



Department of Homeland Security Office of Inspector General

CBP's Container Security Initiative Has Proactive Management and Oversight but Future Direction Is Uncertain

(Letter Report)





Homeland
Security

February 3, 2010

MEMORANDUM FOR: David V. Aguilar
Acting Commissioner
United States Customs and Border Protection

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

SUBJECT: *Final Letter Report: CBP's Container Security Initiative
Has Proactive Management and Oversight but Future
Direction Is Uncertain (OIG-10-52)*

We initiated an audit to determine the efficacy of Customs and Border Protection's (CBP) management and oversight of the Container Security Initiative (CSI) to achieve its mission to identify and inspect high-risk cargo at foreign ports. CBP established CSI in 2002 as part of its layered security approach centered on advanced intelligence, effective inspections, a secure port environment, and international screening of cargo to manage the large volume of trade to the United States

CBP uses proactive management and oversight processes through CSI to identify and inspect high-risk cargo at foreign ports. CBP conducts periodic evaluations of overseas CSI operations and has software tools to help managers monitor port activities. However, CBP could improve its local port standard operating procedures and the criteria used to evaluate these procedures. The CSI Strategic Plan does not address how the program integrates with other international maritime cargo security programs within CBP's layered security strategy. The strategic plan also needs updated performance measures and does not include a vision for the future direction of the program. We are making three recommendations on actions that CBP can take in each of these areas to enhance its approach to ensuring international maritime cargo security.

In its response to a draft of this report, CBP concurred with our recommendations and outlined plans and actions to implement the needed improvements. A copy of the comments in their entirety is included in Appendix B. Based on the comments, we addressed data sensitivity concerns and made technical revisions to the report as appropriate. We consider the recommendations resolved and open and will close them when implementation is complete. Please advise our office within 90 days of the date of this memorandum of CBP's progress in implementing the recommendations.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of this report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website.

Should you have any questions, please call me, or your staff may contact Anne L. Richards, Assistant Inspector General for Audits, at (202) 254-4100.

Background

United States Customs and Border Protection's (CBP) mission includes protecting the American public against terrorists and the instruments of terror. One widely recognized area of vulnerability for entry of weapons of mass destruction is the Nation's seaports. In 2008, approximately 11 million maritime cargo containers arrived at the Nation's seaports. To manage the large volume of cargo, CBP employs a layered security approach centered on advance intelligence, effective inspections, a secure port environment, and international screening of cargo.

As part of its layered security approach, CBP established the Container Security Initiative (CSI) as a pilot program in 2002. The *Security and Accountability for Every Port (SAFE Port) Act of 2006* made the program permanent. CSI uses risk-based analysis to screen maritime cargo for weapons of mass destruction before the cargo is laden on vessels destined for the United States. CBP officers work with foreign customs officials to identify and inspect maritime cargo that pose a security risk before the cargo is shipped to the United States. In 2009, CBP operated CSI in 53 seaports in the Americas, the Caribbean, Europe, Africa, the Middle East, and Asia. In 2007, there were 58 CSI seaports managing approximately 86 percent of container cargo that arrived in the U.S. The percentage of cargo arriving may have dropped because the number of CSI ports was reduced from 58 to 53 and due to the overall decrease in worldwide cargo due to the current economic situation. Approximately 150 CBP officers at CSI ports analyze shipping information and refer high-risk cargo to host country officials for inspection. Figure 1 illustrates the cargo-screening process.

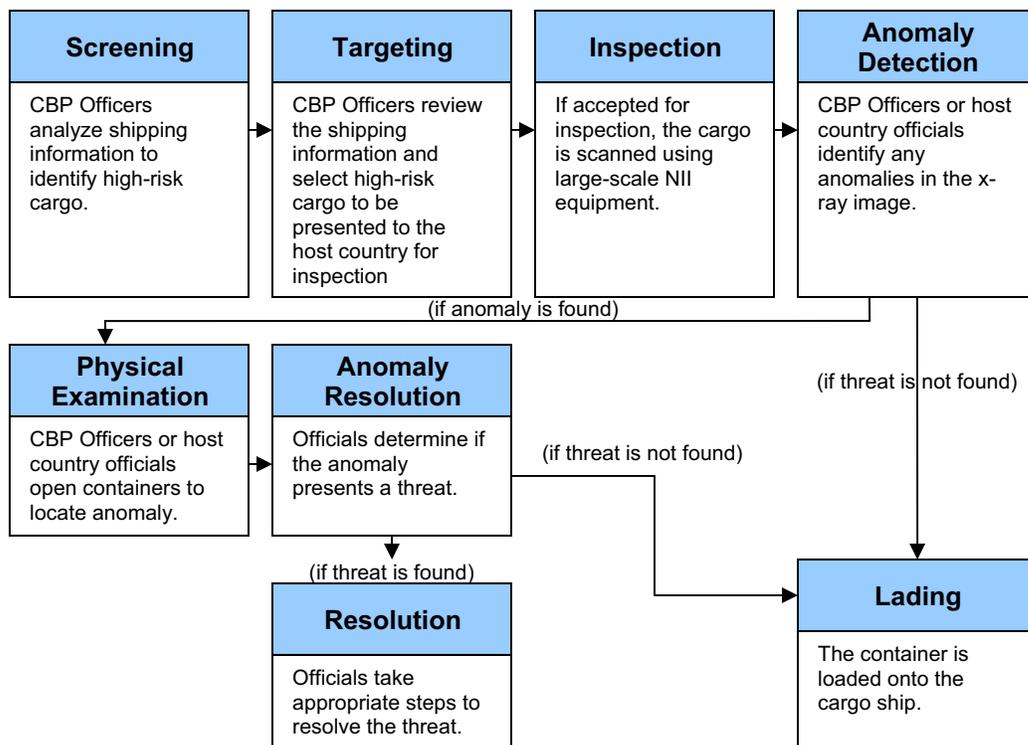


Figure 1: Flowchart of CSI Cargo Screening Process

Management and Oversight Process of CSI Port Operations

CBP initiated several activities to manage and oversee the CSI program. In 2007, CBP established the Evaluations and Assessments Branch (EAB) to conduct periodic reviews of operational CSI ports, determine the effectiveness of the CSI program, and ensure effective coordination with foreign host governments. Evaluation teams review the targeting, case development, examination, and administrative activities at the ports at least every 2 years. In 2009, EAB evaluated CSI operations at 36 CSI ports.

After the teams complete their CSI port evaluations, they submit a report with findings, recommendations, and an action plan for implementing recommendations. Annually, the EAB prepares a consolidated report for CSI management summarizing the teams' findings and recommendations to improve the CSI program and its operations. EAB teams have recommended enhancements, such as improved targeting packages developed by CBP officers and used to refer high-risk cargo to the host nation, and increased assurance that CSI team members are familiar with applicable foreign guidance and procedures.

CSI's EAB created two managerial tools to oversee and evaluate its operations. The first tool is an information management system to collect and maintain statistics on high-risk cargo. This web-based system provides managers with information such as the number of examinations requested by the CBP officers at a specific port, allowing them to monitor CSI operations on a daily basis. The second tool provides evaluators with a standard method for conducting evaluations and reporting the results. EAB said that the use of these two tools helps to reduce human error in data reporting and enables CSI headquarters officials to identify and resolve potential problems.

Prior Audits

The United States Government Accountability Office (GAO) issued two audit reports on CSI in April 2005 and January 2008.¹ GAO recommended that CBP (1) improve its staffing model to increase flexibility, (2) strengthen its process for evaluating CSI teams, (3) improve the quality of information gathered about host governments' nonintrusive inspection systems, and (4) enhance CSI performance measurement metrics to better assess program performance.

Results of Review

Information in Local Standard Operating Procedures Is Not Consistent Across All 53 CSI Ports

Part of EAB's port evaluation process confirms the existence of local standard operating procedures (SOPs) but does not ensure that minimum essential information about CSI

¹ *Container Security: A Flexible Staffing Model and Minimum Equipment Requirements Would Improve Overseas Targeting and Inspection Efforts* (GAO-05-557, April 2005), and *Supply Chain Security: Examinations of High-Risk Cargo at Foreign Seaports Have Increased, but Improved Data Collection and Performance Measures Are Needed* (GAO-08-187, January 2008).

operations is included. We did not visit ports to determine whether CBP officers use or comply with local SOPs. We examined 46 local SOPs and determined that some did not contain minimum essential information and clear guidance. While some of this information is contained in the CSI master SOP, CBP could improve consistency. For example:

- Thirty-one did not contain specific information on how to refer high-risk shipments for host country officials to review.
- Eighteen did not contain information on how to conduct further research with host country counterparts at that port.
- Five contained information on how the host country detains, seizes, or releases a high-risk shipment; however, CSI has no authority with respect to how the host country detains, seizes or releases a high-risk shipment.

Local SOPs guide new officers arriving at the port by identifying preferred procedures at the port and providing information on available equipment and host nation counterparts. Local SOPs also should include up-to-date information, such as port-specific points of contact, operational procedures, vehicle procedures, and how best to research shipments.

EAB could improve its process to evaluate CSI operations by developing standard minimum criteria necessary for developing local SOPs. Once criteria are established, EAB should develop a consistent process for evaluating the content of local port SOPs.

Recommendations

We recommend that the Commissioner, U.S. Customs and Border Protection:

Recommendation #1: Identify minimum essential elements for inclusion in every local port standard operating procedure, and include these elements in the CSI program-level SOP.

Recommendation #2: Establish a process for EAB to ensure that all local port SOPs include the minimum essential elements as stated in the CSI program-level SOP.

Management Comments and OIG Analysis

CBP concurred with our recommendations and will standardize the requirements for all local SOPs. CBP plans to outline these elements in the CSI SOP and all CSI ports will be required to update their local SOPs with these requirements by March 1, 2010. CBP also plans to establish questions in its CSI Team evaluation database to ensure that the local SOPs contain the standardized criteria outlined in the CSI SOP, and will begin examining local SOPs to make sure they include the necessary elements. We consider the recommendations resolved and open and will close them when implementation is complete.

CSI's Strategic Plan

CSI's strategic plan, dated August 2006, includes outdated performance measures and does not describe how CSI integrates with other CBP international maritime cargo security programs initiated after the plan was published.

Some Performance Metrics in CSI's Strategic Plan Are No Longer Relevant

When CBP designed the 2006–2011 CSI Strategic Plan, CSI was operational in 44 ports and envisioned expansion to 58 ports by FY 2008. CSI achieved the expansion outlined in the CSI Strategic Plan in 2007. CBP does not plan to expand CSI to additional ports. However, the strategic plan includes the following performance metrics, which are contingent on further expansion:

- Number of operational CSI ports
- Percentage of worldwide U.S.-destined containers processed through CSI ports
- Average cost per CSI port to achieve operational status

Accurate and relevant performance metrics help inform CBP, the Department of Homeland Security (DHS), Congress, and the public of CSI's progress and achievements. If metrics are out of date and do not reflect current strategic planning efforts, program decision makers could be misinformed about the program's future and its ability to meet its goals and objectives.

CBP managers recently completed the 2009–2014 CBP Strategic Plan and are working with CBP programs such as CSI to revise program-level strategic plans to ensure that the plans have parallel goals. CSI officials said that they plan to update or replace strategic program performance metrics during this planning process.

CSI's Strategic Plan Does Not Address the Influence of Other CBP International Maritime Security Programs

The 2006–2011 CSI Strategic Plan does not reflect the influence of other CBP international maritime security initiatives on CSI's mission and goals. In response to the *Implementing Recommendations of the 9/11 Commission Act of 2007*, CBP established another maritime cargo security program, the Secure Freight Initiative (SFI), to test the feasibility of moving from a risk-based approach to 100% scanning of all cargo containers bound for U.S. ports. According to the *Implementing Recommendations of the 9/11 Commission Act of 2007*, by 2012, all maritime cargo coming into the United States must be scanned prior to reaching a domestic port.

The DHS Secretary and CBP's Acting Commissioner have expressed concerns regarding CBP's ability under SFI to scan 100% of the 11.3 million containers that enter the United States each year by the 2012 deadline. GAO is reviewing the SFI program and plans to provide recommendations to address concerns regarding the agency's ability to meet the 2012 deadline.

The current CSI Strategic Plan predates the creation of SFI by several months. CSI and SFI have a common mission: to identify weapons of mass destruction in containerized maritime cargo before the cargo reaches the United States. The two programs also have a common history, staff, equipment, and budget. It is essential that CBP take steps to evaluate the impact of other CBP initiatives, such as SFI, on CSI, and that these steps be considered in updating CSI's strategic plan and performance metrics to guide the future direction of the program.

Recommendations

We recommend that the Commissioner, U.S. Customs and Border Protection:

Recommendation #3: Revise the CSI Strategic Plan to include (a) the current strategic outlook of the CSI program, (b) refined relevant goals and performance metrics to help guide and inform CSI's future direction, and (c) the impact of other CBP programs and factors that may affect CSI's goals and objectives.

Management Comments and OIG Analysis

CBP concurred and plans to incorporate mission objectives into Office of Field Operations' overall strategic plan (2011-2016) to ensure that they align with the strategic plan's mission and goals. These objectives will be supported by strategies to include the impact of other CBP programs, and will have performance measures to ensure that the objectives are being met. We consider this recommendation resolved and open and will close it when implementation is complete.

Appendix A

Purpose, Scope and Methodology

The purpose of this audit was to determine the efficacy of CBP's management and oversight of the CSI program to achieve its mission of identifying and inspecting high-risk cargo at foreign ports. We reviewed internal controls pertinent to our overall objective.

We interviewed government officials at CBP headquarters and the National Targeting Center in the Washington, DC, area, as well as a domestic port to gain an understanding of CBP's cargo inspection process. We also interviewed officials at the Department of State and the Department of Energy. We analyzed the planning, policies, and procedures of CSI's management and oversight systems. We did not visit ports to determine whether CBP officers use or comply with CSI procedures. We issued a web-based survey to the 159 CBP officers deployed at all CSI ports to gain a field perspective on the management and oversight of the CSI program. We analyzed the data systems CBP has in place to track CSI performance and observed CSI's remote port operations and CSI's domestic targeting operations at the National Targeting Center. We also analyzed CSI program changes based on recommendations from GAO's audit of the CSI program conducted in January 2008.

We conducted this performance audit between May and September 2009 in accordance with 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We would like to thank CBP for its cooperation in the performance of this audit.

Appendix B
Management Comments to the Draft Letter Report

January 11, 2010

MEMORANDUM FOR: ANNE L. RICHARDS
ASSISTANT INSPECTOR GENERAL FOR AUDITS

FROM: ASSISTANT COMMISSIONER 
OFFICE OF INTERNAL AFFAIRS
U.S. CUSTOMS AND BORDER PROTECTION

SUBJECT: U.S. Customs and Border Protection's Comments on the Office of
Inspector General Draft Report Letter Entitled "CBP's Container
Security Initiative Has Proactive Management and Oversight but
Future Direction is Uncertain"

Thank you for providing us with a copy of the Department of Homeland Security Office of Inspector General (OIG) draft report letter entitled "CBP's Container Security Initiative Has Proactive Management and Oversight but Future Direction is Uncertain."

Attached are U.S. Customs and Border Protection (CBP) formal responses to the recommendations and technical corrections to the draft report.

In addition, CBP identified information that requires restricted public access based on a designation of "For Official Use Only." Also attached are CBP's recommended redactions that should be made prior to the OIG finalizing the letter report.

Thank you for your assistance. Should you have any questions, please have a member of your staff contact Ms. Arlene Lugo, Audit Liaison, Office of Internal Affairs, at (202) 344-1218.

Attachment

Appendix B

Management Comments to the Draft Letter Report

2

**DHS Office of Inspector General's (OIG) Draft Report Letter Entitled
"CBP's Container Security Initiative Has Proactive Management and Oversight but Future
Direction is Uncertain" – For Official Use Only.**

CBP Corrective Action Plans

Recommendation 1: Identify minimum essential elements for inclusion in every local port standard operating procedure, and include these elements in the CSI program-level Standard Operating Procedures (SOP).

CBP Response: The Container Security Initiative Division (CSID) will standardize the requirements for all local SOPs. These elements will be outlined in the CSI SOP and all CSI ports will be required to update their local SOPs with these requirements by March 1, 2010. The Country Team Managers (CTMs) will ensure that this is accomplished by the due date.

Due Date: March 1, 2010

Recommendation 2: Establish a process for Evaluations and Assessments Branch (EAB) to ensure that all local port SOPs include the minimum essential elements as stated in the CSI program-level SOP.

CBP Response: EAB will establish questions in their Container Security Initiative Team Evaluation (CSITE) database to ensure that the local SOPs contain the standardized criteria outlined in the CSI SOP. Beginning March 1, 2010, EAB evaluation teams will begin examining the local SOPs making sure that they contain the necessary elements.

Due Date: March 1, 2010

Recommendation 3: Revise the CSI Strategic Plan to include (a) the current strategic outlook of the CSI program, (b) refined relevant goals and performance metrics to help guide and inform CSI's future direction, and (c) the impact of other CBP programs and factors that may affect CSI's goals and objectives.

CBP Response: CSID will incorporate mission objectives into OFO's overall strategic plan (2011-2016) to ensure that they align with OFO's strategic plan's mission and goals. These objectives will be supported by strategies, to include the impact of other CBP programs, and will have performance measures to ensure that objectives are being met.

Due Date: April 1, 2010

Appendix C
Major Contributors to this Report

Paul Wood, Director
Shelley Howes, Audit Manager
Tricia Benson, Auditor
Keith Nackerud, Program Analyst
Holly Snow, Auditor
Tristan Weir, Program Analyst
Jim Bess, Independent Referencer

Appendix D

Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff for Operations
Chief of Staff for Policy
General Counsel
Executive Secretariat
Director, GAO/OIG Liaison Office
Assistant Secretary for Policy
Assistant Secretary for Public Affairs
Assistant Secretary for Legislative Affairs
Under Secretary for Management
Chief Procurement Officer
Acting Commissioner, U.S. Customs and Border Protection
Executive Director, Cargo Security and Conveyance
OIG Liaison, CBP
DHS Audit Liaison

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate



ADDITIONAL INFORMATION AND COPIES

To obtain additional copies of this report, please call the Office of Inspector General (OIG) at (202) 254-4100, fax your request to (202) 254-4305, or visit the OIG web site at www.dhs.gov/oig.

OIG HOTLINE

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

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

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