flexibility for both contractor and federally staffed airports to test innovations and new approaches in hiring, training, and managing screeners.

Management Comments: TSA formed a leadership team to address the above issues, among others, and provide for greater flexibility in areas such as human resources. One such outcome of this effort has been to grant the PP5 contracting companies the ability to conduct their own recruitment, staffing, and scheduling. Also, TSA is in the process of giving a greater degree of freedom to the private screening companies with regard to assessments and training.

OIG Comments: Management concurred with the recommendation and actions planned and being taken should greatly increase flexibility for both the contractors and federal screener operations.

Purpose, Scope, and Methodology

The OIG evaluated the pilot airport program with specific emphasis on: (i) TSA's role in recruiting, hiring, deploying, and training screeners; and (ii) the steps taken by TSA to monitor program operations, and measure and evaluate contractor performance. During the course of the audit, the OIG identified issues relating to the subjectivity of the award fee process that required additional audit steps covering TSA's management of the pilot program contracts. The OIG briefed TSA on its findings and recommendations relating to award fees on September 17, 2003.

Audit fieldwork was conducted from April to November 2003, and included audit work at San Francisco International Airport, Kansas City International Airport, Greater Rochester International Airport, and Jackson Hole Airport. The OIG also conducted audit work at TSA headquarters in Arlington, VA and McNeil Technologies in Springfield, VA. Further, the OIG conducted audit work at a field office for Covenant in San Francisco, CA, and a field office for ITS in Kansas City, MO.

The OIG interviewed federal and pilot program contractor officials and employees, reviewed the pilot program contractors' personnel and training files, and evaluated security operations at the airports to determine: whether pilot program contractor personnel met ATSA hiring and training standards; the adequacy of pilot program contractor monitoring of passenger and baggage screening operations; and the effectiveness of security procedures and operations of pilot program contractor personnel. In addition, the OIG reviewed and evaluated the four contracts to determine whether: TSA had developed and implemented uniform pre-established performance criteria; the performance criteria were measurable; contract performance milestones were enforced; and there were any unusual contract practices relating to the award fee process.

Additionally, the OIG selected a 20% judgmental sample of screener files from each contractor, except Jackson Hole where a 100% review was performed, to determine compliance with the applicant screening factors. Finally, to gain insight into and knowledge about the pilot program, the OIG reviewed Public Law 107-71, also known as the *Aviation and Transportation Security Act*; TSA standard operating procedures relating to passenger screening, baggage screening, and on the job training procedures; TSA press releases on the subject of airport security and the pilot program; prior audits of the screener security program,

including contract oversight; and various congressional reports on the subject of aviation security.

This review was conducted under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards.

The following is a chronology of events related to the TSA Passenger and Baggage Screening Pilot program.

Sep. 11, 2001   Attack on the World Trade Center and Pentagon occurs.

Nov. 19, 2001   Public Law 107-71 creates TSA and requires a pilot program where the screening of passengers and property will be performed by private screening parties.

Dec. 19, 2001   TSA established airport security screener qualification standards.

Jan. 18, 2002   TSA airport security screener training plan was developed.

Feb. 17, 2002   TSA begins to pay for contract passenger screening services. Seventy-four third-party security screener contracts were assumed from airlines.

Feb. 22, 2002   49 CFR-Chapter XII –
Establishes PART 1544.405, New screeners: Qualifications of screening personnel.
Establishes PART 1544.407, New screeners: Training, testing, and knowledge of individuals who perform screening functions.
Establishes PART 1544.409, New screeners: Integrity of Screener test.
Establishes PART 1544.411, New screeners: Continuing qualifications for screening personnel.

Jun. 18, 2002   TSA announces that five airports would be participating in the pilot program.

Sep. 30, 2002   Reason Public Policy Institute issues *Improving Airport Passenger Screening* study that recommends expanding the number of pilot program airports from 5 to 40, which in turn would reduce TSA requirements for hiring and training by 25 percent.

Oct. 10, 2002	TSA awards contracts for the Private Screening Pilot Program at Kansas City, MO; Rochester, NY; Jackson Hole, WY; San Francisco, CA; and Tupelo, MS airports.
Nov. 19, 2002	Start of pilot program screening for passengers at airports.
Dec. 31, 2002	Start of pilot program screening for baggage at airports.
May 18, 2003	First contract award fee evaluation period that began in October 10, 2002, ends. Each pilot program contractor becomes eligible for award fee; however, only McNeil and JHAB receive their award fees. ITS' award fee extended to June 30, 2003, and Covenant until August 18, 2003.
Jun. 9, 2003	TSA restructures organization of pilot program.
Jul. 11, 2003	TSA issues press release approving the hiring of part-time screeners at Federalized and pilot program airports.
Oct 1, 2003	Bearing Point contract issued.
Oct. 1, 2003	Due date for TSA to report to Congress - HR Report 108-169 directs TSA to report to Congress on the advantages or disadvantages of the contract screening.
Nov. 18, 2003	Revised second award fee period ends. Each pilot program contractor is eligible for remainder of first year award fee earned since end of first award fee period, as well as any unearned amount carryover not earned from first award fee period.

Pre-Established Contract Performance Criteria

The following is a summary of the pilot program contracts award fee evaluation criteria.

Covenant

According to the contract, the award fee evaluation criteria are to be finalized by the government and the contractor within thirty days after contract award. Therefore, these criteria should have been established by November 9, 2002, for all four contracts. However, it was not until May 5, 2003, that TSA finalized the first award fee criteria for Covenant. The criteria primarily identified the contractor responsibilities, as listed in the statement of work. The criteria failed to identify any specific performance standards and did not identify specific performance goals or milestones. The contract required Covenant to provide to TSA clear criteria, acceptable measurement methodologies, and criteria weighting values within the first six-month performance period. There is no evidence that Covenant complied with this requirement or that TSA tried to enforce this contract requirement. Covenant did, however, submit the optional self-assessment.

ITS

On May 5, 2003, contract modification number five was issued, identifying the award fee criteria as ITS delivery of security screening services and performance of activities as defined and developed by the contractor on an attached activity list. The criteria primarily identified the contractor responsibilities and areas in which the contactor should focus attention, including basic start-up responsibilities. However, the criteria failed to identify any specific performance standards and identify specific performance goals or milestones.

The activities list contained 36 items, many of which had no bearing on the actual performance of the screeners. Pilot program evaluation activities on the list included hiring a payroll administrator and controller, having someone to review and implement expense controls, and offering customer care cards.

McNeil Technologies

On May 14, 2003, TSA finalized the first period award fee criteria for McNeil Technologies. The criteria contained eight specific performance objectives with standards to measure progress towards meeting stated goals. In addition, each of the eight performance objectives had an assigned percentage for the award fee value. Six of the eight objectives contained criteria to evaluate performance. A TSA official was asked why McNeil Technologies was the only pilot program contractor having specific award fee criteria. The official explained that McNeil Technologies developed and wrote their own award fee criteria in their contract proposal, which was then incorporated in the original contract, dated October 10, 2002. The TSA official was also asked why the award fee criteria was not finalized until May 2003, when the criteria was available for review seven months earlier. The official said that the pilot program required numerous issues to be addressed quickly, and this issue was not addressed.

JHAB

On April 18, 2003, TSA finalized the first award fee criteria for the JHAB. The contract criteria were based on the delivery of security screening services. The award fee criteria contained performance evaluation factors with award fee percentages for each category. However the standards to evaluate accomplishments were vague and subjective. For example, one objective was control of indirect costs, yet no standards were identified that set acceptable levels of cost control.

U.S. Department of Homeland Security

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Transportation
Security
Administration

AUG 1 1 2004

MEMORANDUM FOR: Clark Kent Ervin
                  Inspector General

THROUGH: Asa Hutchinson, Under Secretary
                  Border and Transportation Security

FROM: David M. Stone,
                  Assistant Secretary

SUBJECT: Transportation Security Administration Response
                  To "A Review of the TSA Passenger and Baggage
                  Screening Pilot Program"

This memorandum constitutes the Transportation Security Administration's (TSA) response to your Draft Report on the "Review of the TSA Passenger and Baggage Screening Pilot Program." I would like to take this opportunity to express my appreciation for the efforts undertaken by your office to provide TSA with increased capabilities to identify certain operational issues that may be appropriate for revision.

The accompanying attachment is TSA's official Agency Comment to the Department of Homeland Security's (DHS) Office of Inspector General (OIG) review of TSA's passenger and baggage screening pilot program. Our comments consist of input from Aviation Operations, Workforce Performance and Training, and the Office of Transportation Security Policy.

TSA responses to each of the recommendations raised in the Draft Report are enclosed, as well as additional comments on the overall Report. We look forward to an ongoing relationship with your office as we work towards identifying and correcting any vulnerabilities in our transportation security infrastructure.

Attachment

TSA Responses to DHS OIG Recommendations:
"A Review of the TSA Passenger and Baggage Screening Pilot Program"

Recommendation 1: Develop measurable criteria to compare and evaluate the performance of both contractor and federal screening operations properly.

In September 2003, a contract modification was issued to incorporate the Performance Evaluation Plan (PEP) into each contract in accordance with contract clause H.2, PEP, and H.4 Finalization of PEP. The PEP covers the Operational/Technical, Management/Leadership, Contract Management, and Human Resources criteria under which Contractor performance is evaluated.

Contracts designed for each screening company participating in the Passenger and Baggage Screening Pilot Program contained provisions for an award fee evaluation (a financial incentive to motivate excellence in performance). One provision provides that the Government has the unilateral right to establish the award fee criteria (Special Contract Requirement H.2). While the provision states a copy of the PEP plan was to be provided to the contractor ten (10) calendar days prior to the start of the first evaluation period (October 2002), due to the nature of the program and the operational environment facing the Transportation Security Administration (TSA) at that time, finalization of the evaluation plan was not provided to the contractor until May 2003.

The Passenger and Baggage Screening Pilot Program's Office receives and reviews all monthly contractor performance monitoring reports from the five privatized pilot airport's (PP5) Federal Security Director (FSD) and Contracting Officer's Technical Officer. The report provides status of each contractor performance in the areas of Management/Leadership, Operational/Technical, Human Resources and Contract/Management.

Recommendation 2: Establish a true passenger and baggage screening pilot program that allows greater flexibility for both contractor and federally staffed airports to test innovations and new approaches in hiring, training, and managing screeners.

TSA has formed a leadership team to address the above issues, among others, and provide for greater flexibility in areas such as Human Resources. One such outcome of this effort has been to grant the PP5 contracting companies the ability to conduct their own recruitment, staffing and scheduling. TSA is in the process of giving a greater degree of freedom to the private screening companies with regard to assessments and training. We nurture new ideas and encourage challenges to some of the basic assumptions associated with Federally screened airports.

For example, the contractor at San Francisco International Airport (Covenant) submitted to TSA a proposal which implemented and tested the use of baggage handlers in lieu of baggage screeners for certain functions that do not require the use of a trained baggage

screener. Their proposal offered a means to reduce costs without diminishing security, and other PP5 airports have adopted or are in the process of adopting this idea. TSA continues to examine and identify additional flexibilities that we may incorporate into the program while ensuring that the PP5 program is properly and responsibly managed.

Training Limitations

The Draft Report highlights several areas of training on which TSA needs improvement. With regard to the initial training of screeners, TSA implemented the TSA Approved Instructor (TAI) local training model in April 2004 for both Federal and PP5 airports. The TAI program is designed to give maximum flexibility at the local level, while maintaining instructor delivery consistency on the national level. FSDs and PP5 contractors have the ability to select and maintain their own cadre of instructors and determine when to use them for delivering training, and when to request contractor support.

All Federalized airports, including the PP5s, can participate in the TAI program and choose the level of training support required. The TAI program provides for the greatest flexibility in scheduling many types of training, including cross training, while leveraging centrally developed training curriculum.

The Report indicates that TSA did not provide screeners with cross training in both passenger and checked baggage screening. It should be noted that this was due, in part, to the fact that TSA concentrated on meeting the Aviation and Transportation Security Act mandates for deploying Federal screeners and 100% electronic screening of checked baggage. TSA began offering cross training through Lockheed Martin in February 2003, and did not restrict the opportunity for cross training to any of the PP5 airports. Instead, TSA allowed each FSD to determine whether or not he or she wanted to request cross training.

We are concerned that the section regarding "Training Differences" on page 12 of the Report cannot be confirmed because it is not based on factual evidence. TSA used the same training curriculum across the board at all Federalized airports to specifically avoid any inconsistencies. Monitoring the process of on-the-job training (OJT) was a responsibility of each private screening contractor, not TSA. Therefore, it is possible that this issue may have been a result of the frequent changes to the standard operating procedures that occurred at the headquarters level while our Aviation Operations Directorate was stabilizing the dynamic screening process.

The section on "Training Standards" is not an accurate portrayal of the standards put into place by TSA's Office of Workforce Performance and Training. TSA issued guidance on recurrent training in December 2003. Remedial training guidance was issued in October 2002, and has not been formally changed. An employer should provide supervisory training in basic leadership skills to its employees; therefore, any general employee development beyond technical screener training is the responsibility of the private screening companies, not TSA.

The Report references a restriction placed on the PP5 airports by TSA from providing local covert testing of screeners as part of screener training. In actuality, the interim remedial training guidance issued in October 2002 required all FSDs to provide three hours of remedial training to screeners who failed covert tests. There was no difference in approach or expectation between Federal and PP5 airports; these restrictions were applied to both Federal and private screening airports. In February 2004, an Aviation Operations Directive authorized and promulgated protocols for local testing for all airports, including the PP5 airports.

In addition, all airports have the flexibility to develop supplemental training materials at the local level that reinforces the training provided by TSA. Contract companies have been informed of this flexibility through various communications (e.g. telecoms, meetings).

It is important to note that the section on computer based threat image training should be updated to reflect the implementation of a new X-ray Tutor program in March 2004. TSA provided every Training Coordinator with the X-ray Tutor program, which is a Personal Computer-based learning tool that focuses on object recognition. X-ray tutor has a library of more than 14,000 images that can provide effective training on object recognition skills.

Screener Assessment

The Report cites that the reliance of contractors on TSA headquarters for the evaluation and approval of applicants through assessment centers was problematic. TSA recognizes that this is a consistent complaint by a majority of airports regardless of who is providing screening services. However, it is worth noting that TSA relied on a contractor, CPS Human Resources, to manage the assessment centers and conduct all phases of the assessment process. Assessment centers were not scheduled at random; rather CPS scheduled them at the request of TSA and within the designated funding levels.

The recently revised screener hiring process, which allows local involvement in hiring screeners, does not have an impact on PP5 airports. However, the future opt-out process will provide guidance and flexibilities to private airports.

Hiring/Staffing Flexibility

The Report cites that "TSA's tight controls over the program, while apparently not inconsistent with congressional intent, prevented pilot program contractors from independently addressing hiring, staffing, and training issues to improve effectiveness and efficiency." It should be noted that PP5 contractors do possess a degree of flexibility in the hiring process through their ability to recruit and pre-screen attractive candidates and the opportunities available to explore innovation in the areas of staffing and scheduling.

JHAB Statement Correction

The paragraph describing staffing levels at Jackson Hole Airport (JAC) cites that JAC, and its contractor Jackson Hole Airport Board (JHAB), hired the maximum level of screeners allowed by TSA. This is inaccurate because JAC and JHAB did not hire to its full level (63 screeners), and additional screeners were not hired to achieve optimum performance at the airport, but instead to staff to the prescribed staffing level as indicated in the JHAB contract.

Clarifications

Several other citations in the Report have been addressed since the completion of audit fieldwork in November 2003. For instance, during the duration of fieldwork (April to November 2003), TSA had not set standards for recurrent, remedial, or supervisory training to ensure that screeners were efficiently trained. This is no longer true, as re-certification of screeners was completed as planned in March 2004 and screeners are now required to take three hours of recurrent training every week.

The Report states that while "two pilot program contractors were allowed to hire in-house training personnel specifically to address and administer screener training, TSA prohibited the two other pilot program contractors from hiring training coordinators." At the time, TSA felt this would be a duplication the regional TSA training coordinators for these airports. Since the completion of fieldwork, TSA has allowed JHAB to employ its own training coordinator.

Recommendation # 1: Develop measurable criteria to compare and evaluate the performance of both contractor and federal screening operations.

TSA was partially responsive. TSA developed and issued measurements for evaluating contractors' performance in September 2003. This should enhance the ability of TSA to determine appropriate award fee amounts for contractor performance. The OIG agrees with TSA's assertion that the contract allowed for unilateral establishment of award fee criteria. However, prior to September 2003, the award criteria in place were not measurable for three of the four contracts. For example, for one of the three contracts, the criterion was a list of basic contractor tasks, including hiring a comptroller. The current monthly review by the Passenger and Baggage Screening Pilot Program's Office is one of many steps being taken to centralize headquarters oversight and should help to improve the pilot program.

TSA's comments did not address the requirement for developing measurable criteria for comparing contractors to federal screeners. However, TSA actions taken to date, such as the Bearing Point Study and subsequent studies, show efforts are being made to measure federal screening performance and to compare private contractor performance against federal screening performance. TSA should address its recent actions and progress in the development of measurements for comparing performance in response to this report.

Recommendation 2: Establish a true passenger and baggage screening pilot program that allows greater flexibility for both contractor and federally staffed airports to test innovations and new approaches in hiring, training, and managing screeners.

Management concurred with the recommendation and actions planned and being taken should greatly increase flexibility for both the contractors and federal screener operations. TSA has formed a leadership team to address flexibility in the hiring, training, and managing screeners. TSA comments listed in Appendix D provides examples of progress already being made at PP5 airports.

Training Limitations: TSA implementation of the TSA Approved Instructor program should help in correcting many of the issues addressed in the report. This is another example of the flexibility TSA is providing contractors and federal screeners. As for the comments on "cross training" availability, the OIG fully recognizes the urgency that TSA faced in taking over screening services at national airports. The delay in which PP5 airports began implementing the cross training could have been caused by many factors including misinterpretation of guidance on the part of the contractors. However, contractors wanted cross training and believed it would have been beneficial had cross training been available from the beginning.

Training Differences: This issue was attributed to the contractor's pilot program training official. However, the comment made by TSA that it was the responsibility of each private screening contractor to monitor on-the-job training is incorrect. According to the TSA SOPs dated April 4, 2003, for

Passenger Screeners and April 1, 2003, for Baggage Screeners, the airport level FSD is responsible for the screener workforce. The FSD is responsible for coordinating the hand off between trainees coming out of the 40-hour classroom training and into the pilot program airport for the 60-hour OJT. FSDs are also responsible for tracking and recording all OJT information required by TSA. At the end of the 60 hours of OJT, TSA screening managers must review each trainee's performance and certify a record of completion provided in the SOP. The OIG agrees that the frequent changes to standard operating procedures could have caused the training differences. However, the changes are a TSA issue not a contractor controlled issue. In addition, although TSA used the same training curriculum, the initial trainers and Mobile Screening Force implemented the procedures differently depending on their individual experience.

Training Standards: The OIG's portrayal was accurate at the time of the audit. TSA "recurrent" training guidance was issued in December 2003, which was after the fieldwork was completed in November 2003. As stated in this report, pilot program contractors, with the approval of local TSA officials, eventually developed and implemented their own recurrent and supervisory training courses to meet their training needs. The types of recurrent training implemented varied among the pilot program contractors. Moreover, to immediately address TSA operational test failures, pilot program contractors also provided their own remedial training to screeners who failed the operational tests. Finally, as stated in the TSA response under "Clarifications," TSA said that this training problem existed during the audit fieldwork, but no longer existed after recertification of screeners was completed in March 2004.

Even though the TSA response states that it is the contractor's responsibility for supervisory training, GAO, in a report from September 2003, pointed out that TSA was sending screener supervisors to the basic United States Department of Agriculture supervisor's course until it could develop its own training for supervisors. TSA expected to implement the screener supervisory training in April 2004. Therefore, based on all these facts, the OIG believes its portrayal was accurate.

Screener Assessment: TSA comments reinforce the position that TSA will continue to control when hiring will take place, not the private contractor. As the response states, it is TSA who "requests" the assessment centers and thus determines when the hiring process will begin. The comments go on to say even under the new program, the PP5 airports are not given more input. However, TSA also states that future opt-out airports will have more flexibility.

Training Restrictions: TSA is correct in their assertion that the interim guidance requires three hours of remedial training for screeners who failed covert testing. The OIG did not take exception to that fact. The OIG addresses the TSA restriction on contractors who wanted to perform their own covert testing to evaluate their screening capabilities. The OIG also addresses the ability of screeners to memorize the computer-based test that is given to meet the 3-hour requirement. TSA said in meetings with the OIG that they disapproved of local covert testing because the testing could raise the level of concern of the traveling public if something were to go wrong. As for the X-ray Tutor program implemented in March

2004, this is another example of the program manager's efforts to improve operations and the OIG welcomes these improvements.

JHAB Statement Correction: This report merely restates JHAB personnel's belief that more screeners were needed to meet optimum performance at the airport. TSA may be correct in its assessment that 63 screeners provide optimum screening performance at Jackson Hole. However, the main point is that the contractor could not or did not hire the number of screeners that it would have if the contractor was making its own decisions. Regardless of whether Jackson Hole hired the maximum number of screeners allowed, both Jackson Hole and Covenant at the time believed that they needed more screeners than were approved by TSA to achieve optimum screening performance.

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