

News

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CBP Plans C-TPAT Changes in Response to
GAO Critique

Recently, the Government Accountability Office (GAO) was asked by several Congressional committees to assess CBP's progress in strengthening its policies on granting C-TPAT benefit, assessing challenges in C-TPAT member validation, and analyzing other management challenges. The goal was to improve CBP's implementation of the SAFE Port Act. The result was a report entitled "Supply Chain Security: U.S. Customs and Border Protection Has Enhanced its Partnership With Import Trade Sectors, but Challenges Remain in Verifying Security Practices" (April, 2008). CBP responded in to the recommendations in the report, and plans to issue various policies and tools to address the concerns.

GAO's report found that there are problems with the C-TPAT validation process; specifically that the portable Validation Security Assessment Tool (VSAT) used by security specialists is inadequate and needs to be enhanced in order to improve security practices data analysis. The report notes certain specific problems, such as default 'no' responses to questions, even if the security specialist skipped it or it was not applicable. CBP's response was that it is developing a new automated VSAT tool which will address all security criteria; it will be phased in on a sector-by-sector bases and phase 1 will be completed by June 30, 2008, additional

sectors will be identified and rolled out by August 30, 2008, and additional automated reports will be available by December 31, 2008.

GAO also found it problematic that security specialists conducting validations are not required to use data collected on the results of members' internal or third party audits and inspections of supply chain security practices. CBP responded that it will issue a policy memo by June 30, 2008 to its C-TPAT security specialists instructing them to request from the partner company any available internal audits, inspections or reviews which will serve as additional information to be considered during validation. Also, CBP will address the topic of information to be considered during validations at the fall 2008 internal training session.

Finally, GAO felt that CBP lacked a systematic process to ensure appropriate actions are taken to address recommendations in validation reports before granting benefits, such as requiring security specialist follow-up on recommendations. Currently, CBP may award a company benefits at the conclusion of a validation site visit, before recommended actions to enhance security are implemented, and the transmittal letter for the validation report does not state benefits as being contingent upon implementation of the

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required actions. CBP said that it will issue a policy memorandum and revise Standard Operating Procedures to ensure all required or recommended actions given in validations are implemented and will explore various ways of doing this either using the C-TPAT Portal or by another method.

GAO's report also found that the C-TPAT Portal did not require certain data regarding interim processing dates (such as the date the security specialist sends a 30 day validation letter) making it harder to determine compliance. GAO noted that when it tried to assess a sample of C-TPAT member records to assess compliance, it could not fully do so. CBP responded that by June 30, 2008, it will revise the Portal to ensure that key data elements needed to track compliance were available.

GAO also stated that CBP, while it has developed performance measures for facilitating the flow of commerce, it has provided none to assess effectiveness of its own effort to improve supply chain security. CBP responded that it should strive to come up with outcome based measures and would conduct an analysis by December 31, 2008.

GAO's report did find that CBP had made significant progress in strengthening its policies for granting C-TPAT benefits to importers (such as tiered benefits) and is working on strengthening its policies for granting benefits to members in other sectors. Importers are about 48 percent of C-

TPAT membership. Tiered benefits are not offered to non-importer members; CBP feels that such members have little to gain from tiered benefits, but are mainly concerned with being able to tell customers that they are a C-TPAT member. GAO noted that while CBP has issued minimum criteria for importers, brokers, sea carriers, highway carriers, rail carriers, air carriers, foreign manufacturers, U.S. and foreign maritime port authorities and terminal operators and Mexican long haul highway carriers, CBP is currently working on minimum security criteria for the last C-TPAT sector that does not have such criteria, non-vessel operating common carrier and the freight consolidator/ocean transportation intermediary trade sector. CBP plans to issue security criteria for this sector in mid-2008.

These GAO recommendations that CBP enhance its electronic validation instrument, validation process, records management system and create performance measures for improving supply chain security were all concurred with by CBP. Overall, the report denotes that CBP has made progress with C-TPAT, but significant flaws remain. CBP has undertaken to address these flaws in a meaningful way, and if it follows the timetable it has laid out when responding to the GAO report, there should be significant changes in store for C-TPAT during the rest of 2008.

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