

**The United States  
Coast Guard Needs to  
Determine the Impact and  
Effectiveness of Its  
Streamlined Inspection  
Program**





**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

August 30, 2023

MEMORANDUM FOR: The Honorable Admiral Linda Fagan  
Commandant  
United States Coast Guard

FROM: Joseph V. Cuffari, Ph.D. **JOSEPH V  
CUFFARI**

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JOSEPH V CUFFARI  
Date: 2023.08.28  
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SUBJECT: *The United States Coast Guard Needs to Determine the  
Impact and Effectiveness of Its Streamlined Inspection  
Program*

Attached for your action is our final report, *The United States Coast Guard Needs to Determine the Impact and Effectiveness of Its Streamlined Inspection Program*. We incorporated the formal comments provided by your office.

The report contains three recommendations aimed at improving the Streamlined Inspection Program. Your office concurred with all three recommendations. Based on information provided in your response to the draft report, we consider recommendations 1 through 3 open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Please send your response or closure request to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov).

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please contact me with any questions, or your staff may contact Kristen Bernard, Acting Deputy Inspector General for Audits, at (202) 981-6000.

Attachment



# DHS OIG HIGHLIGHTS

## *The United States Coast Guard Needs to Determine the Impact and Effectiveness of Its Streamlined Inspection Program*

**August 30, 2023**

### **Why We Did This Audit**

We conducted this audit to determine to what extent the Coast Guard's use of its Streamlined Inspection Program ensures enrolled vessels are compliant with the Code of Federal Regulations (46 C.F.R. Part 8, Subpart E).

### **What We Recommend**

We made three recommendations that, when implemented, will allow the Coast Guard to assess the effectiveness and efficiency of SIP in contributing to mission success.

#### **For Further Information:**

Contact our Office of Public Affairs at (202) 981-6000, or email us at [DHS-OIG.OfficePublicAffairs@oig.dhs.gov](mailto:DHS-OIG.OfficePublicAffairs@oig.dhs.gov).

### **What We Found**

The United States Coast Guard (Coast Guard) has a process to enroll vessels in the Streamlined Inspection Program (SIP) in accordance with the Code of Federal Regulations (C.F.R.). However, the Coast Guard cannot demonstrate that the oversight functions it uses ensure SIP-enrolled vessels remain in continuous compliance with the C.F.R. Since SIP's inception in 1998, the Coast Guard has not identified or assessed the program's contributions to mission success or established key performance indicators for SIP.

SIP aims to promote a more effective and efficient process to ensure vessels traveling in U.S. waterways comply with regulatory safety requirements. However, less than 1 percent of vessels in the Coast Guard's fleet of responsibility participated in SIP during calendar year 2021.

### **Coast Guard Response**

The Coast Guard concurred with our recommendations. We consider all three recommendations resolved and open.



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### Abbreviations

C.F.R.	Code of Federal Regulations
CG-CVC	U.S. Coast Guard, Office of Commercial Vessel Compliance
CIO	Certificate of Inspection
Coast Guard	U.S. Coast Guard
GAO	Government Accountability Office
MISLE	Maritime Information for Safety and Law Enforcement
NVIC 2-99	Navigation and Vessel Inspection Circular No. 2-99
OCMI	Officer-in-Charge, Marine Inspection
OMB	Office of Management and Budget
SIP	Streamlined Inspection Program



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### Background

In 1992, as part of the Maritime Regulatory Reform Initiative, the United States Coast Guard (Coast Guard) considered several alternatives for inspecting U.S.-documented or U.S.-registered vessels. The intent of these alternative inspection programs was to provide another means to verify compliance with regulations while maintaining a high level of safety. One of the programs established was the Streamlined Inspection Program (SIP).

While exploring options for streamlining the traditional annual inspection process, the Coast Guard developed numerous SIP prototypes, which were created and tested by local Coast Guard districts. Soon, Coast Guard officials recognized that the diversity in the local districts' implementation of the prototypes impeded the success of SIP. Each local SIP differed in how it verified vessels' compliance with regulatory safety requirements, which became an issue when vessels were inspected in Officer-in-Charge, Marine Inspection (OCMI) zones other than the one in which the SIP enrollment was made. Some OCMIIs were reluctant to accept another OCMI zone's validation of the vessel's compliance due to a lack of consistency in inspection practices. As a result, developing a consistent national policy for SIP became necessary.

On September 17, 1998, the final rule,<sup>1</sup> codified at 46 Code of Federal Regulations (C.F.R.) Part 8, Subpart E, officially established SIP as an optional, alternative inspection program. The objective of SIP is to have vessels participate in a constant state of regulatory compliance rather than undergoing traditional inspections. SIP-enrolled vessels are required to continuously meet a higher level of safety and inspection readiness.

OCMIIs manage marine inspectors who are charged with inspecting SIP-enrolled vessels, including endorsing a Certificate of Inspection upon completion. These maritime professionals have an in-depth technical knowledge of the maritime transportation system, including vessel components, policies, and regulations. Figure 1 displays the total number of marine inspectors assigned to the field units within each Coast Guard district.

SIP Goals and Benefits
<ul style="list-style-type: none"><li>• Operation in continual compliance with regulations</li><li>• Better management of vessel costs</li><li>• Increased involvement and responsibility by vessel personnel</li><li>• Increased crew professional advancement</li></ul>



Source: Marine Safety: Domestic Inspection programs, COMDTINST 16000.71, September 2021

<sup>1</sup> Streamlined Inspection Program, 63 Fed. Reg. 44346 (Aug.18, 1998).

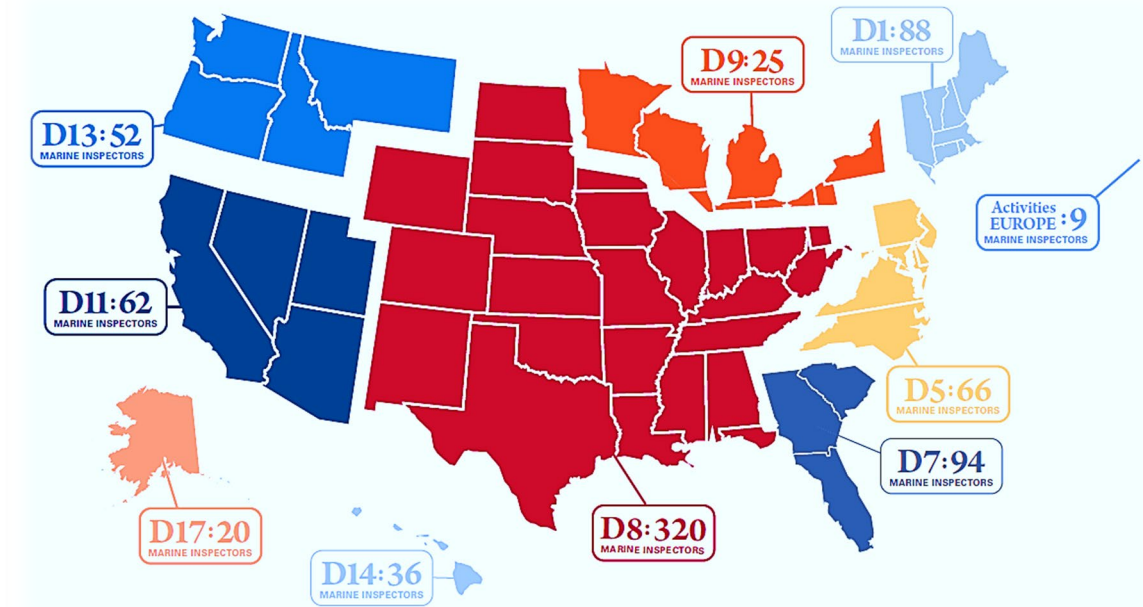




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**Figure 1. Marine Inspectors Assigned to Each Coast Guard District**



Source: Visual obtained from the Coast Guard's *Flag State Control in the United States 2021 Domestic Annual Report*<sup>2</sup>

The method the Coast Guard uses to conduct traditional annual inspections differs significantly from inspections completed under SIP. Instead of being subjected to the Coast Guard's traditional and periodic inspections, participants in SIP are required to be in a constant state of regulatory compliance. Under this alternative, vessel operators work with the Coast Guard to develop action plans by monitoring and examining their systems and operations for compliance with the C.F.R., identifying and documenting deficiencies, and implementing corrective actions. Marine inspectors then follow up with a review of the vessel operator's documentation of deficiencies and corrective actions and conduct random checks of vessel systems and subsystems to verify that conditions on board the vessel are as reported in the vessel's documentation.

The Coast Guard reported in its *Flag State Control in the United States 2021 Domestic Annual Report* that it inspected 6,592 active passenger vessels, which represented 34.8 percent of the overall fleet. The Coast Guard also reported that only 6 of the inspected passenger vessels participated in SIP. However, we discovered a discrepancy in the reporting when it was confirmed that 38 (less

<sup>2</sup> The *Flag State Control in the United States 2021 Domestic Annual Report* summarizes statistics and information on inspections and enforcement of regulations on U.S. flagged vessels.



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than 1 percent) passenger vessels actually participated in SIP during 2021. We conducted this audit to determine to what extent the Coast Guard's use of SIP ensures enrolled vessels are compliant with 46 C.F.R. Part 8, Subpart E.

## Results of Audit

### The Coast Guard Needs to Improve Oversight of SIP

In 1998, the Coast Guard established a process to enroll vessels in SIP in accordance with 46 C.F.R. Part 8, Subpart E. We found the Coast Guard complied with the C.F.R. when enrolling vessels in SIP. However, we identified multiple findings regarding the effectiveness of the Coast Guard's oversight after vessels have been enrolled in the program. A local Coast Guard official described SIP as one of many subprograms that operate within the regulatory aspects of the Coast Guard's enterprise system, which is managed by officials in headquarters. This enterprise system does not produce specific key performance indicators that would help the Coast Guard understand the effectiveness and efficiency of SIP operations in contributing to its mission and to determine if SIP is a productive use of taxpayer dollars. Additionally, the Coast Guard does not ensure (1) SIP is operating as intended, (2) reported SIP outcomes<sup>3</sup> are accurate and reliable, and (3) the benefits of this alternative inspection program are made available to vessels under its fleet of responsibility. While reviewing SIP-enrolled vessels' compliance with the C.F.R., we found the Coast Guard has not established or implemented key performance indicators necessary to enhance its oversight of SIP and ensure the program is contributing to mission success.

### SIP Has Not Established or Implemented Key Performance Indicators

The Office of Management and Budget's (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, requires Federal leaders and managers to establish goals and objectives to ensure compliance with relevant regulations, accurate reporting, and effective and efficient operations.

Further, according to the Coast Guard's Navigation and Vessel Inspection Circular No. 2-99 (NVIC 2-99), Coast Guard management is also responsible for:

- managing SIP at the national level;

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<sup>3</sup> Outcome measure refers to an assessment of the results of a program activity compared to its intended purpose.



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- analyzing program data and implementing adjustments; and
- tracking SIP's implementation across the Nation for consistency.

#### **No Evaluations Have Been Conducted on SIP Outcomes or Expenditures**

According to a Coast Guard official, the Coast Guard funds its overall inspection mission for regulatory compliance with a large number of regulations, and international conventions via many different programs. Nevertheless, the Coast Guard cannot produce specific program outcomes that would demonstrate SIP is operating as intended and effectively and efficiently safeguarding U.S. waterways.

Although the Coast Guard has not specifically established key performance indicators or a budget for SIP, a Coast Guard official stated the Office of Commercial Vessel Compliance (CG-CVC) and OCMI's allocate resources to SIP when assigning personnel time to undertake SIP-related work. Another Coast Guard official also acknowledged that the lack of key performance indicators impacts their ability to understand their resource needs. Without developing and implementing key performance indicators and an allocated budget to monitor the expenditure of resources, the Coast Guard cannot adequately monitor SIP outcomes or ensure its operations are being performed as expected.

The cost of SIP for both the Coast Guard and the maritime industry, including vessel companies and operators, is estimated in the 1998 final rule,<sup>4</sup> commonly referred to as 46 C.F.R. Part 8, Subpart E. Based on this rule, SIP incurs the greatest cost during the initial enrollment phase, which requires the Coast Guard to allocate significant time and resources to review each vessel's application and monitor the development and implementation of company and vessel action plans. Post-enrollment, the Coast Guard expects a more efficient process for future SIP inspections. However, a Coast Guard official stated they have not established metrics to monitor key performance indicators; therefore, the cost benefit for this program is unknown.

#### **No Assessments Have Been Conducted on the Compliance of SIP Internal Directives**

A Coast Guard official explained that the Assistant Commandant for Resources (CG-8) serves as their contact for internal controls and maintains a management control program in accordance with OMB Circular A-123. However, the Coast Guard did not provide evidence of any internal control assessments specifically conducted on SIP. We found no evidence that the

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<sup>4</sup> Streamlined Inspection Program, 63 Fed. Reg. 44346-44356 (Aug. 18, 1998).





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Coast Guard conducted internal or external reviews to determine whether SIP complies with 46 C.F.R. Part 8, Subpart E, or internal policies and procedures. In reviewing SIP-enrolled vessels' data, we found the Coast Guard did not always update the Maritime Information for Safety and Law Enforcement (MISLE) database in a timely manner. Specifically:

- 13 of 38 (34 percent) SIP-enrolled vessels did not have a completed Certificate of Inspection; such certificates were missing the marine inspector's signature and/or did not indicate the type of inspection performed.
- 27 of 38 (71 percent) SIP-enrolled vessels did not have a completion date for Phase IV of the enrollment process as shown on the Activity Summary Report as of July 2022.
- 10 of 38 (26 percent) SIP-enrolled vessels had the same completion dates for Phases I–III of the enrollment process. Based on discussions with Coast Guard officials, each phase is completed over a period of time in the field, but administratively each phase could have the same completion date in MISLE.

In addition, guidance from NVIC No. 2-99 requires SIP to be managed under national standards, yet the Coast Guard operates SIP under two different standards — national and local. Coast Guard officials confirmed that the Tank Barge Streamlined Inspection Program for unmanned inland tank barges (non-self-propelled vessels) operated in the local Coast Guard districts 8 and 9 had not adopted the national standards. Although the Coast Guard confirmed CG-CVC is reviewing opportunities to consolidate the two standards, the Coast Guard has neither ensured that SIP complies with NVIC No. 2-99 nor updated the directive to ensure consistency and continuity in the program.

### **SIP May Not Be Operating as Intended**

The Coast Guard could not demonstrate its method for collecting and assessing SIP data to determine whether SIP is achieving the desired results. During our review, we obtained information on deficiencies and casualties the Coast Guard recorded in MISLE to assess whether SIP-enrolled vessels met the overall purpose of the program, which requires continuous compliance with the C.F.R.

### **The Coast Guard Identifies Deficiencies in SIP-Enrolled Vessels**

A deficiency occurs when the condition of a vessel, its equipment, or its operations do not conform to the requirements outlined in the C.F.R. When the Coast Guard identifies vessel deficiencies, marine inspectors use Form CG-835, *Notice of Merchant Marine Inspection Requirements*, to document unmet



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requirements. A firefighting or lifesaving deficiency requires corrective action(s) prior to placing the vessel back in service.

Although SIP participants must maintain their vessels in a continuous state of compliance, in 2021, the Coast Guard issued 105 CG-835 forms for deficiencies on 25 of the 38 (66 percent) SIP-enrolled vessels. Table 1 illustrates the nature of the deficiencies as reported in MISLE.

**Table 1. SIP Deficiencies Reported in 2021 by Deficiency Type**

Deficiency Type	Total # Reported in 2021
Structural Conditions	38
Propulsion and Auxiliary Machinery	27
Fire Safety	8
Life Saving Appliances	8
Water/Weather-tight Conditions	6
Working and Living Conditions	5
Certificates and Documentation	4
Emergency Systems	4
Other	2
Alarms	1
Safety of Navigation	1
Pollution Prevention	1
<b>Total</b>	<b>105</b>

Source: Department of Homeland Security Office of Inspector General analysis of MISLE data provided by the Coast Guard

According to a Coast Guard official, it is possible that any vessel in operation could have equipment break or experience other conditions that may not be immediately identified by the operator. Therefore, it is reasonable to expect that marine inspectors may discover deficiencies during SIP inspections.

Vessel operators have 30 days to resolve deficiencies that do not directly affect safety. We determined 23 of the 25 vessels resolved their deficiencies in 30 days or less. However, two SIP-enrolled vessels recorded as active in MISLE had deficiencies that went unresolved for more than 30 days.

- One vessel had a structural deficiency that had been outstanding for 253 days.



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- One vessel had four deficiencies related to 1) propulsion and auxiliary machinery, 2) lifesaving appliances, 3) fire safety, and 4) emergency systems. These deficiencies were outstanding for 519 days.

When we inquired why the second vessel had open deficiencies for more than 30 days, Coast Guard officials responded that the vessel was placed in a shipyard after an onboard fire. After further review, we discovered the vessel status was miscoded and should have been reported in MISLE as “laid-up,” not “active.”

A Coast Guard official explained the resolution period for some deficiencies could exceed the specified resolution timelines outlined in the NVIC.

### **The Coast Guard Responds to Casualties Involving SIP-Enrolled Vessels**

According to 46 C.F.R. § 4.03-1, a “marine casualty or accident” (hereafter referred to as a “casualty” or “casualties”) is any casualty or accident involving a U.S. vessel other than a public vessel, including but not limited to injury, loss of life, grounding, flooding, collision, and explosions. Out of hundreds of casualties reported by Coast Guard, 34 casualties that occurred during calendar year 2021 involved 10 (26 percent) of the 38 SIP-enrolled vessels. Additionally, we discovered three serious marine incidents recorded on the Coast Guard’s public website that were excluded from the MISLE data provided to DHS OIG because the casualties involved ongoing personal injury investigations.

Further, 46 C.F.R. § 4.03-2 defines the term “serious marine incident” to include the following events involving a vessel in commercial service:

- (a) Any marine casualty or accident as defined in § 4.03-1, which is required by § 4.05-1 to be reported to the Coast Guard and which results in, but is not limited to, any of the following:
  - (1) One or more deaths;
  - (2) An injury to a crewmember, passenger, or other person which requires professional medical treatment beyond first aid, and, in the case of a person employed on board a vessel in commercial service, which renders the individual unfit to perform routine vessel duties.

The serious marine incidents missing from the MISLE report involved:

- a crew member death;
- a passenger injury; and
- a crew member injury.



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To understand the nature and cause of reported casualties, including serious marine incidents, we judgmentally selected five casualties to assess whether they were caused by deficiencies related to the vessel operator not maintaining the vessel in compliance with the C.F.R. or had no relation to the condition of the vessel. As shown in Table 2, we identified two casualties that, based on the Coast Guard's Incident Investigation Reports, could be tied to vessel deficiencies. One casualty resulted when a collision occurred; the causal factors for this incident were described as reduced visibility, speed, and inadequate sound signals. The other casualty involved a material malfunction when it was determined that "the cable connection to the starboard governor actuator had stripped threads."

**Table 2. Sample of SIP Casualties Reported in Calendar Year 2021**

Incident	Incident Summary	Cause
#1	Collision	Vessel Deficiency and Non-Vessel-Related
#2	Injury (Passenger)	Non-Vessel-Related
#3	Equipment Failure	Vessel Deficiency
#4	Injury (Crew Member)	Non-Vessel-Related
#5	Death (Crew Member)	Non-Vessel-Related

Source: DHS OIG analysis of a judgmental sample of MISLE data provided by the Coast Guard

Although a Coast Guard official emphasized that SIP is neither intended to, nor expected to, eliminate vessel deficiencies, it is important to note that without key performance indicators, there is no way to assess whether casualties involving SIP-enrolled vessels occur at an acceptable level for the program.

### **SIP's Impact on the Coast Guard's Mission Success Is Unknown**

It is important that the Coast Guard assess SIP outcomes to understand and monitor the program's value and progress, and to identify potential best practices and lessons learned. Evaluating SIP outcomes would also allow the Coast Guard to identify and resolve problems in the program and track significant data. Had the Coast Guard implemented key performance indicators to monitor SIP, the Coast Guard could have identified reporting discrepancies and had reliable data to assess the effect the low SIP participation rate has on the Coast Guard's mission.



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#### **Reported Enrollment Data Is Not Always Reliable**

The U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* requires managers to evaluate and implement information systems controls that ensure reported outcomes are complete, accurate, and valid.

The Coast Guard's *Flag State Control in the United States 2021 Domestic Annual Report* showed 2,728 vessels were enrolled in SIP. However, MISLE showed only 38 vessels were enrolled in SIP during calendar year 2021. Coast Guard officials later clarified that the discrepancy included more than 2,000 tank vessels enrolled in SIP at the district level, not the national level as required under NVIC 2-99. The Coast Guard acknowledged that it could be clearer in its annual report regarding the disclosure of specific program enrollment details.

The annual report also identified six SIP-enrolled vessels as passenger vessels, whereas the MISLE database recorded 25 passenger vessels. The Coast Guard attributed this discrepancy to SIP being tracked in real-time, and not from a historical standpoint.

#### **The SIP Participation Rate Is Less Than One Percent**

GAO's *Standards for Internal Control in the Federal Government* outlines management's responsibility to define program goals and objectives and ensure efficient operations are conducted to minimize waste of resources.

The 38 vessels enrolled in SIP during 2021 represents less than 1 percent of the 6,592 total passenger vessels subject to inspection under the Coast Guard's fleet of responsibility. When we inquired about the low enrollment, a Coast Guard official responded that many vessels participate in other alternative inspection regimes beyond SIP, such as the Alternate Compliance Program, Maritime Security Program, MSP-Select, and Towing Safety Management System. Coast Guard officials further explained it would be unrealistic to expect all U.S. documented or registered vessels that have a Certificate of Inspection to participate in SIP. In addition, Coast Guard officials responded that some companies find the four-step enrollment process to be a lot of work on the front end (see Figure 2 for the four-step enrollment process). Further, a Coast Guard official disclosed that a general lack of program awareness, coupled with the lack of resources, may deter companies from participating in SIP.

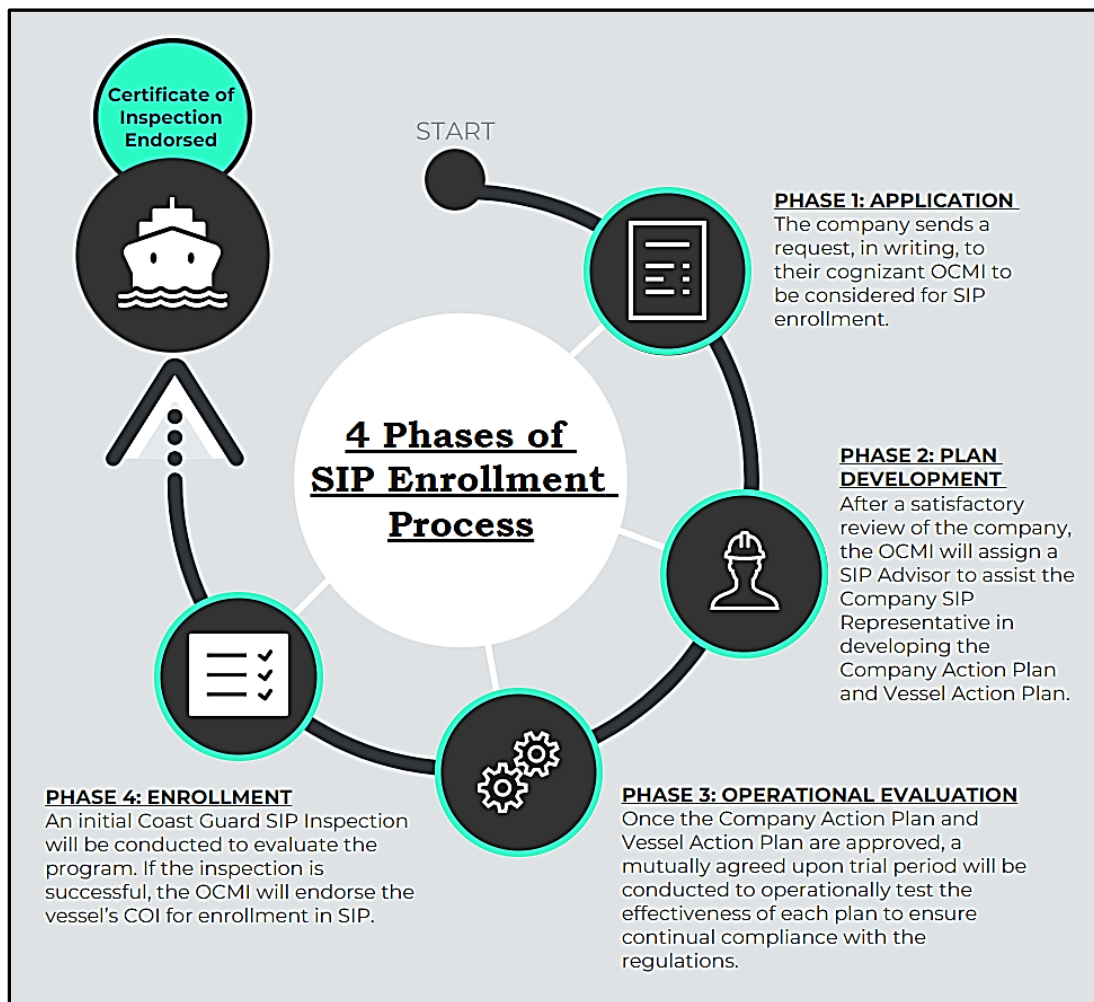




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Figure 2. Four Phases of the SIP Enrollment Process



Source: DHS OIG analysis of the SIP enrollment process

The Coast Guard cannot demonstrate that its oversight process ensures SIP is operating as intended and that enrolled vessels remain in continuous compliance with the C.F.R. In addition, without monitoring key performance indicators, the Coast Guard cannot confirm SIP is a productive use of taxpayer dollars. As a result, the Coast Guard could be missing an opportunity to conduct more effective and efficient inspections. The Coast Guard must improve its oversight of SIP to provide reasonable assurance resources are being properly expended to protect U.S. waterways.



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### Recommendations

**Recommendation 1:** We recommend the United States Coast Guard require the Office of Commercial Vessel Compliance to develop and implement key performance indicators to facilitate the systematic assessment and evaluation of the Streamlined Inspection Program.

**Recommendation 2:** We recommend the United States Coast Guard require the Office of Commercial Vessel Compliance to collect and evaluate relevant and accurate Streamlined Inspection Program outcomes to ensure the program is operating as intended.

**Recommendation 3:** We recommend the United States Coast Guard require the Office of Commercial Vessel Compliance to evaluate the impact the Streamlined Inspection Program has on the Coast Guard's mission and resources and ensure: (a) reported outcomes are accurate; and (b) the most beneficial alternative inspection program is used to improve the effectiveness and efficiency of the Coast Guard's inspection process.

### Management Comments and OIG Analysis

The Coast Guard provided written comments on a draft of this report. A copy of the Coast Guard's response is in Appendix B. The Coast Guard concurred with all three recommendations, which we consider open and resolved. The Coast Guard also submitted technical comments separately, which we addressed as appropriate.

**Coast Guard Response to Recommendation 1:** Concur. CG-CVC will develop and implement key performance indicators to (a) evaluate the performance of SIP-enrolled vessels against similar vessels serviced under traditional Coast Guard inspections; (b) monitor the Coast Guard's performance in facilitating the SIP enrollment process; and (c) regularly review SIP for continual improvement. The Coast Guard will document the roles and responsibilities associated with the key performance indicators in its Mission Management System. The Coast Guard estimates a completion date of August 30, 2024.

**OIG Analysis of Coast Guard Comments:** The Coast Guard's proposed corrective action is responsive to the recommendation. The recommendation will remain open and resolved until the Coast Guard provides documentation showing that the corrective action has been implemented.

**Coast Guard Response to Recommendation 2:** Concur. CG-CVC will identify relevant SIP outcomes, which will be used to develop key performance



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indicators for the SIP. The Coast Guard estimates a completion date of August 30, 2024.

**OIG Analysis of Coast Guard Comments:** The Coast Guard's proposed corrective action is responsive to the recommendation. The recommendation will remain open and resolved until the Coast Guard provides documentation showing that the corrective action has been implemented.

**Coast Guard Response to Recommendation 3:** Concur. CG-CVC will benchmark key performance indicators, outcomes, and resource utilization against traditional inspections to ensure SIP is effective in maintaining a similar level of safety. The Coast Guard estimates a completion date of August 30, 2024.

**OIG Analysis of Coast Guard Comments:** The Coast Guard's proposed corrective action is responsive to the recommendation. The recommendation will remain open and resolved until the Coast Guard provides documentation showing that the corrective action has been implemented.



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## Appendix A

### Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

The objective of this audit was to determine to what extent the Coast Guard's use of SIP ensures enrolled vessels are compliant with the C.F.R. Our scope covered vessels participating in SIP during 2021.

To answer our objective, we visited the Coast Guard headquarters in Washington, D.C.; reviewed SIP regulations and directives; examined documents related to vessels enrolled in SIP during 2021; reviewed investigative reports for a judgmental sample of casualties; and interviewed Coast Guard officials from CG-CVC's Domestic Vessel and Offshore Compliance Division, the Flag State Control Division, and the Marine Safety Units in Duluth and New Orleans.

We also assessed the reliability of the Coast Guard's MISLE data by (1) testing the validity of data fields, (2) reviewing system-generated data, and (3) interviewing Coast Guard officials who had knowledge of the data. We determined that the data was sufficiently reliable for the purposes of this report.

Our review also included an assessment of the 17 internal control principles relevant to the audit objective. As a result, we identified material weaknesses in the monitoring component. Because our review was limited to internal control components and underlying principles relevant to the audit objective, this report may not disclose all control deficiencies that may have existed in SIP at the time of this audit.

We conducted this performance audit between February 2022 and February 2023 pursuant to the *Inspector General Act of 1978*, 5 U.S.C. §§ 401-424, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.



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#### **DHS OIG's Access to DHS Information**

During this audit, the Coast Guard provided timely responses to DHS OIG's requests for information and did not deny or delay access to the information we requested.

The Office of Audits major contributors to this report are William Johnson, Director; Sandra John, Director; Eric Young, Acting Director; Ralleisha Dean, Audit Manager; Katrina Reuben Dorman, Audit Manager; Justin Kerr, Auditor in Charge; Larry Jones, Auditor in Charge; Eddie Jones, Auditor; Carolyn Berry, Auditor; and Kevin Dolloson, Communications Analyst.





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**Appendix B**

**U.S. Coast Guard Comments to the Draft Report**

U.S. Department of  
Homeland Security  
  
United States  
Coast Guard



Commandant  
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7500  
July 31, 2023

**MEMORANDUM**

From:   
Craig A. Bennett  
COMDT (CG-8D)

Reply to: Audit Liaison  
Attn of: LTJG K. A. Hoefer  
(202) 372-3533

To: Joseph V. Cuffari, Ph.D.  
Inspector General

Subj: MANAGEMENT RESPONSE TO DRAFT REPORT: *UNITED STATES COAST  
GUARD NEEDS TO DETERMINE THE IMPACT AND EFFECTIVENESS OF  
ITS STREAMLINED INSPECTION PROGRAM*

Ref: (a) OIG Project No. 22-033-AUD-USCG

1. Thank you for the opportunity to comment on this draft report. The United States Coast Guard appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.
2. Coast Guard leadership is pleased to note OIG's positive recognition that the Coast Guard complied with the Code of Federal Regulations when enrolling vessels into the Streamlined Inspection Program (SIP). The Coast Guard is dedicated to maintaining the safety, security, and preservation of our country's waters through strict regulatory compliance measures, and remains committed to improving oversight functions and setting key performance indicators to evaluate the SIP's effectiveness and enhance its contributions to our mission.
3. The draft report contained three recommendations with which the Coast Guard concurs. Enclosed find our detailed response to each recommendation. The Coast Guard previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for OIG's consideration.
4. Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Enclosure



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### Enclosure: Management Response to Recommendations Contained in OIG 22-033-AUD-USCG

OIG recommended that the United States Coast Guard require the Office of Commercial Vessel Compliance (CG-CVC):

**Recommendation 1:** Develop and implement key performance indicators [KPI] to facilitate the systematic assessment and evaluation of the Streamlined Inspection Program.

**Response:** Concur. CG-CVC will develop and implement KPIs to evaluate performance of vessels participating in the SIP against vessels of similar type and service under traditional Coast Guard inspections, as well as and monitor Coast Guard performance in facilitating the enrollment process. These KPIs, and associated roles and responsibilities, will be documented via the CG-CVC Mission Management System (MMS). As part of this documentation in the CG-CVC MMS, the KPIs will be regularly reviewed for continual improvement, which will facilitate the systematic assessment and evaluation of the SIP. Estimated Completion Date (ECD): August 30, 2024.

**Recommendation 2:** Collect and evaluate relevant and accurate Streamlined Inspection Program outcomes to ensure the program is operating as intended.

**Response:** Concur. CG-CVC will identify relevant Streamlined Inspection Program outcomes, which will be incorporated into the development of the Coast Guard's SIP KPIs. These KPIs, informed by relevant outcomes, will be documented and maintained within the CG-CVC MMS. ECD: August 30, 2024.

**Recommendation 3:** Evaluate the impact the Streamlined Inspection Program has on the Coast Guard's mission and resources and ensure: (a) reported outcomes are accurate; and (b) the most beneficial alternative inspection program is used to improve the effectiveness and efficiency of the Coast Guard's inspection process.

**Response:** Concur. CG-CVC will develop KPIs to inform the evaluation of the outcomes of the SIP in comparison to traditional inspection regimes, as well as evaluate the use of Coast Guard resources to ensure the program is effective in maintaining a similar level of safety and inform resource utilization. Evaluation and monitoring will be implemented through the CG-CVC MMS to ensure continual improvement. ECD: August 30, 2024.

Encl: (1)



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## **Appendix C**

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