

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General

Transportation Security Administration's Controls over SIDA Badges, Uniforms, and Identification Cards (Redacted)



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Homeland
Security

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Preface

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*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the strengths and weaknesses of the Transportation Security Administration's controls over Security Identification Display Area badges, Transportation Security Officer uniforms, and identification cards. It is based on interviews with employees and officials of the Transportation Security Administration, direct observations, and a review of applicable documents.

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

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

Richard L. Skinner
Inspector General

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Abbreviations

FSD	Federal Security Director
ID	Identification
PSD	Personnel Security Division
SIDA	Security Identification Display Area
TSA	Transportation Security Administration
TSO	Transportation Security Officer

OIG

*Department of Homeland Security
Office of Inspector General*

Executive Summary

In early 2007, the media widely reported that thousands of Transportation Security Administration uniforms and badges were missing from various airport locations throughout the United States. Security experts and some Members of the Congress expressed concern that these missing items could allow unauthorized persons access to secured areas of an airport. Our audit objective was to determine whether the Transportation Security Administration has policies, procedures, and internal controls to manage and safeguard airport security identification display area badges, uniforms, and identification cards provided to its employees.

Transportation Security Administration does not have adequate controls in place to manage and account for airport security identification display area badges, uniforms, and identification cards provided to its employees. Unauthorized individuals' access to those items increases an airport's level of risk to a wide variety of terrorist and criminal acts. Specifically, the Transportation Security Administration did not:

- Ensure that airport badge offices were notified when employees separated from the agency, and that airport security identification display area badges were retrieved and returned to the badge offices.
- Record and track issuance of uniforms, collect uniforms upon an employee's separation, and safeguard and account for reserve stock.
- Maintain accurate records on identification cards or ensure that identification cards were returned and destroyed upon an employee's separation from the agency.

We are making three recommendations that the Assistant Secretary, Transportation Security Administration, strengthen management controls over airport security identification display area badges, uniforms, and identification cards. The agency concurred with our recommendations and their response provided details on how they made or plan to make improvements in securing these controlled items provided to its employees.

Background

In early 2007, it was widely reported in the media that thousands of Transportation Security Administration (TSA) uniforms and badges were missing from various airport locations throughout the United States. The CBS news affiliate in Los Angeles, California, for example, reported that more than 3,600 identification badges and uniform articles had been reported lost or stolen from TSA employees, from its inception to May 2006. TSA officials said that missing uniforms and badges alone do not represent a significant threat because airports also require TSA employees to have airport security identification display area (SIDA) badges that can be deactivated when reported missing. However, security experts and some Members of the Congress expressed concern that these missing items could allow an unauthorized person access to secured areas of an airport.

TSA is responsible for screening all air travelers to ensure that certain items and persons prohibited from flying do not board commercial airlines. TSA accomplishes this mission through its workforce of approximately 43,000 Transportation Security Officers (TSOs) stationed at over 450 airports across the country. TSOs conduct their screening operations in both secured and sterile areas of an airport. Secured areas of an airport are not to be accessed by passengers and typically are located near terminal buildings, parked aircraft and airport facilities, and baggage loading areas where TSOs screen checked baggage. Airport operators issue TSOs and other airport employees SIDA badges to work in such secured areas. Sterile areas of an airport are located in the terminal where passengers wait to board aircraft after passing through security screening. TSOs control access to these areas at checkpoints where they physically screen passengers and their carry-on baggage for weapons and explosives.

TSOs are required to wear a standard uniform as a readily identifiable symbol of TSA's security mission, intended to instill trust and confidence in the traveling public. A TSA employee is also issued a TSA identification (ID) card, which is used to identify TSOs as TSA employees, and may be used to access sterile areas of some airports. TSOs are responsible for returning all government-issued property, uniforms, badges, and credentials upon separation from TSA.

Results of Audit

TSA Needs to Improve Accountability over SIDA Badges, TSO Uniforms, and TSA ID Cards

TSA does not ensure that airport SIDA badge offices were notified when TSA employees separated from the agency, and that SIDA badges were retrieved and returned to the badge offices. TSA does not adequately record and track issuance of TSO uniforms, collect uniforms upon TSO separations, and safeguard and account for reserve stock. Further, TSA does not maintain accurate records on TSA identification cards or ensure that the cards are returned and destroyed upon a TSO's separation from TSA.

SIDA Badges

The Code of Federal Regulations, Title 49, Part 1542 requires airport operators to submit an airport security program to TSA for approval. Included in the airport security programs are security badge control procedures that provide specific timeframes for tenants, including TSA, to promptly notify badge offices when employees separate and to return their SIDA badges to the badge office.

We reviewed files at five Category X airports¹ for ■■■ TSOs who separated from TSA between October 1, 2006 through June 30, 2007, to determine whether TSA notified the badge offices of the separations in a timely manner so that the airports could promptly deactivate the badges. We also evaluated whether the badges were retrieved and returned to the badge offices in a timely manner. Of the ■■■ sampled TSOs, ■■■ were issued airport SIDA badges.

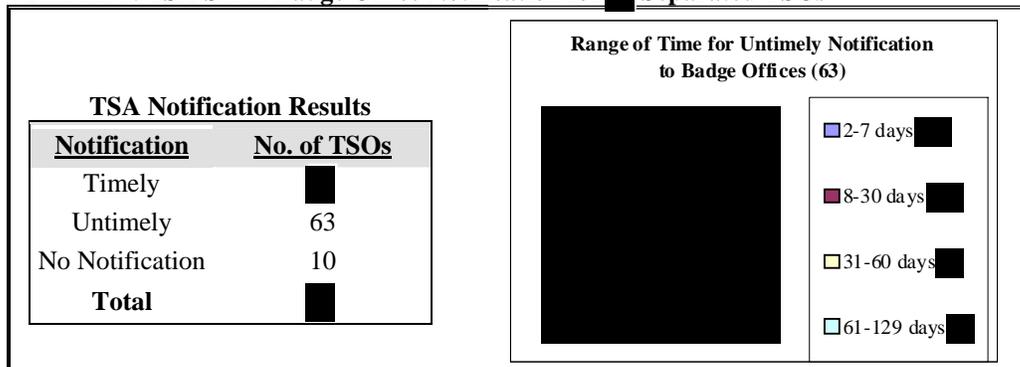
Airport Badge Offices Are Not Receiving Adequate Notification for SIDA Badge Deactivation

TSA does not notify, or is late in notifying, airport SIDA badge offices when TSA employees separate from the agency. As shown in Table 1, TSA did not notify at all, or did not notify the badge offices timely², for ■■■ of the ■■■ TSOs ■■■ who had separated from TSA.

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

² For the five airports we reviewed, the airport security programs generally require immediate notification.

TABLE 1. TSA SIDA Badge Office Notification for [REDACTED] Separated TSOs



For the ten instances where TSA did not notify the badge office that TSOs had separated:

- Four separated TSOs had active SIDA badges. After we notified personnel in the badge offices, they immediately deactivated the SIDA badges. These TSOs, who were terminated by TSA, had active SIDA badges in their possession for up to 212 days after their separation dates.
- Six TSOs' badges were automatically deactivated by the badge offices' security system at their expiration dates. However, five of the six TSOs had active badges in their possession from 97 to 827 days after the employee no longer had an operational need for the badge.

TSA did not notify the badge offices timely to deactivate the SIDA badges for 63 separated TSOs. [REDACTED] of the 63 TSOs retained possession of their SIDA badges, which remained active for an average of [REDACTED] days. One separated TSO had an active SIDA badge in his possession for 129 days after separation. For the remaining [REDACTED] separated TSOs, TSA collected the SIDA badges from the TSOs, but did not notify the badge offices timely that the TSO had separated.

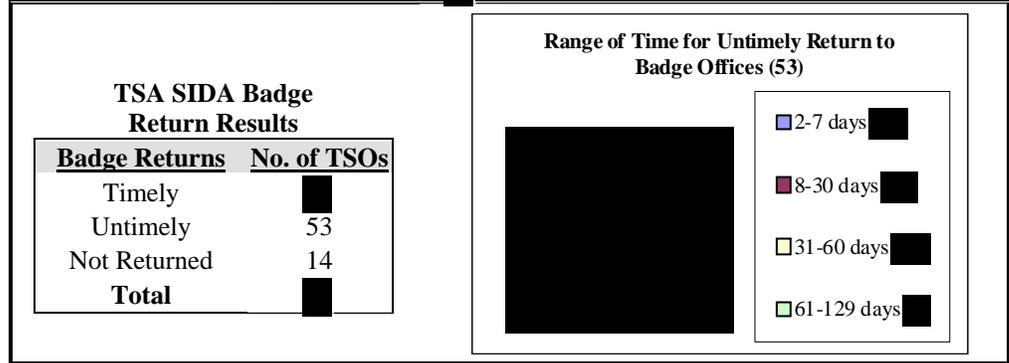
We also asked the five airport badge offices to identify the number of SIDA badges that were issued to TSOs and were automatically deactivated upon expiration during the period March 2003 to September 2007. The badge offices identified 279 SIDA badges. For these 279 SIDA badges, TSA had not notified the badge offices that the TSOs had separated or no longer had operational need for the badges. The SIDA badges could have remained active for up to 3 years.

TSA Return of SIDA Badges to Airport Badge Offices

TSA did not return or was not timely in returning SIDA badges to badge offices when TSOs separated from the agency. Four airport security programs required badges to be returned within 3 days of an employee separating, while

the fifth airport security program allowed 10 days to return badges. As displayed in Table 2, TSA returned [REDACTED] badges timely, returned 53 badges untimely, and did not return 14 badges to the badge offices. Additionally, 13 of the 14 badges not returned were issued to TSOs who had been terminated by the agency.

TABLE 2. SIDA Badge Returns For [REDACTED] Separated TSOs



For the 53 instances where SIDA badges were untimely returned to the badge offices, TSA collected 22 badges, yet did not return them to the badge offices in a timely manner. The remaining 31 separated employees retained possession of their badges.

We also asked the five airport badge offices to identify the number of SIDA badges that were issued to TSOs and were deactivated, but not returned to the badge offices. The badge offices identified 1,188 missing badges for the period August 2002 to September 2007. Although these badges had been deactivated, the badges were not in the possession of the badge offices and may not have been in the possession of TSA.

Uniforms and Insignia

TSA Management Directive 1100.73-2, TSO Dress and Appearance Responsibilities, requires TSOs to return for disposal all uniform articles purchased and issued by TSA that contain TSA patches, badges, and other insignia:

- When they leave TSA employment,
- Are reassigned to a non-TSO position, or
- When the uniform articles are no longer suitable for continued use.

According to TSA Management Directive 1100.30-10, Employee Exit Clearance Procedures, when TSA property (e.g., uniforms or badges) in the possession of a TSO is not returned immediately upon separation, local management should attempt to contact the employee via certified mail and request that the TSO return the TSA property. If the TSO does not respond

within a 30-day period, management may arrange to have a TSA law enforcement officer pick up the TSA property.

Additionally, TSA revised Management Directive 200.57, Personal Property Management, effective July 27, 2007, requires an airport's property custodian or uniform coordinator to maintain local accountable property records and handle and secure serviceable uniforms with patches, or the patches themselves, until disposal. However, the directive still does not provide airports specific guidance on how to manage and control uniform articles.

TSA does not have adequate controls in place for recording and tracking issuance of TSO uniforms, collecting uniforms upon TSO separation, and safeguarding and accounting for reserve stock. We reviewed airport files at five Category X airports for [REDACTED] separated TSOs to determine whether the TSOs returned the proper number of uniform articles bearing TSA patches, badges, and other insignia (referred to as "required articles") when they left TSA employment.

Uniform Issuance Controls Need Additional Improvements

Although all five airports reviewed had improved issuance controls over TSO uniforms since 2004 when new uniforms were last distributed, more improvements are still needed. For example, one airport did not maintain records to document when new uniform articles were issued or when reserve stock uniform articles were reissued to TSOs to replace damaged uniform articles. Therefore, the airport was unable to determine the actual number of uniform articles issued to a TSO and subject to collection upon the TSO's separation. In August 2006, this airport began recording initial uniform issuance data, yet the airport did not record subsequent uniform orders placed by TSOs.

Airports Visited Do Not Have Adequate Controls for Collecting Uniforms upon the TSOs' Separation

As shown in Table 3, 82 TSOs had uniform articles that were unaccounted for upon the TSOs' separation. Specifically, our review disclosed that 50% of the 841 uniform articles issued to those 82 TSOs were not returned.

TABLE 3: Airport Accountability Over TSO Uniforms Upon Separation

<u>Description</u>	<u>TSOs</u>	<u>Total</u>
TSOs returned all required uniform articles	■	
TSOs transferred to another airport and were not required to turn in their uniforms	■	
TSO Uniforms Accounted For		■
TSOs did not return any uniform articles	20	
TSOs returned some uniform articles, but other articles were unaccounted for	52	
TSOs returned some uniform articles and claimed remaining articles were lost, stolen, or destroyed	5	
TSA records were inadequate to determine whether TSOs returned all uniform articles	5	
TSO Uniforms Not Properly Accounted For		82
Total Number of TSOs Reviewed		■

The five airports visited do not have adequate controls for collecting uniforms upon the TSOs' separation. Specifically:

- Three of five airports did not properly complete the exit clearance process. Exit clearance officers, the airport contacts responsible for assisting separating TSOs, were unaware of the number of uniform articles that should be collected, or if applicable, had already been collected. This occurred because some TSOs returned uniforms to their checkpoint supervisors or uniform coordinator. Accordingly, the airports did not identify on their out-processing forms all uniform articles that were required to be returned.
- Three of the five airports visited had not developed adequate reconciliation processes to verify that separating TSOs returned all uniform articles upon separation. Two of the three airports had not performed any reconciliation. These two airports relied on the honesty of the separating TSOs to return the correct number of uniform articles. Additionally, one uniform coordinator destroyed TSO uniform issuance records once the exit clearance officer notified her of a TSO's separation, making reconciliation impossible. The third airport began performing reconciliations in April 2007.
- Airports did not actively pursue collection of uniform articles that TSOs did not return upon separation. Airports sent certified letters warning of monetary penalties to 6 of the 20 separated TSOs who had not returned any uniform articles. None of the five airports visited pursued civil or criminal penalties. Additionally, four airports did not use TSA law

enforcement officers to attempt to collect outstanding uniforms. TSA airport management acknowledged that obtaining uniforms and other property from separated TSOs is difficult, especially from terminated TSOs. Many terminated TSOs do not complete their exit interviews, at which time TSA usually collects outstanding badges and uniforms.

Airports Do Not Have Safeguards and Accountability Controls in Place for Reserve Stock

The five airports we visited do not have adequate controls in place to safeguard or account for their reserve stock. One of the five airports did not safeguard its reserve stock, which was located in an unsecured area of the airport's training center. Additionally, the airport did not maintain records documenting when serviceable uniform articles from the reserve stock were issued to TSOs to replace damaged uniform articles.

Two of the five airports did not conduct inventories of reserve stock. The remaining three airports conducted periodic inventory counts of uniform articles in their reserve stock; however, the counts could not be reconciled because the airports did not have a system that maintained a running inventory balance. Such a system would show when uniform articles were issued to TSOs or when uniform articles were returned to reserve stock.

TSA Rollout of New Uniforms

Despite the problems identified above, TSA planned to issue new TSO uniforms beginning in October 2007. In July 2007, the TSA Assistant Administrator, Office of Security Operations, approved changes to the TSO uniform, including the addition of a metal badge. On August 21, 2007, the Inspector General issued a management advisory memorandum recommending that TSA postpone the planned rollout of new TSO uniforms until TSA implemented adequate accountability controls. A copy of the Inspector General's memorandum is included in its entirety in Appendix B. On September 20, 2007, the Assistant Secretary for TSA responded that TSA planned to provide airports with supplemental guidance on handling uniform articles and actions to recover unreturned articles. The Assistant Secretary believed the additional guidance would mitigate the Inspector General's concerns sufficiently to permit the distribution of new uniforms beginning the following month. A copy of TSA's response to our memorandum is included in its entirety in Appendix C.

TSA Identification Cards

Identification (ID) cards are issued to TSA employees for their official identification only. TSA ID Card Policy, dated February 1, 2005, states that each airport is responsible for the accountability and control of ID cards and is

required to maintain a current ID card inventory. Federal Security Directors (FSDs) at the airports are required to ensure that ID cards are returned, or otherwise accounted for, prior to a TSO’s separation from federal service or transfer to another TSA airport or TSA agency. Within TSA, the Office of Security, Personnel Security Division (PSD), maintains a database of all current and past ID cardholders and written reports on lost, stolen, or damaged ID cards. TSA ID Card Policy requires that PSD ensure that all organizations within TSA conduct an annual inventory of ID cards and reconcile it against their data. TSA IDs are also subject to TSA Management Directive 1100.30-10, Employee Exit Clearance Procedures, as discussed on page 6 of this report.

PSD and the airports have incomplete and unreliable records on the issuance, management, collection, and disposition of ID cards. TSA guidance and controls do not ensure proper accountability over ID cards, although TSA suggests the cards be treated with the same level of care that an employee would assign to a firearm or other dangerous weapon. We identified internal control problems with ID cards at PSD and the five selected airports, as shown in Table 4.

TABLE 4: TSA Accountability over ID Cards for [REDACTED] Sampled TSOs

Airport	Total
TSOs returned ID cards upon separation	70
TSOs did not return ID cards upon separation	6
TSOs reported ID cards lost upon separation	2
TSOs were not issued ID cards	[REDACTED]
TSOs transferred to another airport and took ID cards to that airport	[REDACTED]
Insufficient documentation to determine whether ID cards were issued	[REDACTED]
Total	[REDACTED]

ID Card Records at PSD

PSD does not maintain complete and reliable records for when ID cards are issued to TSOs, returned by airports to PSD for disposal, and physically destroyed. Although our review of airport records disclosed that 70 of the [REDACTED] separated TSOs in our sample returned their ID cards upon separation, we could not determine whether the ID cards had been physically returned to PSD and destroyed. PSD personnel generally void ID cards in their database upon physical receipt and destruction of the ID cards. However, PSD will occasionally void an employee’s ID card when airport personnel notify them that an employee has separated, even if the ID card has not been recovered.

As a result, PSD does not know the quantity of ID cards that have not been physically recovered and destroyed. Since an ID card is used only for visual inspection (e.g., the cards do not have magnetic swipe capabilities), voiding a card in TSA's database system does not prohibit a person from using the card.

Additionally, PSD's reports of lost and stolen ID cards do not accurately account for the number of outstanding ID cards. For example, the PSD reports of lost or stolen ID cards did not identify any of the six separated TSOs who did not return their ID cards. PSD and airport records of lost and stolen ID cards also were in conflict. Airports identified instances where ID cards were reported lost or stolen, yet they were not listed on PSD's reports of lost or stolen ID cards. PSD also identified lost or stolen ID cards where airports had no records of the lost or stolen ID cards.

ID Card Records at Airports

Airports also do not maintain complete files of when ID cards are issued to TSOs, returned by separated TSOs to the airports, and returned by the airport to PSD for destruction. We were unable to determine whether [REDACTED] separated TSOs had been issued ID cards and, therefore, were required to return the cards upon separation. Three of the airports we visited did not have complete ID card issuance records to show whether the TSOs were issued ID cards. We attempted to compare airport data to that maintained by PSD to determine whether the TSOs had been issued ID cards; however, the data maintained by PSD was also insufficient or unreliable.

Four of the five airports visited had not performed any type of audit or reconciliation to ensure that their records of issued ID cards were consistent with PSD's records. One airport conducted a review of ID cards issued to TSOs during the airport's semiannual shift bid in September 2006 to verify whether TSOs had current ID cards. The airport also identified TSOs who had been employed more than a few months and still did not have ID cards; however, the airport acknowledged that it was not a full reconciliation.

TSA Needs to Improve Policy and Oversight

We attribute the issues above to the need for TSA to improve its policies and procedures on the management of SIDA badges, TSO uniforms, and TSA ID cards. Additionally, TSA could provide better oversight to ensure that airports have adequate controls in place to manage and safeguard these items.

Inadequate Policies and Procedures

TSA Headquarters has issued management directives and other guidance to the airports partially addressing FSDs' responsibility for the management and control of SIDA badges issued to TSA employees, TSO uniforms, and TSA

ID cards. However, the guidance is not sufficient. For example, the guidance does not describe

- When TSA should notify the badge offices to deactivate the separated TSOs' SIDA badges,
- In what manner TSA's notification should take place,
- When TSA should return the collected badges to the badge offices, or
- How TSA should pursue collection of unreturned SIDA badges from separated TSOs.

TSA has issued three management directives that address the acquisition, wearing, maintenance, retrieval, and disposal of TSO uniforms. However, TSA has not provided sufficient guidance and procedures for establishing consistent recordkeeping systems to track issuance, recovery, and disposal of TSO uniforms. Consequently, the effectiveness of each airport's uniform control system appears to be directly related to the priority each FSD places upon it.

Additionally, TSA policies on pursuing collection of unaccounted for uniform articles are deficient. TSA management directives on the collection of unaccounted for uniform articles require that airport FSDs issue letters notifying separated TSOs that they may be subject to civil or criminal penalties if they fail to return the uniform articles within 10 days. FSDs also may arrange to have TSA law enforcement officers pick up the property. However, the directives do not provide guidance on how to, or in what instances, FSDs may pursue the penalties. Additionally, the directives do not provide guidance on the circumstances where law enforcement officers should pursue uncollected articles or what authority they have to collect those articles.

Lastly, TSA has not implemented an adequate agency-wide policy on ID cards. In February 2005, PSD prepared a TSA ID card policy that described the responsibilities and procedures for issuance and control of ID cards. Although PSD management personnel said that the TSA ID Card Policy had been distributed to the FSD and Administrative Officer at each airport, the policy was not signed by the approving official and has not been implemented at the airports. The current ID card Program Manager commented that the February 2005 guidance is insufficient in terms of specifying responsibilities and systems to adequately control ID cards.

Lack of Management Oversight

TSA Headquarters does not provide oversight to ensure the accuracy, completeness, and effectiveness of an airport's records and control systems for SIDA badges, TSO uniforms, or TSA ID cards. For example, TSA does

not regularly review active SIDA badge listings to ensure that separated employees do not have active SIDA badges. Airport badge offices periodically provide tenants, including TSA, with active badge lists and request the tenants to validate that the employees on the lists should have active badges. TSA did not consistently perform these validations at the five airports visited. A comparison of the badge office's active badge list to a list of recently separated TSA employees at the five airports showed that 32 separated employees had active SIDA badges.

Two airports we visited had reported no lost or stolen uniform articles from TSA's inception through May 2006, in response to a data call by TSA Headquarters. However, our review of uniform files for a sample of 38 separated TSOs at the two airports showed that together they had 494 unaccounted for uniform articles. Additionally, TSA Headquarters relied on TSA airport personnel to maintain local records on the issuance, recovery, and disposal of TSO uniforms. TSA Headquarters has not developed a standardized, nationwide system to control and track uniforms, which would provide TSA Headquarters with information to evaluate individual airport performance.

TSA has not ensured that annual ID card inventories are completed by the airports and reconciled against PSD's data. Periodically reviewing and reconciling PSD records against airport records could reduce the time that airport personnel spend determining whether ID cards were properly issued to airport TSOs, issued ID cards have expired, and ID cards of separated TSOs have been physically returned to PSD. Recreating the documentation at a later date can be very time consuming and may not yield accurate results.

Secured and Sterile Airport Areas Are at Risk

The Nation's airports face potentially increased risk because TSA is not adequately controlling airport SIDA badges, uniforms, and ID cards issued to TSA employees.

Former TSA employees or other unauthorized personnel in possession of SIDA badges could have access to secured and sterile areas of commercial airports. TSOs in particular have widespread access to airport doors, elevators, and stairwells throughout their airports. Therefore, a former TSO's SIDA badge, if left active, could grant access to most secured areas of an airport for an extended time, as SIDA badges at some airports do not expire for up to 3 years. Deactivated but uncollected SIDA badges also pose a security risk for other unauthorized persons to gain access to an airport's secured or sterile areas. Although a badge may be deactivated (not allowing access to doors and elevators), it could still be presented at checkpoints, allowing a person to avoid screening at many airports.

Unaccounted for SIDA badges, TSO uniforms, or TSA ID cards alone may or may not allow unauthorized individuals access to secured airport areas. Office of the Inspector General Report, *Audit of Access to Airport Secured Areas*, OIG-07-35, March 2007, disclosed that unauthorized personnel that did not even possess badges, uniforms, and ID cards could gain access to secured and sterile areas of an airport. However, unauthorized individuals using these items, especially in combination, could significantly increase an airport's vulnerability to unauthorized access and, potentially, a wide variety of terrorist and criminal acts. TSO turnover and the large number of TSOs at Category X airports, together with failures to notify TSA airport staff of TSO separations and the need to recover their badges, uniforms, and ID cards, can only serve to raise the security risk to airports' secured or sterile areas even further.

Recommendations

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

Recommendation #1:

Reexamine, revise, and develop, as necessary, agency policies, procedures, and guidance for managers and staff involved on the use, issuance, management, collection, and disposition of SIDA badges, TSA uniforms, and TSA ID cards. At a minimum guidance should ensure, that TSA Headquarters and airport personnel have detailed procedures for:

- Notifying airport SIDA badge offices when TSA employees separate from the agency, retrieving badges from separated employees, and returning the SIDA badges to the badge offices;
- Recording and tracking issuance of TSO uniforms, collecting uniforms upon TSO separations, and safeguarding and accounting for reserve stock; and
- Maintaining accurate records on TSA identification cards and ensuring that identification cards are returned and destroyed upon a TSO's separation from TSA.

Recommendation #2:

Initiate collection actions against TSOs who do not return the required items after separating from TSA.

Recommendation #3:

Routinely evaluate and take actions, as appropriate, to enhance Federal Security Directors' performance in managing and controlling TSO uniforms, SIDA badges, and TSA ID cards.

Management Comments and OIG Analysis

TSA concurred with the recommendations in the report and reported that the agency is addressing, or has already addressed, each recommendation. TSA's response provided details on how the agency has made or is planning to make improvements in its security controls over SIDA badges, uniforms, and ID cards provided to TSA employees. While TSA believes this report overstates deficiencies in the practices reviewed during the audit, as well as any potential associated security risk, the agency shares the OIG's interest in improving TSA processes and procedures. TSA asserted that officials, both at Headquarters and in the field, will continue to pay increased attention to creating and managing efficient internal security systems for SIDA badges, uniforms and TSA employee ID cards. As a result, TSA believes that any risk of unauthorized use of SIDA badges, uniforms, and ID cards will be reduced to a negligible concern.

TSA also attempted to clarify two issues raised in the draft report. The first issue addressed a draft TSA ID Card Policy, dated February 1, 2005, stating that TSA ID cards be treated with the same level of care that an employee would assign a firearm. Although TSA provided this policy to the OIG, TSA believes that the misuse or loss of a TSA ID card would have minimal impact because the card by itself neither affords the bearer any special authority, nor provides access to restricted areas of an airport without screening or escort. We disagree with TSA's statement that the ID card does not provide the bearer access to restricted areas of an airport without screening or escort, especially if used in combination with SIDA badges and uniforms.

TSA also believes the results of this audit are not necessarily indicative of TSA operations nationwide since the OIG team only visited 5 out of 450 airports. To provide timely and effective results, we performed audit work at 5 Category X Airports, which represent the largest airports. As discussed in Appendix A, we selected Category X airports that reported both a high and a low number of lost and stolen uniforms and ID cards. We focused the review on Category X airports because the large number of TSOs and TSO turnover at these airports provide more opportunities where unauthorized individuals could gain access to secured and sterile areas of an airport.

Management Comments to Recommendation 1:

TSA concurs and has already begun implementing the recommendation. TSA issued Operations Directive (OD) 400-25-4, *Guidance and Procedures for Control of Transportation Security Officer (TSO) Uniforms and Badges*, on April 9, 2008, which contains detailed procedures for recording and tracking issuance of TSO uniforms, collecting uniforms upon TSO separations, and

safeguarding and accounting for returned uniform items. Additionally, TSA is evaluating current policy on TSA ID cards and plans to rescind policy that is outdated and issue revised instructions by September 1, 2008. TSA is developing a broadcast message on SIDA badges that will be issued to all FSD staff. The message will provide detailed instructions for establishing and maintaining a system to verify the retrieval and deactivation of the SIDA badges, including the need to comply with airport security timeframes for the notification and return of SIDA badges. Finally, TSA plans to add the collection of SIDA badges to the employee exit clearance process and assess civil penalties against employees who do not comply with TSA procedures.

OIG Analysis: TSA's recently issued and proposed policies and procedures will help the agency improve controls over SIDA badges, uniforms, and ID cards. While we believe that a broadcast message to all FSD staff containing detailed instructions for controlling SIDA badges will help to reduce the weaknesses addressed in the report, we question whether a one-time broadcast message will be sufficient unless it is incorporated into a more formal TSA policy or procedure. This recommendation is resolved, but will remain open until we have the opportunity to review the issued policies and procedures for TSA uniforms and ID cards. We would also like further information on TSA's planned broadcast message on SIDA badges and how the agency will determine its effectiveness.

Management Comments to Recommendation 2:

TSA concurs and has already begun implementing this recommendation. TSA will initiate collection actions against TSOs who do not return the accountable property after separating from the agency. FSDs have been delegated the authority to issue orders to former TSOs, which can result in civil penalties (i.e., fines) if the property is not returned. Additionally, TSA's recently issued OD-400-25-4, issued April 9, 2008, requires FSDs to designate a responsible person to pursue and monitor the status of the recovery of accountable property until the case is resolved. An FSD's ability to issue binding orders, and to impose civil penalties, should significantly improve TSA's ability to recover accountable items that are not returned at separation.

OIG Analysis: TSA's planned collection actions along with the additional requirements of OD-400-25-4 will help to ensure TSOs separating from TSA return the required items. This recommendation is resolved and closed.

Management Comments to Recommendation 3:

TSA concurs and has already begun implementing this recommendation through coordination among three separate offices within TSA. First, the Office of Security Operations, through the FSDs, is responsible for carrying

out the policies and procedures which govern the control of accountable TSA property, including SIDA badges, TSO uniforms, and TSA ID cards. While senior officials review FSD performance involving these responsibilities, TSA is implementing new oversight measures to enhance FSD performance. Specifically, TSA is developing a uniform tracking system, called the Asset Tracking Module, where FSDs will be required to track the issuance, recovery, and disposal of TSO uniforms. The system also provides a reporting mechanism, which allows both the FSD and Headquarters officials to routinely evaluate individual efforts to manage and control property. This system is currently being tested at 141 airports and should be operational nationwide by November 2008.

Second, the Office of Finance and Administration/Chief Financial Officer, through the Office of Property Management, has added a 14-item uniform management performance assessment to its annual inventory protocol conducted at TSA airport operations throughout the country. In calendar year 2008, uniform management performance assessments will be conducted at 40 airports. As of May 2008, 20 of the 40 audits have been completed. The Office of Property Management plans to increase the number of uniform performance assessments it will conduct in fiscal year 2009.

Third, the Personnel Security Division within the Office of Law Enforcement/Federal Air Marshal Service, Office of Security, has initiated development of the Integrated Security Information Management System, a new database, to improve record keeping on employees and contractors. Designated TSA Headquarters and field personnel will have the ability to access the database to generate reports, update information, and reconcile data against Office of Security records with respect to TSA ID cards. This system will enhance the FSD's ability to manage and control TSA ID cards. The new database is expected to be operational by late summer 2008.

Finally, the Office of Security Operations, Compliance Branch, has initiated rolling SIDA badge audits at all Category X and I airports. TSA Transportation Security Inspectors are inspecting the airports' annual audit requirements under their Airport Security Programs and reconciling the current tenant employee lists with the airport's active SIDA badge records. This regulatory inspection activity will continue throughout fiscal year 2008 and will provide useful feedback to FSDs and airport officials with regard to accurate and expedient SIDA badge control.

OIG Analysis: TSA has already taken actions or has actions planned that will enhance FSD's performance in managing and controlling TSO uniforms, SIDA badges, and TSA ID cards. This recommendation is resolved but will

remain open until TSA provides evidence that the Asset Tracking Model and Integrated Security Information Management System are operational.

Appendix A

Purpose, Scope, and Methodology

The objective of our audit was to determine whether TSA has policies, procedures, and internal controls to manage and safeguard airport SIDA badges provided to TSA employees, TSO uniforms, and TSA ID cards. Specifically, we determined whether:

- TSA accounts for the quantity of airport SIDA badges, TSO uniforms, and TSA ID cards issued to TSA employees;
- Separated employees are returning their airport SIDA badges, TSO uniforms, and TSA ID cards to the agency, and the agency is ensuring those items are either secured and destroyed or deactivated; and,
- Potential exists for unauthorized persons to use lost, stolen, missing, or unrecovered airport SIDA badges, TSO uniforms, and TSA ID cards to gain access to secured areas of airports.

We visited five Category X airports, interviewed TSA and airport operator personnel, and observed airport operations. We obtained and reviewed applicable federal laws, directives, and regulations; TSA's Standard Operating Procedures related to screening; TSA's airport security program guidance; and the airport security programs in place at the five airports visited. We selected a judgmental sample of ■ TSOs at each airport who had separated from the agency between October 1, 2006, and June 30, 2007.

We reviewed TSA and uniform contractor records for each separated TSO. We also reviewed TSA Human Resources and other administrative files. We confirmed with airport badge offices that the SIDA badges had been deactivated and returned to the badge offices. For instances where the separated TSO did not return all uniform articles with TSA insignia, their SIDA badges, or TSA ID cards, we looked for evidence to determine whether the agency had taken additional actions to collect the unreturned items.

Additionally, we reviewed badge offices' active SIDA badge reports for TSA employees and compared those reports against each airport's list of TSOs who had separated from the agency between October 1, 2006, and June 30, 2007. We also requested a list of missing badges for TSA employees from March 2003 to September 2007, from each of the five badge offices.

We interviewed airport FSDs, Assistant FSDs, TSA staff, and ten TSOs at each airport. Additionally, we interviewed airport operator personnel responsible for the SIDA badge program at each of the five airports. We toured airport facilities, with a focus on entry and exit points that TSOs use to access an airport's secured and sterile areas. We also observed many of those access points.

Appendix A

Purpose, Scope, and Methodology

We selected the airports to visit from a May 2006 TSA report of lost uniforms and TSA ID cards. In May 2006, TSA reported 1,806 lost or stolen TSA ID cards and 1,868 lost or stolen uniforms from inception until May 30, 2006, with Category X airports having more than 70% of the lost and stolen items. We selected a judgmental sample using the Category X airports as our universe. We selected the two airports that reported the highest numbers of lost and stolen uniforms and ID cards, the two airports that reported the lowest numbers of lost and stolen uniforms and ID cards, and one airport that was in the middle. We could not verify the accuracy of TSA's report of lost uniforms and TSA ID cards; however, we noted the limitations of the agency's tracking system in the audit results section of our report. We visited



We conducted fieldwork between July 9 and September 21, 2007, under the authority of the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. We appreciate the cooperation and courtesies extended to our audit team by TSA.

Appendix B
Inspector General's Management Advisory Memorandum

Office of Inspector General

U. S. Department of Homeland Security
Washington, DC 20528



Homeland
Security

AUG 21 2007

MEMORANDUM FOR: The Honorable Kip Hawley
Assistant Secretary
Transportation Security Administration

FROM: *Richard L. Skinner*
Richard L. Skinner
Inspector General

SUBJECT: *Recommendation to Postpone Rollout of New Transportation
Security Officer Uniforms*

The purpose of this memo is to recommend that the Transportation Security Administration (TSA) postpone distribution of new Transportation Security Officer (TSO) uniforms, planned to start in October 2007 and conclude in June 2008. We are making this request as a result of serious accountability weaknesses we identified as part of our audit currently underway of controls over TSO uniforms, TSA identification cards, and airport Secure Identification Display Area (SIDA) badges.

The security of the Nation's airports could be placed at undue risk because TSA airport personnel are not adequately controlling uniforms issued to TSOs, retrieving uniforms upon TSOs' separation, controlling retrieved uniforms until disposal, or safeguarding their reserve stocks. While unaccounted for uniforms alone may not necessarily allow unauthorized individuals access to secure airport areas, unaccounted for uniforms, TSA identification cards, and airport SIDA badges, particularly in combination, increase the potential for terrorist or criminal acts. Therefore, we recommend you postpone the rollout of new TSO uniforms until TSA airport operations implement adequate controls over the issuance, retrieval, and disposal of TSA uniforms, identification cards, and SIDA badges and address other administrative and operational issues associated with the new uniforms and badges.

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Inspector General's Management Advisory Memorandum

Background

In early 2007, the press widely reported that thousands of TSA uniforms and identification badges were reported missing from various airport locations throughout the United States. The CBS news affiliate in Los Angeles, California reported that more than 3,600 identification badges and uniform items had been reported lost or stolen from TSA employees from its inception to May 2006. In July 2007, a Honolulu, Hawaii news station reported that an investigation was launched after a TSO uniform was found for sale in a thrift store for \$2.50. Some security experts have expressed fear that individuals could obtain TSA uniforms for terrorist activities or other illegal purposes.

Upon joining TSA, a TSO initially is provided a standard uniform package, but may purchase optional items. TSA Management Directive No. 1100.73-2, *Uniformed Employees Appearance and Responsibilities*, requires TSOs to return for disposal all uniform items purchased and issued by TSA that contain TSA patches, badges, and other insignia when they leave TSA employment, are reassigned to a non-TSO position, or when the uniform items are no longer suitable for continued use. TSOs also are required to remove and return for disposal all TSA insignia on self-purchased uniform items. Uniform coordinators at the airports are to retain and safeguard returned items that are serviceable. Further, under TSA Management Directive No. 1100.30-10, *Employee Exit-Clearance Procedures*, a departing TSO is responsible for returning all government property, forms, badges, and credentials for which they are accountable. When TSA property, such as uniforms and badges, in the possession of the TSO is not returned immediately upon separation, local management should attempt to contact the employee via certified mail and request that the TSO return the TSA property. When the TSO does not respond within a 30-day period, management may arrange to have a TSA law enforcement officer pick up the TSA property.

On April 23, 2007, we initiated an audit to determine whether TSA has adequate policies, procedures, and internal controls to safeguard TSO uniforms, TSA identification cards, and airport SIDA badges against theft and associated misuse. To date, we have visited three airports:

[REDACTED] At each of the three airports, we selected and analyzed a judgmental sample of [REDACTED] TSOs who had separated from TSA within the previous six months. We examined available airport uniform files, human resource exit clearance records, and uniform contractor records to determine whether the TSOs returned uniform items upon separation, as required. We interviewed personnel from the TSA's Office of Security Operations, Office of Property Management, and the airports who are responsible for accounting for TSO uniforms, TSA identification cards, and SIDA badges. We also interviewed airport operator personnel responsible for administering airport SIDA badging programs. We plan to finish our fieldwork and issue a draft report to TSA by late 2007 to early 2008.

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Results of Review

TSA has serious accountability weaknesses concerning its issuance, retrieval, and disposal of TSO uniforms. Of the sample of [REDACTED] TSOs that separated from the 3 airports, only 5 returned the proper number of uniforms to TSA upon separation, as required. Two TSOs transferred to another airport and therefore were not required to return their uniforms. For the remaining [REDACTED] separated TSOs, approximately 592 (52%) of the 1,136 uniform items that were required to be returned for disposal remain unaccounted for. Of the 58 separated TSOs, 16 (28%) did not return any uniform items upon separation.

Uniform coordinators were not recording and accounting for uniforms issued to the TSOs in a consistent manner. The airports' reserve uniform stocks were not safeguarded adequately, and perpetual inventories for the reserve uniform stocks were not maintained to account for uniforms on hand and issued to the TSOs. At [REDACTED] both reserve and serviceable uniform stocks were stored in an open area accessible to any individual that had access to the [REDACTED] training center.

Also, TSA has inconsistent processes for controlling uniforms returned by separated TSOs until disposal. Unsecured bags containing uniform items returned by TSOs were stored at office buildings, airport storage rooms awaiting pickup by uniform coordinators, and checkpoint stations visible to the public. Airport personnel did not consistently perform reconciliations to verify that TSOs returned the correct number of uniform items for disposal. No individual record of disposal was maintained to confirm that the uniform coordinator properly disposed of uniform items returned by a particular separated TSO.

Airport Federal Security Directors issued certified letters to only 4 of the 16 separated TSOs that did not return their uniforms, notifying them that they might be subject to civil or criminal penalties should they fail to do so. However, no arrangements were made to either have law enforcement officers pick up the uniforms when the TSOs failed to return them or to pursue a civil penalty.

Finally, airports were not consistent in identifying what uniform items should be collected or what items were collected. For example, [REDACTED] airport did not identify shoulder boards as items to be returned by separating TSOs and [REDACTED] airport did not require knit caps or coveralls to be returned. Further, the [REDACTED] uniform coordinator shredded TSO uniform files upon TSOs' separation, making it impossible to reconcile the number of uniform items returned to the number of items issued.

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Inspector General's Management Advisory Memorandum

TSA Plans to Issue New Uniforms to All TSOs

In July 2007, the TSA Assistant Administrator, Office of Security Operations, approved changes to the TSO uniform, including the addition of a metal badge. According to TSA's website, the new uniforms are part of TSA's continued efforts to transition its workforce to a cadre of well-trained, professional TSOs. The uniforms also reflect the critical nature of TSOs' work and the high standards they must uphold. TSA estimated the one-time cost to be approximately \$12 million to outfit each existing TSO with the following items: three long sleeve shirts, three short sleeve shirts, three trousers, one sweater vest, two pairs of shoulder boards, two neck ties, and one belt. Additionally, TSA plans to issue a new badge to each TSO. TSA plans to begin the new uniform rollout in October 2007, with full field deployment to begin in November 2007 and conclude in June 2008. Yet, TSA has not sufficiently addressed many operational and administrative considerations to complete a successful transition to the new uniforms.



TSA Headquarters management does not plan to issue detailed guidance to aid the airports on the collection and disposal of the outdated uniforms to ensure consistency among the airports. During the rollout, each Federal Security Director will be tasked to decide when the TSOs will transition to the new uniforms and how they will recover and destroy the old TSA emblems and logos from replaced uniforms.

Additionally, TSA has not considered thoroughly the operational impact of issuing a metal badge to each TSO. The badge, which is intended to convey the image of authority, resembles a law enforcement badge. TSA has not adequately analyzed the operational impact of TSOs wearing metal badges in close proximity to checkpoint metal detectors or the practicality of having the TSOs remove their badges in order to pass through screening. Additionally, TSA has not planned for potential safety and security considerations resulting from baggage screeners wearing metal badges. For example, the metal badge may create a safety risk should the badge get caught on a piece of luggage or screening equipment, or a security risk when the badge becomes separated from the TSO's uniform and falls into a passenger's checked baggage.

Conclusion

TSA has not implemented effective policies and procedures to ensure that Federal Security Directors properly (1) track uniforms issued and retrieved upon a TSO's separation, (2) dispose of unserviceable returned uniforms, or (3) control their reserve uniform stocks. Additionally, TSA has not sufficiently addressed many operational and administrative considerations to complete a successful transition to the new uniforms starting as early as October 2007. The vast effort to convert TSA's workforce of 43,000 TSOs to new uniforms before addressing the

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Inspector General's Management Advisory Memorandum

serious internal control weaknesses related to managing uniforms at the airports would greatly exacerbate an already significant problem.

The security of the Nation's airports has been placed at unnecessary risk because TSA airport personnel are not adequately controlling TSO uniforms. While unaccounted for uniforms alone may not always allow unauthorized individuals access to a secure airport area, unaccounted for uniforms, TSA identification cards, and SIDA badges, coupled with other weaknesses in an airport's access controls could increase an airport's level of risk to potential terrorist and criminal acts. For example, we identified two terminated TSOs who had not returned their uniforms and whose airport SIDA badges had not been deactivated at the time of our site visit. The two terminated TSOs had the capability to gain unrestricted access to secure airport areas. A recently released Office of Inspector General audit report on access to secure airport areas¹ also identified various weaknesses in TSA's procedures to prevent unauthorized individuals from gaining access to secure airport areas.

While this audit is still ongoing, we believe the above accountability weaknesses warrant your immediate attention. We recommend that you postpone the planned October 2007 rollout of new TSO uniforms until such time that TSA implements adequate accountability controls over the issuance, retrieval, and disposal of TSO uniforms, and addresses critical operational and administrative procedures related to planned new uniforms. Sound business practices should dictate development of uniform recordkeeping guidance to ensure consistency among airports. Standard guidance would promote accountability and consistency in uniform record maintenance and over time could reduce the amount of time airport personnel spend reconciling records to ascertain that TSOs correctly returned the required number of uniform items upon separation. Recreating the documentation and computations at a later date can be very time-consuming and may not yield accurate results. We discovered this in a number of instances when airport records did not document uniform items returned during the rollout of new uniforms in 2004.

Should you have any questions, please call me, or your staff may contact James Taylor, Deputy Inspector General, at (202) 254-4100.

¹ *Audit of Access to Airport Secured Areas*, DHS OIG, OIG-07-35, March 2007.

Appendix C
Assistant Secretary's Response to Inspector General's Memorandum

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

SEP 20 2007



Transportation
Security
Administration

MEMORANDUM FOR: Richard L. Skinner
Inspector General

FROM: Kip Hawley *Kip Hawley*
Assistant Secretary

SUBJECT: Recommendation to Postpone Rollout of New
Transportation Security Officer (TSO) Uniforms

Thank you for your memorandum of August 21, 2007, regarding the upcoming distribution of new uniforms with metal badges to TSA's TSO workforce. I assure you that planned enhancements to TSA's accountability guidance and procedures for uniform article management should mitigate your concerns sufficiently to permit the distribution of uniforms beginning in October.

Let me first begin by asking that should you find any problems with the management of Secure Identification Display Area (SIDA) badges by TSA, I request that you bring those to TSA's attention immediately. We view the SIDA badge as fundamentally different from uniforms and TSA government identification cards that do not provide direct access to airport secured areas. SIDA is an important element of the personnel security and access control measures at airports and, as a result, we ask that problems in this area be reported to us immediately so that we can take prompt and decisive action. Your assistance in this matter will be greatly appreciated by TSA leadership.

The TSO uniform is designed to enhance employee pride, to project the professional image of the organization, and to instill trust and confidence in the traveling public; as a result, TSA takes the control of uniforms and uniform insignia extremely seriously. Policies and procedures are in place to control the distribution, maintenance, and collection of uniforms by the TSO workforce. TSA MD 1100.73-2 governs the use and recovery of uniform patches and insignia. The MD requires that employees return any patches, badges, or other insignia to TSA when they leave TSA employment, are assigned to a non-screening position, or when uniform items are no longer suitable for continued use. TSA MD 1100.30-10 covers employee exit procedures, including recovery of unreturned uniform articles.

In preparation for the upcoming distribution of the new TSO uniform, supplemental guidance on the handling of uniform articles and actions to recover unreturned uniforms will be provided to the field. The new guidance will include all phases of property life cycle management including acquisition, utilization and final disposal. It will include appropriate and inappropriate uses of the badges on and off duty and in the case of the

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Assistant Secretary's Response to Inspector General's Memorandum

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badges, referral to local law enforcement in the event of a reported loss. This guidance will more clearly direct procedures for uniform controls. Additional compliance information on uniform controls will also be collected through TSA's Performance Management Information System (PMIS) system, which has to date only collected information on lost and stolen uniforms.

Furthermore, the metal badges to be distributed with the new uniform will receive unique serial numbers that will be associated with the individual TSO to whom the uniform is issued. The serial numbers will provide an additional security feature should a badge be lost or stolen. It is my belief that the new guidance and information collection will improve controls in the field and accountability from Headquarters, and, therefore, we will be issuing these new uniforms as originally planned.

Appendix D
Management Comments to the Draft Report

Office of the Assistant Secretary

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

JUL 08 2008



Transportation
Security
Administration

INFORMATION

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

FROM: Kip Hawley *KH*
Assistant Secretary

SUBJECT: Transportation Security Administration (TSA) Response
to DHS's Office of Inspector General (OIG) Draft Report,
*Transportation Security Administration's Controls over SIDA
Badges, Uniforms, and Identification Cards, May 2008*

Purpose

This memorandum constitutes TSA's response to the DHS OIG Draft Report, *Transportation Security Administration's Controls over SIDA Badges, Uniforms, and Identification Cards*. TSA appreciates OIG's effort on this audit and will use the findings and recommendations to continue to improve controls over Security Identification Display Area (SIDA) badges, uniforms, and identification (ID) cards issued to TSA employees.

Background

Between April and December 2007, OIG conducted a self-initiated audit of TSA's controls over SIDA badges, uniforms, and TSA employee IDs. The audit objective was to determine whether TSA had policies, procedures, and internal controls to manage and safeguard airport SIDA badges provided to TSA employees, Transportation Security Officer (TSO) uniforms, and TSA ID cards.

During its review, OIG conducted interviews with TSA Headquarters officials from the Office of Security Operations (OSO); Office of Law Enforcement/Federal Air Marshal Service, Office of Security; Office of Inspection; and Office of Human Capital (OHC). The audit team visited five Category X airports¹ where they interviewed local TSA Federal Security Directors (FSDs) and their staffs, selected TSOs, and airport operator personnel. The auditors collected and reviewed relevant documentation, including regulations, directives, standard operating



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procedures, and employee administrative files. OIG also selected and reviewed documents covering a sample of [REDACTED] TSOs who separated from TSA between October 1, 2006, and June 30, 2007, at each of the five airports.

The draft report, issued May 9, 2008, found that "TSA does not have adequate controls in place to manage and account for" SIDA badges provided to TSA employees, TSO uniforms, and TSA ID cards. The draft report contained three recommendations for the Assistant Secretary of TSA to strengthen the controls over TSA's management of SIDA badges, uniforms, and ID cards.

Discussion

TSA concurs with OIG's recommendations to improve management controls over SIDA badges, uniforms, and ID cards provided to TSA employees. TSA is addressing, or has already addressed, each recommendation.

TSA issued Operations Directive (OD) 400-25-4, *Guidance and Procedures for Control of TSO Uniforms and Badges*, in April 2008. Recognizing that a comprehensive Agency-wide policy will support FSDs to better control accountable property, the new directive builds on and consolidates existing policy and addresses many of the issues identified in OIG's draft report. These include:

- Providing guidance on how to manage and control uniform articles;
 - Recording and tracking issuance, recovery, and disposal of TSO uniforms;
 - Safeguarding and accounting for reserve stock;
 - Identifying specific items that must be accounted for;
 - Conducting quarterly inventories of reserve stock; and
 - Recovering unreturned articles by:
 - Designating a responsible person to track items until resolved; and
 - Exercising new authority for FSDs to issue orders (and when necessary, to levy fines) to former TSOs who do not return articles.
- Establishing a standardized, nationwide system to control and track uniforms. The standardized system provides tracking information to TSA Headquarters to assist in evaluating individual FSD performance and finding and correcting lapses in accountability.

TSA has also established specific guidelines for issuing TSA's new TSO uniforms, which include metal badges. The metal badges are an integral element of TSA's new TSO uniform design. TSOs must complete mandatory training before they will be issued their badges. The mandatory training includes instruction on TSO responsibility and accountability for the new uniforms and badges. For example, TSOs at [REDACTED] one of the airports included in the OIG audit, have received the training and are wearing the new uniforms and badges.

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TSA would also like to clarify two issues raised by the draft report:

- First, on page 9 of the draft report, OIG includes a statement found in a 2005 TSA draft document, stating that, "... TSA suggests *the [ID] cards be treated with the same level of care that an employee would assign to a firearm or other dangerous weapon.*" However, the misuse or loss of a TSA ID card alone would have minimal impact because the TSA ID card by itself neither affords the bearer any special authority, nor provides access to restricted areas of an airport without screening or escort. Further, access to restricted areas of an airport requires a separate SIDA badge issued by the airport pursuant to TSA regulations.
- Second, the OIG's audit results were based on a relatively small sampling of TSA operations. The OIG audit team visited five airports out of 450. We do not believe the sample, which included only Category X airports, necessarily represents TSA operations nationwide.

In conclusion, TSA concurs with the OIG's recommendations regarding TSA's policies and practices for managing and safeguarding SIDA badges, uniforms, and ID cards. As noted above, TSA has already taken steps to improve its current systems with newly clarified policies, expanded oversight, and improved accountability. While we believe the OIG draft report overstates deficiencies in the practices reviewed during the audit, as well as any potential associated security risk, we share the OIG's interest in improving our processes and procedures. TSA officials, both at Headquarters and in the field, will continue to pay increased attention to creating and managing efficient internal security systems for SIDA badges, uniforms, and TSA employee IDs. As a result, we believe that any risk of unauthorized use of SIDA badges, uniforms, and ID cards will be reduced to a negligible concern.

TSA's specific responses to the recommendations contained in the OIG draft report is attached.

Attachment

Appendix D

Management Comments to the Draft Report

**Transportation Security Administration (TSA) Response to
Department of Homeland Security (DHS) Office of Inspector General (OIG) Draft Report:
*Transportation Security Administration's Controls over SIDA Badges,
Uniforms, and Identification Cards, May 2008***

Recommendation 1: The Assistant Secretary for the Transportation Security Administration reexamine, revise, and develop, as necessary, agency policies, procedures, and guidance for managers and staff involved on the use, issuance, management, collection, and disposition of SIDA badges, TSA uniforms, and TSA ID cards. At a minimum guidance should ensure, that TSA Headquarters and airport personnel have detailed procedures for:

- Notifying airport SIDA badge offices when TSA employees separate from the agency, retrieving badges from separated employees, and returning the SIDA badges to the badge offices;
- Recording and tracking issuance of TSO uniforms, collecting uniforms upon TSO separations, and safeguarding and accounting for reserve stock; and
- Maintaining accurate records on TSA identification cards and ensuring the identification cards are returned and destroyed upon a TSO's separation from TSA.

TSA Concurs. TSA has already begun implementing this recommendation. Agency policies, procedures, and guidance for managers and staff involved in the use, issuance, management, collection, and disposition of TSA uniforms, Security Identification Display Area (SIDA) badges, and TSA Identification (ID) cards are being reexamined and revised.

For example, Operations Directive (OD) 400-25-4, *Guidance and Procedures for Control of Transportation Security Officer (TSO) Uniforms and Badges*, was issued on April 9, 2008, and provides supplemental guidance to pre-existing policies, including: Management Directive (MD) 200.57, *Personal Property Management*; MD 1100.30-10, *Employee Exit Clearance Procedures*; and MD 1100.73-2, *Transportation Security Officer Dress and Appearance Responsibilities*. OD 400-25-4 contains detailed procedures for recording and tracking issuance of Transportation Security Officer (TSO) uniforms, collecting uniforms upon TSO separations, and safeguarding and accounting for returned uniform items. To illustrate, the new guidance stipulates that returned uniform items must be safeguarded at the airport or other appropriate facility. Uniform items in stock must also be inventoried quarterly by a disinterested party appointed by the Federal Security Director (FSD).

Regarding TSA ID cards, the Office of Law Enforcement/Federal Air Marshal Service's (OLE/FAMS) Office of Security has responsibility for issuing and providing guidance for the handling of TSA ID cards. Officials from this office are currently evaluating existing policy. They will rescind policy that is outdated and issue revised instructions that will implement best practices to track TSA ID cards. This new instruction should be provided to FSDs by September 1, 2008.

Finally, regarding SIDA badges, TSA is developing a broadcast message that will be issued to all FSD staff. The broadcast message will not only remind staff about the importance of maintaining the security of badges and credentials (including SIDA badges) while employed with TSA, it will also address the importance of returning these items upon leaving TSA.

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employment. The message will contain detailed instructions for establishing and maintaining a system to verify the retrieval and deactivation of the SIDA badges, including the need to comply with airport security timeframes for the notification and return of SIDA badges. TSA will make TSA employee SIDA badge accountability part of the FSD's regular airport performance assessments.

TSA will also make collection of SIDA badges part of the employee exit clearance process and will assess civil penalties against employees who do not comply with a formal order, as discussed in the response to Recommendation 2.

Recommendation 2: The Assistant Secretary for the Transportation Security Administration initiate collection actions against TSOs who do not return the required items after separating from TSA.

TSA Concur. TSA has already begun implementing this recommendation. Collection actions against TSOs who do not return the required items after separating from TSA will be initiated. FSDs have been delegated the authority to issue orders to former TSOs, which can result in civil penalties (i.e., fines) if accountable property is not returned. Additionally, OD-400-25-4, issued April 9, 2008, requires FSDs to designate a responsible person to pursue and monitor the status of the recovery of accountable property until the case is resolved. An FSD's ability to issue binding orders and to impose civil penalties should significantly improve TSA's ability to recover accountable items that are not returned at separation.

Recommendation 3: The Assistant Secretary for the Transportation Security Administration routinely evaluate and take actions, as appropriate, to enhance Federal Security Directors' performance in managing and controlling TSO uniforms, SIDA badges, and TSA ID cards.

TSA Concur. TSA has already begun implementing this recommendation through coordination among three separate offices within TSA. First, the Office of Security Operations (OSO), through the FSDs, is responsible for carrying out the policies and procedures that govern the control of accountable TSA property, including TSO uniforms, SIDA badges, and TSA ID cards. While FSD performance with regard to these responsibilities is regularly reviewed by senior officials, TSA is implementing new oversight measures to enhance FSD performance.

For example, as noted above, OD-400-25-4 contains detailed policies and procedures for tracking TSA uniforms. TSA is developing a uniform tracking system in its Performance Management Information System (PMIS) called the Asset Tracking Module. FSDs will be required to track the issuance, recovery, and disposal of TSO uniforms, including metal badges. The system also provides a reporting mechanism which allows both the FSD and Headquarters officials to routinely evaluate individual efforts to manage and control accountable property. This module is currently being tested at 141 airports and should be operational nationwide by November 2008.

Second, the Office of Finance and Administration/Chief Financial Officer, through the Office of Property Management, has added a 14-item uniform management performance assessment to its annual inventory protocol conducted at TSA airport operations throughout the country. This process not only assesses the status of uniform control at airports on a routine basis, but

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offers opportunities for system improvements. Several aspects of uniform management are now being surveyed, including authorized personnel access controls, documentation practices, and internal controls.

In calendar year 2008, uniform management performance assessments will be conducted at 40 airports. As of May 2008, 20 of the 40 audits have been completed. Initial findings indicate that the TSA airport operations that were assessed are ensuring proper control of uniforms. As the results are analyzed and shared with OSO leadership, the survey feedback leads to further improvements and control over accountable items. The Office of Property Management plans to increase the number of uniform performance assessments it will conduct in fiscal year (FY) 2009.

Third, the Personnel Security Division within the OLE/FAMS's Office of Security has initiated development of a new database called the Integrated Security Information Management System (ISIMS). ISIMS improves record keeping on employees and contractors and can be used by other TSA lines of business. Designated TSA Headquarters and field personnel will have the ability to access ISIMS to generate reports, update information, and reconcile data against Office of Security records with respect to TSA ID cards. Ultimately, this system will enhance the FSDs' ability to manage and control TSA ID cards. ISIMS is expected to be operational by late summer and fully accessible to other TSA lines of business by the end of calendar year 2008.

Finally, the OSO Compliance Branch has initiated rolling SIDA badge audits at all Category X and I airports. TSA Transportation Security Inspectors are inspecting the airport annual audit requirements under their Airport Security Programs and reconciling the current tenant employee lists with the airport's active SIDA badge records. This regulatory inspection activity will continue throughout FY 2008 and will provide useful feedback to FSDs and airport officials with regard to accurate and expedient SIDA badge control.

Appendix E
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Appendix F Report Distribution

Department of Homeland Security

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Deputy Chief of Staff
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Assistant Secretary, Transportation Security Administration
Assistant Secretary for Policy
Assistant Secretary for Public Affairs
Assistant Secretary for Legislative Affairs
Director, GAO/OIG Liaison Office
TSA Audit Liaison

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

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