

# DEPARTMENT OF HOMELAND SECURITY

## Office of Inspector General

### Audit of Targeting Oceangoing Cargo Containers (Unclassified Summary)



**Office of Audits**

**OIG-05-26**

**July 2005**

Office of Inspector General

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



Homeland  
Security

## Preface

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

This report represents an abbreviated version of our official use only report assessing the Automated Targeting System used by Customs and Border Protection inspectors at domestic and selected foreign ports to help select intermodal cargo containers for inspection. It is based on interviews with employees and officials of government agencies and private trade representatives, direct observations, and a review of applicable documents.

The information contained in this report has been developed to the best knowledge available to us, and had been discussed in draft with appropriate management officials. 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  
Acting Inspector General

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*Department of Homeland Security  
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## **Introduction**

The Bureau of Customs and Border Protection (CBP) has a leading position within the Department of Homeland Security in preventing terrorists and weapons of mass destruction (WMD) from entering the country. As part of this responsibility, CBP has a mission to address the vulnerability of the global supply chain to terrorists' exploitation of the massive movement of oceangoing containers. Approximately 9 million oceangoing cargo containers arrive annually at seaports in the United States making it impossible to physically inspect each container without hampering the flow of commerce. Inspectors both at overseas Container Security Initiative (CSI) ports and at U.S. seaports, use the Automated Targeting System (ATS) to assess the risk associated with each container and determine which containers will undergo inspections.

The audit was performed in response to Section 809(g) of the Coast Guard and Maritime Transportation Act of 2004<sup>1</sup>, which requires us to evaluate and report annually on the effectiveness of the cargo inspection targeting system for international intermodal cargo containers. For this initial report, we focused on the following questions regarding the ATS:

- What are the major vulnerabilities in the supply chain relative to oceangoing containers?
- How could the targeting of high-risk containers be improved?

## **Background**

Problems associated with the physical control over containers and effective targeting and inspections have been addressed in various reports and studies. The Department of the Treasury OIG found weaknesses in targeting data, targeter training, inspectional reporting, and container security. In addition, a Government Accountability Office report (GAO-04-352NI, February 2004) discussed problems associated with container targeting and tracking, and inspector training, and made eight recommendations in those areas that CBP is currently addressing.

Inspectors assigned to seaports use the ATS to assist them in determining which containers entering the country will undergo inspection. CBP inspectors perform either non-intrusive

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<sup>1</sup> Public Law 108-293, enacted on August 9, 2004.

examinations, intrusive (physical) inspections, or a combination of both, as determined necessary. A non-intrusive examination generally includes use of an X-ray or gamma ray machine to identify anomalies in the container's contents, radiation detectors, and/or a canine to search for narcotics or explosives. An intrusive inspection generally involves a partial or total removal of the contents of a container.

This audit was performed at various DHS locations within the Washington, D.C. area, three major U.S. ports, and included discussions with other government agencies as well as private trade representatives, and covered transactions and procedures current as of December 2004. We also incorporated the results of our review of inspection reporting at three additional ports. We gathered data through structured interviews, document analysis, data collection instruments, and observation of operations. We documented the physical movement of cargo from original loading (stuffing) of the container to entry release, and identified controls maintained throughout the process. We identified other programs and initiatives by either CBP or other agencies that provide controls over the movement of containers and identified control weaknesses, along with any future plans to address these weaknesses. We analyzed the completeness and quality of the information used to develop targeting rules and how the rules are applied. We also tested the completeness and accuracy of reported exam results and statistics.

## **Executive Summary**

The supply chain relative to oceangoing containers can be separated into three major segments: overseas, which includes manufacturing, warehousing, transporting, and loading of the product into a container and on board a ship; transit at sea; and U.S. ports. Each of these segments presents its own vulnerabilities. However, the overseas segment of the supply chain is the most problematic since it includes all initial handling and movement of the containers from the loading of the container (stuffing) to placing the container on-board a U.S. bound vessel, and is outside the jurisdiction of the U.S. Government. Improved security over this segment of the supply chain requires leveraging the authority of foreign governments through diplomacy.

To reduce the possibility of containers being used to transport WMD into the U.S., CBP implemented CSI and Customs and Trade Partnership Against Terrorism (C-TPAT) program. The Government Accountability Office recently issued reports on both CSI and the C-TPAT program.

We concluded that improvements were needed in the data to which ATS targeting rules are applied, and the use of examination results to refine the ATS targeting rules. Also, physical controls over containers selected for examination needed improvement. We made several recommendations for improvement. CBP concurred with all recommendations.

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