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USDA's Controls Over Animal Import Centers

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REPLY TO
ATTN OF: 33601-11-Ch

TO: Cindy J. Smith
Administrator
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ATTN: Joanne Munno
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Marketing and Regulatory Programs Business Services

FROM: Gil H. Harden /s/
Assistant Inspector General
for Audit

SUBJECT: USDA's Controls Over Animal Import Centers

This report presents the results of the subject review. Your written response to this official draft is included at the end of this report. Excerpts of your June 29, 2010, response and the Office of Inspector General's position are incorporated in the applicable sections of the report.

Based on your written response, we are accepting your management decision for Recommendations 1, 2, 5, 8, 9, 11 and 12. Please follow your agency's internal procedures in forwarding documentation for final actions to the Office of the Chief Financial Officer. Management decision can be reached for Recommendations 3, 4, 6, 7 and 10 once the Animal and Plant Health Inspection Service has provided us with the additional information outlined in the report sections, OIG Position. In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days, describing the corrective action taken or planned and the timeframes for implementing the recommendations for which management decision has not been reached.

Please note that the regulation requires a management decision to be reached on all recommendations within 6 months from report issuance, and final action to be taken within 1 year of each management decision to prevent being listed in the Department's annual Performance and Accountability Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during this audit.

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Executive Summary

To protect the health and welfare of our nation's animals, the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) regulates the importation and quarantine of live animals. In fiscal year (FY) 2008, APHIS required that 165,000 high-risk animals, such as birds from countries affected by Exotic Newcastle Disease,[1] be quarantined at either an APHIS animal import center or a private quarantine facility to ensure that they were not carrying diseases that might spread to the domestic animal population. We initiated this audit to evaluate APHIS' controls over the quarantine and tracking of animals at quarantine facilities, as well as the user fees APHIS charged importers to fund its facilities.

Overall, we concluded that APHIS needs to take steps to improve its controls over the animal import process, especially as it relates to quarantining animals that may be carrying infectious diseases. APHIS established import policies and procedures for import center officials and port staff to follow, while area officials were responsible for providing supervisory oversight of both import center and port operations. APHIS port (i.e., airport) staff monitors the arrival and transport of imported animals to a quarantine facility, where import center officials observe and test those animals for foreign diseases. APHIS import center officials also provide oversight of APHIS-approved private quarantine facilities.

We identified weaknesses in the procedures APHIS used to handle animals destined for a quarantine facility, beginning with the precautions it took when receiving the animals into the country and continuing to the bio-security conditions[2] at the quarantine facilities themselves. APHIS officials did not identify these weaknesses because they did not exercise sufficient oversight to ensure import and quarantine requirements were met. Instead, they relied on the experience and expertise of port staff and import center officials. The weaknesses we identified significantly increased the risk that infected animals could enter the country undetected through quarantine facilities. In two instances, we found that birds infected with Exotic Newcastle Disease and at least one horse infected with Contagious Equine Metritis[3] had entered the country and spread the diseases to other animals.

When animals are imported into the country, they are met by APHIS import center or port staff who review the importers' permits and health certificates. These documents are APHIS' key internal controls for identifying animals that should be placed into a quarantine facility for observation and determining whether certain precautions should be taken. We found problems with these controls for 53 of 131 shipments selected for review. APHIS import center and port staff did not (1) follow permit instructions which required the shipments to be monitored while they were being transferred from ports-of-entry to the quarantine facility, (2) ensure that health certificates included all required information about the animals, or (3) record the correct country of origin on the permit application for some shipments.

[1] Exotic Newcastle Disease is a contagious and fatal viral disease affecting all species of birds and can cause conjunctivitis in people.
[2] These bio-security conditions included single-entry rather than self-closing double doors; torn or inadequate screens over windows and doors; and individuals who were not showering as they entered and exited facilities.
[3] Contagious Equine Metritis is a highly contagious and fast-spreading venereal disease of horses that APHIS considers foreign to the United States.

APHIS area officials had not performed periodic reviews of port operations. Area officials trusted port staff to ensure compliance with prescribed agency procedures related to the import of animals, including imports from countries that require additional certification, handling, testing, or quarantine. APHIS established these requirements to reduce the risk that animals imported from countries affected by disease would infect our nation's domestic animal population. Thus, it is crucial that port staff adheres to these requirements to prevent the unnecessary importation and subsequent spread of a foreign animal disease. For instance, one of the shipments in our review included birds infected with Exotic Newcastle Disease, which is a highly contagious viral disease that is 100 percent fatal to all species of birds. When those birds came into contact with other birds in quarantine, APHIS had to euthanize more than 9,000 birds.

APHIS port staff had also not always followed the agency's regulations concerning proper sanitation at ports-of-entry. These sanitation procedures included monitoring the cleaning and disinfecting cargo areas and equipment, and collecting debris that may harbor a foreign animal disease. APHIS area officials relied on the port staff's experience and expertise and, therefore, did not periodically review the port's sanitation procedures. At three of the four airports we visited, APHIS port staff did not follow proper sanitation procedures since they did not ensure that aircraft cargo areas and transport equipment were cleaned and disinfected, and non-APHIS personnel were wearing protective clothing. We observed individuals in shorts and sandals handling foreign animals bound for quarantine facilities. Proper sanitation procedures are important to prevent the spread of foreign animal disease beyond the port-of-entry or from physically affecting the individuals handling these animals.

The APHIS animal import centers and agency-approved private quarantine facilities we visited had physical security deficiencies that increased the risk of spreading a foreign animal disease outside the facility. These deficiencies included single-entry rather than self-closing double doors; torn or inadequate screens over windows and doors; individuals who were not showering as they entered and exited facilities; and contractors that were not disinfecting vehicles when they exited facilities. In addition, five of the six private facilities we visited were not adequately accounting for birds brought into quarantine.

We found that APHIS had not developed bio-security procedures for its animal import centers to follow because it relied on the experience and expertise of import center officials to use good judgment. In addition, even though APHIS had written bio-security requirements for private quarantine facilities, it did not identify or require those facilities to correct quarantine violations. We attributed the deficiencies at private quarantine facilities to agency import center officials who, even though they were aware of the violations, did not enforce agency policies. APHIS officials did not correct the import center officials' actions because they did not review import center operations or the centers' oversight of private quarantine facilities. APHIS officials stated that the quarantine deficiencies we noted should have been corrected. Further, APHIS area officials were not aware of deficiencies at either type of quarantine facility because APHIS did not require them to review, and had not itself reviewed, animal import center operations or their oversight of private quarantine facilities since 2005.

APHIS area officials were not directly overseeing private quarantine facilities for horses that were being imported from countries affected by Contagious Equine Metritis. APHIS had not required its area officials to oversee those facilities because it relied on State agencies to approve

and monitor facilities that quarantine horses. In 2007, APHIS officials performed an internal review that noted this lack of oversight and recommended that agency officials review and monitor State activities. In 2009, APHIS officials acknowledged that an imported horse with the disease passed through one of these State-approved private facilities. That horse infected 27 domestic horses and exposed almost 1,000 more to the disease.

Finally, we questioned the methodology APHIS used to calculate the fees it charged importers for agency quarantine services. The agency's current methodology for determining its user fee rates was insufficient to cover operating costs and provide for capital improvements that facilities need to meet basic bio-security requirements. APHIS had established the user fee rate based on a 1995 time study, which is no longer accurate because it significantly understates the time it takes for agency employees to perform quarantine tasks. According to an APHIS official, the time aspect of the user fee rate had not been updated because it was assumed that the tasks and the time to complete them had not changed since 1995. The inadequate methodology contributed, in part, to the agency's budget shortfall because operating expenses at animal import centers exceeded revenues by $1.6 million from FY's 2004 through 2008. The animal import centers also had deferred many maintenance and capital improvement projects that jeopardized the physical security of the quarantine facilities.

Overall, we concluded that APHIS needs to improve its oversight of the animal import process to ensure compliance with prescribed agency procedures, especially with respect to animals from countries that require additional certification, handling, testing, or quarantine. In addition, APHIS needs to periodically review and amend its user fee structure to ensure animal import centers have the financial ability to complete maintenance and capital improvement projects related to the physical security of quarantine facilities.

Recommendation Summary

We recommend that APHIS develop and implement supervisory reviews of its animal import process and bio-security practices at ports-of-entry, animal import centers and APHIS-approved private quarantine facilities. We also recommend that APHIS develop and implement procedures to ensure the safe handling of imported animal shipments at ports-of-entry, and improve bio-security at the three animal import centers and State-approved facilities. Finally, we recommend that APHIS review its user fee rate calculations to ensure the agency can finance future capital improvements of APHIS quarantine facilities.

Agency Response

In their response dated June 29, 2010, APHIS officials agreed with all the findings and recommendations in this report. We have incorporated portions of the APHIS response, along with our position, in the applicable sections of this report. APHIS' response to the official draft report is included in its entirety at the end of this report.

OIG Position

Based on APHIS' response, we have accepted management decision on Recommendations 1, 2, 5, 8, 9, 11, and 12 in this report. Management decision can be reached for Recommendations 3, 4, 6, 7 and 10 once APHIS has provided us with the additional information outlined in the report sections, OIG Position.

Background & Objectives

Background

As the agency of the U.S. Department of Agriculture (USDA) responsible for preventing the importation and dissemination of foreign animal diseases, the Animal and Plant Health Inspection Service (APHIS) regulates the importation of live animals based on the authority it is provided in the Animal Health Protection Act.[4] The possibility that a foreign animal with a disease might infect the domestic animal population is a serious concern. In 2007, the Australian government and that country's horse industry lost over $500 million when a single imported horse spread Equine Influenza to its domestic horses. In the same year, the United Kingdom experienced an outbreak of Foot and Mouth Disease that shut down beef exports for more than a year.

In fiscal year (FY) 2008, APHIS monitored the importation of 24 million animals, 165,000 of which–mostly horses and birds–came from 68 high-risk countries where there was concern that an animal disease was present in the population. As part of its responsibility for regulating these imports, APHIS monitors international disease outbreaks and implements import, quarantine, and testing requirements based on the latest data. APHIS amends its list of prohibited countries and animals based on the known disease threat and the exporting country's effectiveness in controlling and eradicating disease. APHIS is also responsible for establishing import policies and procedures for import center officials and port staff to follow, while area officials are responsible for providing supervisory oversight of both import center and port operations.

When importers request to bring animals into the United States, APHIS requires that they provide specific information on each shipment and may require them to apply for a permit. Importers must provide information such as the number of animals and the type of species, ports of embarkation and arrival, and the route and mode of travel. APHIS officials at headquarters and import centers use this information to determine if the animals are prohibited from entering the country or if they should be subject to additional import or quarantine requirements, such as a permit or special handling and treatment. If quarantine is required, the animals in question may be held at one of three APHIS animal import centers or at an APHIS-approved private facility.[5, 6] APHIS also requires a secondary quarantine, at a State-approved private facility, for horses imported from countries affected by Contagious Equine Metritis. Importers must obtain a valid health certificate from the country of the animals' origin, signed by that government's veterinary official. APHIS requires that the health certificate include specific statements regarding the health of the animals, such as confirmation that the animals did not come from, or pass through, a known infected area.

When animals arrive at a port-of-entry, APHIS port staff review all required import documentation, such as a health certificate and permit, accompanying the shipment. After the animals are offloaded, APHIS port staff examines them and reviews their paperwork. The

[4] Animal Health Protection Act, as amended through Public Law 110–246, effective May 22, 2008.
[5] According to APHIS regional officials, there are 16 APHIS-approved private facilities. This total does not include all temporary horse quarantine facilities, such as racetracks, and all State-approved private quarantine facilities for horses imported from countries affected by Contagious Equine Metritis. Contagious Equine Metritis is a highly contagious venereal disease of horses that is foreign to the United States.
[6] APHIS also approves home quarantines, on a temporary basis, for owners of returning U.S. pet birds.

animals are then transferred to a conveyance and transported to a quarantine facility, under an official USDA seal, if needed.[7] If port staff identifies problems with the import documentation, the quarantine facility retains the animals until the problem is resolved, or the animals are returned to their country of origin.

As a sanitary precaution at the port-of-entry, APHIS port staff monitors the cleaning and disinfecting of the aircraft cargo area, including all crates and equipment used to transport the animals. Collected debris, which can harbor certain animal diseases such as Foot and Mouth Disease, is then incinerated by APHIS import center officials or port staff. Equipment accompanying an imported animal may be either incinerated or retained until the animals pass quarantine and are released to the owners.

Depending on the type of animal and the known disease threat of the country of origin, quarantine can last between 3 and 60 days. The animals are required to remain in a bio-secured environment until their release.[8] For private quarantine facilities, APHIS has adopted some bio-security components from the Centers for Disease Control and Prevention's bio-safety requirements. These requirements include isolating animals, limiting entry and exit points to facilities, showering when entering and exiting the facility, and controlling pest and vermin (i.e., rodents).[9] During the time animals are in quarantine, APHIS import center officials inspect and monitor them for any signs of disease. They may also treat an animal with a spray to eliminate external parasites and diseases, and perform diagnostic tests that are sent to the National Veterinary Services Laboratories. APHIS issues a release document allowing the animals into the U.S. if testing and observations show that the animals are free of disease.

In order to fund its quarantine facilities, APHIS has authority to set and charge importers fees in connection with the animal import process, including fees for processing import permits, monitoring animals under quarantine, testing for disease, and releasing the animals. In FY 2008, APHIS charged importers $4.6 million in import, export, and quarantine-related charges.

Objectives

The objective of the audit was to evaluate APHIS' controls over the quarantine and tracking of animals at animal import centers and private facilities, and the user fees charged by those facilities.

[7] Whether or not a shipment requires a USDA seal depends on the location of the import center in relation to the airport. The Miami import center is located adjacent to the airport and does not require the conveyance to be sealed. The other two animal import centers, at Newburgh, New York, and San Ysidro, California, are approximately 70 and 100 miles away, respectively, from airports and do require an official USDA seal or bonded carrier.

[8] Private bird quarantine facilities may import multiple shipments of birds and quarantine all shipments together.

[9] U.S. Department of Health and Human Services, Centers for Disease Control and Prevention and National Institutes of Health, Biosafety in Microbiological and Biomedical Laboratories, Section IV, Vertebrate Animal Biosafety Level Criteria, Fourth Edition, dated May 1999.

Section 1: Import Process and Bio-security Measures

Finding 1: Agency Import Requirements Not Met

APHIS import center officials and port staff failed to monitor all in-transit shipments, ensure that health certificates were complete, or record the correct country of origin on at least five import permits. APHIS established these requirements to reduce the risk that animals imported from countries affected by disease would infect our nation's domestic animal population. We found that, for 53 of 131 selected imported animal shipments[10] we reviewed, APHIS management had not provided sufficient guidance and oversight of both import center and port operations. It is crucial that APHIS officials ensure field staff adheres to import requirements to prevent the importation and subsequent spread of a foreign animal disease. For instance, one of the shipments in our review included birds infected with Exotic Newcastle Disease.[11] When those birds came into contact with other birds in quarantine, APHIS had to euthanize more than 9,000 birds.

For imported animals, APHIS requires that specific information appear on health certificates issued by foreign countries.[12] For birds, APHIS requires the veterinarians who complete the certificates to certify that they found no evidence of communicable diseases such as Exotic Newcastle Disease or Avian Influenza during their examinations. For horses, APHIS requires the veterinarians to certify that the horses did not come in contact with other horses affected with Contagious Equine Metritis, and that the horses were not from regions affected by the disease. APHIS also requires the name of the country of origin on animal import permits, and that agency import officials monitor all in-transit shipments.[13]

During fiscal year 2008, APHIS prepared or reviewed import documents (i.e., permits, releases, and health certificates) related to over 1,900 shipments of imported animals.[14] Those shipments involved more than 165,000 animals that came from 68 high-risk countries affected by known animal diseases and were required to undergo quarantine before entering the United States. We selected 131 shipments, involving over 80,000 birds and horses, to review. The animals in those shipments were imported from countries affected by one or more foreign diseases. Our examination found that APHIS import center officials and port staff had not followed all established requirements for 53 of the 131 shipments. The details for each deficiency are described in the following sections.

In-Transit Shipments of Birds Not Monitored

APHIS staff at one port-of-entry had not monitored 22 in-transit bird shipments for the presence of disease. When these shipments arrive at the first port-of-entry, APHIS port staff are to observe the animals in their crates for any signs of disease and then ensure the crates are

[10] The 131 shipments we reviewed included 89 of the over 1,900 permits (both electronically and manually prepared) and 42 of the over 4,500 release documents prepared by APHIS import staff, and health certificates prepared by foreign governments' veterinarians. A release document is APHIS' approval that allows imported animals to enter the United States.
[11] Exotic Newcastle Disease is a contagious and fatal viral disease affecting all species of birds and can cause conjunctivitis in people.
[12] 9 CFR 93.104 (a) and (b), 93.405 (a).
[13] Not all animals require an APHIS animal import permit, such as certain types of horses (e.g., geldings) from countries not affected by Contagious Equine Metritis.
[14] The total number of shipments is an estimate because APHIS does not require permits for all horse types and some animal shipments may have multiple release destinations. See Scope and Methodology section for statement on data reliability.

separated from people and other animals until the next available flight. A senior APHIS port-of-entry official stated that, due to long delays of incoming international flights, it made more sense to have Customs and Border Protection (CBP) officials meet those flights since they were already at the airport. Instead of his staff going to the airport, he independently established a verbal agreement with local CBP officials to monitor the incoming flights and report any problems to APHIS area officials.

It is APHIS' responsibility, and no other agency's, to monitor in-transit shipments of imported animals for disease. CBP officials are not trained to perform this function. For instance, one shipment, involving more than 2,400 birds (e.g., finches, parrots, etc.), was unloaded and moved to a cargo storage area where it was reloaded onto another aircraft several hours later. When this shipment arrived at its final port-of-entry for quarantine, the APHIS port official found 14 dead birds and others showed signs of disease. APHIS' tests disclosed that the birds were infected with Exotic Newcastle Disease. We asked APHIS officials about this shipment and the circumstances surrounding the port-of-entry's arrangement with CBP. Those officials stated that they were unaware of the arrangement, and that it was not customary for CBP to assume duties required of APHIS personnel.

Based on the issues related to this shipment, we issued a management alert to APHIS. We also contacted APHIS port staff at all nine ports-of-entry through which in-transit shipments of birds had passed and found that three did not monitor in-transit shipments. APHIS port staff at those three ports stated that they were unaware of any requirement to monitor in-transit shipments. We questioned APHIS officials about the instruction they provided to port staff and to their oversight of port activities. They stated that the import permits they issued for those in-transit shipments required APHIS port staff to monitor those shipments. They also expected APHIS area officials to routinely review port-of-entry operations to ensure program requirements, including permit instructions, were followed. However, APHIS officials explained that they did not require area officials to perform routine reviews of their ports-of-entry. In fact, we found that one area official had not reviewed the operations at one port-of-entry since 2003. Thus, we concluded that APHIS area officials had not adequately monitored their port-of-entry activities.

In response to our management alert, APHIS officials issued an import directive to its port-of-entry staff. The directive, dated November 14, 2008, stated that until further notice, the national office would issue all import permits for animal shipments that pass through a port en route to an APHIS quarantine facility. The directive also stated that permits would only be issued if adequate APHIS port staff was available at a port-of-entry to supervise such shipments. Finally, the directive clarified that this supervision was not to be delegated to CBP personnel or anyone else. On January 5, 2010, an APHIS official informed us that the directive would remain in effect until a new policy memorandum was issued.

Foreign Animal Health Inspection Certificates Were Incomplete

APHIS' import center officials and port staff at two ports-of-entry had not ensured that foreign health certificates were fully completed for 26 shipments–14 horse and 12 bird shipments. Some of the missing information included the following attestation statements:

- The animals showed no sign of disease,
- The animals had not been comingled with infected animals, or
- The animals did not come from an area affected by known diseases.

We also found one certificate written in a foreign language and that port staff had not translated the certificate into English.[15] We and APHIS import center officials and port staff were unable to determine if the health certificates were accurate and complete. Due to these problems, APHIS officials had less assurance that the animals included as part of the shipments in our review were healthy upon arrival to this country.

The foreign health certificate is one of APHIS' key controls to prevent the importation of foreign animal diseases. The certificates are crucial to agency officials because they rely on the attestations of animal health made by veterinarians from foreign governments. We asked APHIS import center officials and port staff about the missing information on the health certificates. They stated that while they usually ensured health certificates were complete for all shipments, they were more concerned with the condition of the animal than information on the document.

We also questioned APHIS officials, including the animal import center directors with supervisory responsibility for ports-of-entry, about missing information on the certificates. An import center director acknowledged that he did not follow through to ensure those certificates were complete and stated that he accepted responsibility for the missing information. Another director stated that he had not reviewed the activities of port staff, including import documents they had obtained for animal shipments. We also found that area officials had not reviewed the activities of port staff, including import documents they had obtained for animal shipments. In a discussion with APHIS officials, they stated that they expected their area officials and import center directors to review port operations and the required import documents, but they had not implemented policies or procedures to require them to do so. We concluded that since APHIS did not require its area officials or import center directors to review port operations, they did not identify that port staff did not ensure that the required import documents were complete.

Incorrect Country of Origin on Permits

APHIS' import center officials at one port-of-entry had inaccurately recorded the animals' country of origin on permits for five shipments.[16] APHIS requires the animal's country of origin on import permits to determine what type of handling or quarantine is needed.[17] We found that the five permits listed the Netherlands as the country of origin. However, we determined that the horses in question originated in three different countries–France, Germany, and Belgium. We questioned import center officials about the inaccuracies on the permits. They stated that they issue permits based on information that importers listed on the permit applications for "port of embarkation" and the supervisor did not review or verify the animal's country of origin until the shipment arrived at the port-of-entry. We found that APHIS import center officials listed the port of embarkation on the permit because they considered it to be the same as the animal's country of origin. This clearly violated agency policy, which requires that the name of the

[15] Federal regulations do not require a certain language on foreign health certificates, except for commercial and pet birds, but some of APHIS' forms and websites did state that official health certificates must be translated into English.
[16] Country of origin may include an entire country or a region within a country. APHIS has regionalized certain countries that have evidence to show that they can effectively contain an animal disease outbreak.
[17] 9 CFR 93.103 (a)(1)(vi) for birds and 9 CFR 93.304 (a)(2) for horses.

country of origin must be on animal import permits. Even though APHIS' permit policy was not followed, closer supervision should have detected the errors.

It is critical for APHIS officials to determine the animal's country of origin so they can ascertain whether animals being imported are prohibited or restricted.[18] For instance, APHIS allows the import of animals from countries affected by certain animal diseases, such as Highly Pathogenic Avian Influenza[19] and Foot and Mouth Disease, but it imposes additional handling requirements that are critical to ensuring the health of the domestic animal population. The correct country of origin is important to APHIS' determination regarding the type of quarantine, handling, and testing requirements needed to prevent the spread of a foreign animal disease.

Overall, we attributed the deficiencies in this finding primarily to inadequate supervision of port staff. Also, APHIS officials had not performed or required periodic reviews of import centers or ports-of-entry to ensure compliance with prescribed agency procedures related to the import of animals, especially from countries that require additional certification, handling, testing, or quarantine. In addition, APHIS could provide additional guidance and examples of other port-of-entry officials' best practices to port staff regarding the review of import documents. For instance, one port official had created a checklist of required import documents, which included the information needed to complete the documents. We noted that this official had collected all required documents and referred errors or omissions to her animal import center director.

Recommendation 1

Notify ports-of-entry that all in-transit shipments of imported animals must be monitored by APHIS port staff, and import permits will only be issued when it can be determined that there is sufficient port staff to properly monitor those shipments.

Agency Response

In their response dated June 29, 2010, APHIS officials stated that they agreed with this recommendation and they believe they are already in compliance. Procedures are in place to ensure that shipments of animals are monitored by APHIS staff. Animals that transit the United States to a third country must be accompanied by an APHIS permit. These permits include the requirement that APHIS officials monitor such shipments. APHIS issues transit permits only after confirming that port staff is available to monitor the shipment.

OIG Position

We accept APHIS' management decision for this recommendation.

Recommendation 2

Prohibit port staff from delegating their authority to monitor in-transit shipments to Customs and Border Protection officials.

[18] 9 CFR 93.314 (c) and 93.504 (c) allows the import of horses and wild swine from countries affected by Foot and Mouth Disease, but requires special handling and treatment to prevent the spread of that disease.
[19] 9 CFR 93.101 (c)(3) and (f)(3) allows the import of returning United States origin pet and performing birds and poultry from countries affected by Highly Pathogenic Avian Influenza.

Agency Response

APHIS officials stated in their response dated June 29, 2010, that they agreed with this recommendation and will include this instruction in a guidance document that is under development. This document will be completed and distributed to ports by October 1, 2010.

OIG Position

We accept APHIS' management decision for this recommendation.

Recommendation 3

Establish and implement policies and procedures that require animal import center directors to perform periodic reviews of ports-of-entry operations, including site visits, to ensure compliance with agency requirements.

Agency Response

APHIS' response stated that agency officials agreed with this recommendation and they believe they are already in compliance since processes are in place for reviewing port-of-entry operations. The management oversight of ports-of-entry is the responsibility of the Area Veterinarian in Charge (AVIC). In addition, reviews of port-of-entry operations are also conducted by APHIS management through station reviews, as described in APHIS policy memorandum 515.1, "Guidelines for Veterinary Services Program and Station Reviews." In this process, APHIS management selects field stations including ports to undergo rigorous review by a team of specialists.

OIG Position

We agree that the agency requires the review of ports-of-entry operations. However, the agency does not require those reviews on a specific periodic basis. As noted in this finding, the frequency of port-of-entry reviews did not ensure compliance with import requirements. In order to reach a management decision, APHIS needs to develop policies and procedures, and implementation dates that would ensure port-of-entry operations are reviewed on a specific periodic basis.

Recommendation 4

Establish and implement policies and procedures for area and import center officials to perform periodic reviews of port-of-entry operations.

Agency Response

In their response dated June 29, 2010, APHIS officials stated that they agreed with this recommendation and they believe they are already in compliance since processes are in place for reviewing port-of-entry operations. The management oversight of ports-of-entry is the responsibility of the Area Veterinarian in Charge (AVIC). In addition, reviews of port-of-entry operations are also conducted by APHIS management through station reviews, as

described in APHIS policy memorandum 515.1, "Guidelines for Veterinary Services Program and Station Reviews." In this process, APHIS management selects field stations including ports to undergo rigorous review by a team of specialists.

OIG Position

While we agree that APHIS' station review process may include an assessment of port operations, there is no requirement that a port-of-entry be selected or reviewed periodically. As noted in our position for Recommendation 3, we are concerned that the reviews would not timely identify and correct port-of-entry officials' noncompliance with import requirements. In order to reach management decision, APHIS needs to provide us with a response that describes the policies and procedures, and implementation date, that would ensure port-of-entry operations are reviewed periodically.

Finding 2: Transportation Equipment and Animals Bound for Quarantine not Always Handled Properly

APHIS port staff had not always cleaned and disinfected aircraft cargo areas and transport equipment that carried imported animals bound for quarantine. This occurred because APHIS port staff either did not think cleaning and disinfecting was necessary for flights returning to the country of origin, or trusted the cleaning company to properly complete the task. Further, non-APHIS personnel, such as airline employees and private animal transport handlers, did not wear protective clothing when working in and around these areas. APHIS area officials had not detected these deficiencies because they were not required to visit and review port-of-entry operations. APHIS officials also stated that the agency did not have the authority to require non-APHIS personnel to wear protective clothing when working in aircraft cargo areas and with animal transport equipment. These deficiencies create an environment where animal diseases could be spread beyond airport facilities.

APHIS requires the cleaning and disinfecting of aircraft cargo areas and transport equipment that are contaminated by animals imported from countries affected by diseases such as Exotic Newcastle Disease, Foot and Mouth Disease, and Contagious Equine Metritis. [20] It also requires agency port staff to take additional precautions to prevent the spread of these diseases. [21] These precautions included the wearing of protective clothing such as gloves, coveralls, and masks.

We visited four ports-of-entry, located within the authority of three APHIS area offices, to determine if port staff were properly handling animals imported from countries affected by serious diseases. Our visits uncovered two conditions that increase the risk that foreign disease will enter the country and adversely impact our nation's bovine, equine, or bird populations. Those conditions involved APHIS port staff who did not clean and disinfect aircraft cargo areas and transport equipment, and non-APHIS officials who were not wearing protective gear to

[20] 9 CFR 93.302 (c) Cleaning and Disinfection. Whenever, upon inspection, an inspector (port-of-entry official) determines that an aircraft cargo area or shipping container is contaminated with material of animal origin they shall notify the principal operator and cause the cleaning and disinfection under the immediate supervision of, and in the time and manner prescribed by, the inspector.

[21] 9 CFR 93.106 and 93.301 (a) requires quarantine of birds and horses, respectively. 9 CFR 93.314 (c) APHIS allows horses from Foot and Mouth Disease affected countries, even though they can carry the disease in their hooves and on their coat, as long as certain handling requirements are met. 9 CFR 93.301 (c)(2) allows horses from countries affected by Contagious Equine Metritis as long as specific requirements are met.

prevent the spread of infectious diseases. The following sections describe our observations for each condition.

Aircraft Cargo Areas and Transport Equipment not Cleaned and Disinfected

We observed the conditions and handling of nine animal import shipments at the four ports-of-entry in our review. We noted that the aircraft cargo areas and transport equipment for all nine of the shipments were contaminated with animal waste and debris. Thus, the shipments were required to be cleaned and disinfected by port staff or a private company under the supervision of port staff.[22] However, agency port staff at three of the four airports we visited did not clean and disinfect the cargo areas and equipment for three shipments of imported animals.

The supervisor at one port stated that he does not require cargo areas to be cleaned if an aircraft is returning to the shipment's country of origin. This action is inconsistent with agency requirements and increases the risk that foreign animal disease will enter this country. For instance, a contaminated aircraft may be diverted to another airport due to inclement weather. At the other airport where we found this condition, the supervisor stated that a private company was responsible for cleaning and disinfecting aircraft cargo areas and should have ensured that it met agency requirements. However, he and his staff did not monitor the performance of the private company because the company was compensated to perform the task and he trusted it to properly complete it.

APHIS' area officials are responsible for overseeing port staff and airport operations. However, there is no requirement that they perform periodic visits to ports-of-entry to monitor compliance with agency regulations. One area official stated that the ports under his supervision had not been visited in more than six years. The other area officials we questioned stated that they maintain regular contact with port officials, but had not performed a formal review in years. APHIS officials stated that they expect area officials to perform reviews of ports, but acknowledged that there was no requirement to do so. In our view, APHIS is missing this key internal control and needs to require such reviews.

Airline and Private Company Personnel Wore Improper Clothing When Handling Animal Shipments

We observed during our visits to airports that airline and private animal handling company personnel were wearing shorts, short sleeve shirts, and sandals when entering cargo areas and handling shipping containers. This was in contrast to APHIS port staff who were wearing clothing such as coveralls, gloves, and masks that protected them from contracting contagious diseases, and from transferring those diseases to domestic animals. We were concerned that airline and private company employees could be exposed to contagious diseases, especially after observing them within contaminated cargo areas and handling shipping containers.

In one instance, an airline employee approached several shipping containers of birds imported from a country affected by Exotic Newcastle Disease and attempted to touch a bird. We alerted APHIS port staff who immediately stopped the airline employee and placed a warning sign on the containers. APHIS port staff told us that many airline employees do not understand the

[22] 9 CFR 93.202 (c) and 93.302 (c).

danger in handling imported animals, and the risk of contracting a disease or allowing it to enter this country.

We discussed our concerns about this disparity with APHIS officials. They agreed that all individuals who have contact with animals bound for quarantine should wear clothing that protects them from contracting and transferring disease from imported animals. However, they questioned whether they had the authority to require non-APHIS officials to wear protective clothing when handling animals.

The Animal Health Protection Act (the Act), as amended, requires APHIS to regulate the proper handling and quarantine of animals imported from countries with contagious diseases.[23] The Act also provides APHIS with the authority to require the disinfection of individuals who are involved in the importation of an animal, and their clothing. Thus, in our view, APHIS has the authority to require all individuals handling contaminated animal shipments to wear clothing that would prevent the transfer of contagious diseases to domestic animals. APHIS should obtain a legal opinion from the Office of the General Counsel to ensure that it has such authority. If the agency has the authority, it should require all individuals to wear clothing that protects them from obtaining diseases or transferring diseases to domestic animals.

Recommendation 5

Establish and implement procedures for the safe handling of imported animal shipments at ports-of-entry that would reduce the risk of non-APHIS officials being infected or unknowingly spreading a disease to other locations. Obtain advice from the Office of the General Counsel.

Agency Response

On June 29, 2010, APHIS officials responded that they agreed with this recommendation and will consult with OGC regarding the options for implementing procedures for non-APHIS personnel to take additional precautions. APHIS officials also stated that they are analyzing the risks associated with the movement of avian species through transfer airports en route to quarantine, and is expected to issue a report by August 16, 2010. Based on the results of the APHIS analysis and OGC input, APHIS will determine by September 15, 2010, what procedures are needed and how and when to implement these procedures.

OIG Position

We accept APHIS' management decision for this recommendation.

Recommendation 6

Require area offices to periodically review ports-of-entry operations to ensure the consistent cleaning and disinfecting of aircraft cargo areas and transport equipment.

[23] Animal Health Protection Act, 7 U.S.C. 8301 Section 10404 (b)(1) and (2), dated December 23, 2004, as amended.

Agency Response

In APHIS' June 29, 2010, response to our report, officials stated that they agreed with this recommendation and they believe they are already in compliance. The station review process, as described in their agency response to Recommendations 3 and 4, includes a review of the cleaning and disinfection procedures at ports-of-entry. Aircraft are cleaned and disinfected under APHIS oversight at all ports-of-entry where live animals are imported by air. Further, companies are subcontracted to perform such services under APHIS' oversight through a cleaning and disinfection compliance agreement.

OIG Position

While we agree that a station review encompasses an assessment of port operations, including the cleaning and disinfecting of aircraft, there is no requirement that a port-of-entry be selected on a specific periodic basis or timeframe. In order to reach a management decision, APHIS needs to provide us with a plan, and the implementation date, to review port-of-entry operations on a specified periodic basis.

Finding 3: Quarantine Facilities had Physical Security and Animal Accountability Deficiencies

Our visits to APHIS animal import centers and agency-approved private quarantine facilities disclosed serious physical security deficiencies. These included inadequate entry and exit doors; inadequate screens over windows and doors; individuals who were not showering as they entered and exited facilities; and contractors that were not disinfecting their vehicles before they drove those vehicles outside the facility. In addition, five of the six private facilities we visited were not adequately accounting for birds brought into quarantine. APHIS import center officials were aware of the violations at private quarantine facilities, but had not enforced agency policies because in their view the violations were minor in nature. APHIS officials disagreed with the import center officials' conclusions. Also, APHIS officials relied on the expertise and experience of import center officials and, therefore, had neither established bio-safety standards nor required area officials to review the quarantine operations at animal import centers. These deficiencies increase the risk that foreign animal diseases will escape quarantine facilities and infect the nation's domestic animal population.

For private quarantine facilities, APHIS established specific requirements related to the physical condition of quarantine facilities, the procedures used by employees to handle and account for animals while in quarantine, and the procedures followed by contractors and employees when entering and exiting quarantine facilities. APHIS established those requirements based on laboratory bio-safety standards issued by the U.S. Department of Health and Human Services' Centers for Disease Control and Prevention. The adherence to these requirements is necessary to prevent animal diseases from being carried outside quarantine facilities by rodents and insects, or on the equipment, clothing, and skin of individuals who handle animals at those sites.

While APHIS established the bio-safety standards for private facilities, APHIS did not formally require animal import center officials to follow those standards. APHIS officials stated that import center officials had adequate expertise and experience in implementing bio-safety

standards. APHIS officials did state that agency facilities should be held to the same physical security and animal accountability standards as private quarantine facilities. However, APHIS officials had not established procedures, such as periodic supervisory reviews of quarantine facilities, to ensure bio-safety standards were met.

We visited all three APHIS quarantine facilities and six private facilities to determine if staff had complied with the bio-safety requirements and if they had not complied with those requirements, the potential impact on the domestic animal and bird populations. We found a lack of adherence to physical security and animal accountability requirements, which resulted in an increased risk that foreign diseases could spread beyond quarantine facilities. The following sections describe our observations and conclusions in detail for each deficiency.

Physical Security Deficiencies

We found that none of the six private quarantine facilities we visited had self-closing double doors, as required by APHIS guidelines. In fact, four of the six facilities had single doors that opened directly to the outside. The self-closing double doors are designed, theoretically, to trap a bird between the doors rather than allowing it to escape directly to the outside environment. We also observed that none of the six facilities had double screens on all open windows. These deficiencies made it easier for birds to escape from, or for rodents and insects to enter into, the facilities.

We brought our observations of private bird quarantine facilities to the attention of the two APHIS import center directors responsible for these facilities. One stated that he was aware of the conditions, but did not believe them to be serious or directly related to the spread of disease. The other director stated that he followed the same process as his predecessor, which was to allow some violations of agency requirements because APHIS' facilities could not handle the volume of imported birds. APHIS officials we questioned about our observations disagreed with both of the import center directors. They stated that these were serious violations and that the private quarantine facilities needed to be brought into compliance as soon as possible or removed from the program.

We observed similar conditions at APHIS' quarantine facilities. For instance, one facility that routinely quarantined birds from countries affected by Avian Influenza had no self-closing doors to the outside. Plus, while we were present, an employee left an outside door ajar when she exited the facility. At another facility, screens had holes or did not fully cover doors for 12 of the 14 quarantine barns at the site. The large gaps between the doors and building structure would allow rodents and insects to enter the facility. (See exhibit B for photographs.) The import center director for this facility stated that he was aware of the conditions, but did not have the time to correct them. We questioned the area official responsible for monitoring this facility. She stated that the last review of operations for the facility, which included an onsite inspection of physical security, took place in 2003. In our view, the lack of compliance by import center officials and oversight by area officials has significantly increased the risk that animals or disease could spread outside the facilities.

Another serious physical security problem we observed at all three APHIS quarantine facilities was that agency and non-agency officials were not showering when entering and exiting the

sites. APHIS guidelines state that all APHIS officials must either shower as they enter and leave or at least at the time they leave a quarantine area, and all non-agency officials must shower before entering and when leaving the quarantine area. Plus, equipment used on the sites was not being properly disinfected before leaving quarantine facility areas, as required.[24]

At one site, we observed APHIS import center officials entering and exiting the quarantine area with dry hair, which suggested that they had not showered in or out. At another facility, we observed private animal transport handlers exiting the site without showering and changing clothes. At the third facility, we observed construction workers driving in and out of the quarantine complex without showering or disinfecting their vehicles. We were especially concerned about these conditions because construction workers and, in particular, animal transporters have contact with domestic animals from many farms in different locations. In addition, officials from the United Kingdom reported that construction workers were responsible for the spread of Foot and Mouth Disease in their country in 2007. We also noted that two of three quarantine facilities did not have walk-though showers, as required by APHIS guidelines.

We found that personnel at the six private quarantine facilities we visited did not shower when they entered the site. APHIS' guidelines clearly state that personnel are required to shower before entering a quarantine facility. We brought this condition to the attention of the two import center directors responsible for the six private quarantine facilities. They both stated that it was not necessary to shower before entering a facility and they were more concerned about individuals not showering when exiting a facility. However, the APHIS officials we questioned about this condition all stated this was a violation of agency requirements and that import center officials should be enforcing the policy. We believe that APHIS should implement consistent showering requirements for entering and leaving a quarantine area at both the agency's and agency-approved quarantine facilities, and perform periodic supervisory reviews to ensure those requirements are being followed.

Animal Accountability Deficiencies

We found that five of the six private facilities we visited had not counted birds before they entered the quarantine area. APHIS requires this action to ensure that all birds can be accounted for if a disease is detected during the quarantine period. The five facilities only counted birds when a disease was detected, not when they arrived and were placed into quarantine. This procedure is inadequate because the private facilities, as well as APHIS, would not know if a bird had escaped from quarantine.

We noted one instance where APHIS used shipping documents to account for the number of birds in quarantine after a bird tested positive for Exotic Newcastle Disease. In this case, APHIS import center officials required the private facility to euthanize and count all birds that were in quarantine. We were concerned whether this method accurately accounted for all birds that originally entered the private facility. This concern is based on our comparison of the shipping documents to the number of euthanized birds, which disclosed that 65 birds were unaccounted for by the private facility and APHIS. An APHIS import center official stated that those 65 birds listed on the shipping documents must not have been shipped. However, he did not provide any

[24] 9 CFR 93.302 (c) requires that any conveyance or shipping container that is contaminated must be cleaned and disinfected under the supervision of an APHIS inspector.

evidence to support his assertion. In our view, since the birds were not counted when they entered the private facility, it is not possible to determine if any diseased birds escaped from quarantine.

We attributed this deficiency, as we did with physical security concerns, to the lack of oversight by agency officials at all levels. We found no evidence that APHIS had reviewed its animal import centers since 2005. In our view, APHIS needs to develop and implement specific procedures for monitoring quarantine facilities, both agency and non-agency, and require that reviews be performed on a regular basis.

Recommendation 7

Develop and implement written operating procedures for APHIS animal import centers to follow that, at a minimum, meet the same standards required of agency approved private quarantine facilities.

Agency Response

In their response dated June 29, 2010, APHIS officials stated that they agreed with this recommendation and will review APHIS regulations, memoranda, and other guidance regarding quarantine facilities for all species to determine if standards are consistent. If differences are uncovered, APHIS will develop a plan to ensure that operations are consistent at all USDA-monitored quarantine facilities. The review and plan will be completed by October 1, 2010.

OIG Position

We agree with APHIS' methodology to develop new bio-safety procedures, but the response did not state when agency officials will implement those procedures. In order to reach a management decision, APHIS needs to provide us with the actual or estimated implementation date of the new procedures.

Recommendation 8

Perform bio-security assessment reviews of APHIS' animal import centers to ensure compliance with agency requirements and implement time-phased action plans to correct deficiencies noted during the reviews.

Agency Response

APHIS officials responded that they agreed with this recommendation and will augment the processes that are already in place for assessing bio-security. Each animal import center has facility-specific protocols that include cleaning and disinfection procedures. These procedures are evaluated during reviews described in the response to Recommendations 3 and 4. APHIS officials work jointly to correct any deficiencies noted in these reviews. To ensure that current processes are consistent and effective, APHIS will review all current policies and procedures and will develop a memorandum that addresses bio-security in the animal import centers and other USDA-approved quarantine facilities. This task will be

completed by March 31, 2011, to ensure sufficient time to conduct a complete review and develop clear and consistent policies that can be appropriately implemented.

OIG Position

We accept APHIS' management decision for this recommendation.

Recommendation 9

Instruct animal import center directors to enforce all agency policies related to physical security at private bird quarantine facilities.

Agency Response

On June 29, 2010, APHIS officials responded that they agreed with this recommendation and stated that they will draft a memorandum and checklist for the approval of privately owned commercial and other bird quarantine facilities to be implemented by December 2010, to ensure consistent standards for physical security.

OIG Position

We accept APHIS' management decision for this recommendation.

Recommendation 10

Require area officials to perform periodic supervisory reviews of bio-security operations at animal import centers, and provide a method for APHIS officials to verify that reviews are completed and deficiencies are corrected by field staff.

Agency Response

In their response, APHIS officials agreed with this recommendation and stated that they believe they are already in compliance. They also stated that the station review program, which APHIS management oversees and is described in Memorandum 515.1, includes a review of bio-security operations and cleaning and disinfection procedures. The reports from these reviews identify deficiencies, if any, and a process is in place to ensure deficiencies are corrected. In this process, the AVIC develops a plan of action to be taken and sends a copy to the import center and APHIS regional and headquarters' management. The AVIC is responsible for ensuring that the actions are completed successfully and notifying headquarters when the review is considered closed since processes are in place for reviewing port-of-entry operations.

OIG Position

While we agree that a station review is an important oversight function and may include an assessment of animal import center operations, there is no requirement that a particular animal import center is selected and reviewed within a specific time period. As stated in this finding, APHIS had not reviewed any of the three animal import centers since 2005 to ensure

the timely identification and correction of deficiencies. In order to reach a management decision, APHIS needs to provide us with a response that describe the policies and procedures that will be developed, and implementation date, to ensure that animal import centers' bio-security operations are reviewed on a regular basis and deficiencies corrected timely.

Finding 4: Oversight of State-Approved Private Quarantine Facilities Need Improvement

Imported horses infected with Contagious Equine Metritis entered the country through APHIS approved privately owned quarantine facilities. APHIS authorized State agencies to approve facilities, and to visit them after they become operational. However, APHIS had not evaluated the effectiveness of State agencies' oversight efforts. In fact, APHIS officials at the four area offices we visited told us that they had not visited any private facilities since they were approved by State agencies. Some facilities had been approved since 1997. Recently, one horse with the disease entered the country and infected 27 other horses, and exposed almost 1,000 others to the disease.[25] If left unchecked, this disease could have a devastating economic impact on the nation's equine industry.

APHIS is responsible for protecting the nation's equine population from diseases such as Contagious Equine Metritis, which is a highly contagious and fast-spreading venereal disease of horses. APHIS considers the disease to be foreign to the United States. APHIS authorized State agencies to approve and monitor privately owned companies to perform quarantine services for horses coming into the United States from countries affected by Contagious Equine Metritis. APHIS required these facilities to quarantine horses coming from affected countries for 30 days.

In 2007, prompted by concerns that horses infected with Contagious Equine Metritis were entering the country, APHIS initiated a review of private companies providing quarantine services. APHIS' review disclosed that veterinarians working at private quarantine facilities were not always following prescribed bio-security measures. As a result, the agency report recommended over 20 corrective actions designed to improve the monitoring of Contagious Equine Metritis by private quarantine facilities. In general, the recommendations included the establishment of minimum standards for approval and oversight of these facilities. One critical recommendation was for APHIS area officials to periodically visit private quarantine facilities.

During the initial stage of our audit, we questioned APHIS officials about the status of the recommendations. They stated that, due to other priorities, they had not implemented any of the report's recommendations. In September 2009, APHIS officials informed us that they were in the early phase of implementing some of the recommendations. However, they have not yet decided how to implement all of the recommendations, including some critical ones such as performing site visits to private facilities and reviewing of the procedures used by State agencies to approve facilities. Further, they had no timeframe for implementing the recommendations.

In our view, APHIS' recommendations were adequate to correct the problems cited in its report. However, it needs to implement them as quickly as possible to prevent an outbreak of the

[25] APHIS officials informed us that they found one imported horse that may be the cause of the outbreak, but as of July 13, 2010, APHIS had not issued an official report on the source of infection and the cause of the outbreak.

disease. This is especially important because there have been recurring instances where horses with the disease have entered the country and threatened our nation's equine population. Over the past decade, APHIS has identified 28 horses that tested positive for Contagious Equine Metritis. In addition, since December 2008, the agency has been investigating how an imported horse with the disease was able to enter the country and infect 27 other horses. APHIS reported that another 965 horses in 48 States were also exposed to the disease. This condition increases the risk of an outbreak in this country. In 2007, the Australian government and equine industry lost an estimated $500 million when a single imported horse spread Equine Influenza[26] throughout that country.

Recommendation 11

Develop a time-phased action plan to implement the recommendations in the 2007 Contagious Equine Metritis report relating to the importation and quarantine of horses.

Agency Response

In their response dated June 29, 2010, APHIS officials stated that they agreed with our recommendation and they have completed or are working on several actions to address the recommendations in the 2007 Contagious Equine Metritis (CEM) report. Some of the actions APHIS took included the establishment and training of CEM coordinators in each State approved to receive stallions and mares imported from CEM affected countries. APHIS also provided training, in 2009, to laboratory staff that conduct CEM testing. In addition, APHIS is in the process of revising its regulations for CEM testing of imported animals and expects to publish the interim new rule by December 31, 2010, and will update the relevant APHIS memorandums after the new rule is final. APHIS is also developing a database by which State Veterinarians and APHIS field offices can input laboratory testing data and animal information on imported animals undergoing CEM quarantine and testing in all CEM-approved quarantine facilities. This database is expected to be completed by March 2011.

OIG Position

We accept APHIS' management decision for this recommendation.

[26] Equine Influenza is similar to Contagious Equine Metritis in that they are both highly contagious and fast-spreading diseases.

Section 2: User Fee Rates for Quarantine Services

Finding 5: User Fees were Inadequate to Support Quarantine Facility Operations and Upgrades

APHIS' user fee revenues, generated from quarantine services, were approximately $1.6 million less than the expenses of animal import centers for the period from FY 2004 through 2008. We attributed this shortfall to an outdated user fee rate that did not sufficiently account for the time it actually took APHIS employees to complete tasks related to quarantine services. According to an APHIS official, the time aspect of the user fee rate had not been updated because it was assumed that the tasks and the time to complete them had not changed. Consequently, APHIS' animal import centers did not have the financial ability to complete many maintenance and capital improvement projects related to the physical security of quarantine facilities. This increases the risk that foreign diseases could escape and negatively impact the domestic animal population.

Congress, in granting APHIS the authority to charge user fees, expected the agency to recover, to the fullest extent possible, all operating costs and costs for capital improvement projects needed to maintain animal import centers' buildings and related quarantine services. However, we found that user fee revenue was insufficient to cover the maintenance and capital improvement projects needed at animal import centers. For instance, in FY 2008, APHIS collected about $4.6 million in user fee revenues, but incurred operating expenses of nearly $4.7 million. This did not include costs for capital improvement projects for the facilities, one of which was almost 30 years old and in need of repairs. In fact, we noted that there was a shortfall for each of the last 2 years comprising the period of our review. Thus, we analyzed APHIS' user fee rate structure to determine the reason for the shortfall.

Our analysis identified one variable in the rate structure, the time aspect related to some tasks, which appeared to be too low. When we questioned APHIS officials about the time factor used in the rate, they informed us that it was based on a time-study performed in 1995. The study evaluated the time APHIS employees took to complete 116 tasks involving the arrival, inspection, testing, monitoring, and release of animals from quarantine. To determine if the study was still valid, we asked the animal import center directors to estimate the time it currently takes to complete the 116 tasks listed in the study.

Based on their responses, we determined that there were increases in completion time for 97 of the 116 tasks. The time to complete some tasks increased substantially. For instance, the daily inspection of birds (over the entire quarantine period of 30 days) took 6.25 hours to complete in 1995, while that same task had increased to 15 hours in 2008. Similarly, the time to complete all quarantine activities related to birds and poultry at one import center increased from 1.5 hours in 1995 to 4.25 hours in 2008, an increase of 164 percent. According to the director of that facility, the 2003 Avian Influenza outbreak in Asia increased the level of inspection and monitoring that was needed to ensure that birds with that disease did not enter the nation and infect the domestic population. The director also stated that the time to monitor horses from countries with Foot and Mouth Disease has increased significantly.

APHIS reviews its fee structure biennially, but has never adjusted the time variable of the rate. The APHIS official responsible for the fee structure stated that she never thought about performing another time-study because she thought that the length of time to complete quarantine activities had not changed since 1995. In our view, the time factor is critical and should be evaluated by APHIS. This factor, when multiplied by employee labor costs, is critical to determining the user fee revenue necessary to cover the agency's operating costs and fund capital improvement projects.

The agency especially needs to provide funds for capital improvement projects. As noted in Finding 3, we observed many violations of bio-security requirements. We attribute some of those violations to a lack of funding to make repairs or to improve the facilities. For instance, import center officials at one of the quarantine facilities informed us that they did not have funds available for needed maintenance and capital improvement. One of those officials also stated that funds were so low that he had to climb onto the facility's roof to repair a broken exhaust motor.

At another site, we observed that the walk through showers in the quarantine barns had not been used recently. These walk-through showers are a critical feature for preventing the spread of animal diseases. An APHIS area official confirmed that the showers had not worked for some time, and stated that there were no funds to make the repairs. APHIS had recently obtained an independent assessment of this nearly 30 year old facility. The assessment report concluded that the facility was in poor condition and needed over $3 million in repairs to fix deferred maintenance items. The contractor who performed the review recommended that the agency set aside a portion of its user fee revenues to fund long-term maintenance and capital improvement projects.

In 2008, APHIS published new rates for fiscal years 2009 through 2013 that increased user fees by over 37 percent. However, those rates were based on the 1995 time study. In our view, APHIS needs to revise its current user fee rate structure to adequately provide sufficient funds to properly operate the quarantine facilities and for necessary upgrades. We discussed this issue with APHIS officials, who agreed that the current user fee rate structure was outdated and incomplete and needed to be revised to meet the financial needs of quarantine facilities. Although APHIS changed the methodology to reflect the total costs that need to be recovered, that methodology was still based on the 1995 time study.

Recommendation 12

Revise the user fee rate structure by identifying the funds needed to adequately support quarantine facility operations and upgrades, and at a minimum, update the study for the time it takes to complete all quarantine tasks. Establish procedures to periodically update that study to account for time and cost changes.

Agency Response

In their response, dated June 29, 2010, APHIS officials stated that they agreed with this recommendation. They also stated that they have and will take action to review and evaluate their user fee structure. APHIS officials have completed an internal review of program costs

and estimated volumes to determine where the fees need to be increased in order to have full cost recovery. APHIS officials visited the New York Animal Import Center in December 2009, and the Miami Animal Import Center in January 2010, and performed time studies and collected time survey data to use in the next user fee quarantine rate calculations. In addition, APHIS officials plan to perform an in-depth review of all costs to ensure the user fee rates will adequately support the facility operations and anticipated upgrades. APHIS' Financial Management Division staff will work closely with animal import center program management to devise and propose a new user fee schedule and write a rule work plan by October 29, 2010, to take effect during fiscal year 2013. In the interim, beginning in fiscal year 2011, APHIS will establish accounting codes for individual ports so that costs can be better tracked.

OIG Position

We accept APHIS' management decision for this recommendation.

Scope and Methodology

We performed our audit at the APHIS national office, two regional offices, five area offices, and three animal import centers and associated ports-of-entry. We visited APHIS' three animal import centers in Los Angeles, California;[27] Miami, Florida; and Newburgh, New York. We judgmentally selected and visited 8 of the 16 APHIS-approved private quarantines.[28] (See exhibit A.) We did not visit any of the APHIS-approved home quarantine locations since, at the animal import centers we visited, the controls were in place and functioning as intended. The period of our audit was fiscal years (FY) 2008 and 2009 for import and quarantine operations.

At APHIS' national office, we reviewed and analyzed animal import data from the ePermits system and the Import Tracking System (ITS).[29] Both systems process and issue a variety of documents (i.e., permits), including those for animals requiring quarantine, but only ITS records the type, purpose, and number of animals released from quarantine. Based on the data agency officials provided, from a total of over 24 million animals imported to the United States during fiscal year 2008, APHIS issued over 1,900 import permits for more than 165,000 animals requiring quarantine.[30] A majority of the animals imported to the United States did not require quarantine, and of those that were quarantined, only certain animals from high-risk countries need a permit.

In prior audits, we identified errors and omissions in both the ePermits[31] and ITS databases.[32] Therefore, we did not rely upon the totals APHIS provided from either system. APHIS officials stated that they will focus their limited information technology resources on implementing a new import module in their Veterinary Services Process Streamlining system.

Based on the ePermits and ITS data available to us, we judgmentally selected 131 files for review: 30 files from over 1,800 electronic permits, 42 files from over 4,500 release documents, and 59 out of 99 manually-prepared permits. These files covered import activity for quarantined animal shipments for all three animal import centers and seven private bird and two private horse quarantine facilities.

We reviewed APHIS' user fee structure and the procedures to charge, collect, and deposit those fees to the U.S. Treasury. During FY 2008, APHIS collected $23.5 million in user fees, $4.6 million of which comprised import, export, and quarantine-related charges. We also analyzed the revenue and expenditures specifically for animal import centers from FY 2004 through FY 2008.

[27] The animal import center in California has two locations; one site near the Los Angeles International Airport is used for incoming flights containing imported animals and to escort those shipments to an APHIS-approved private quarantine, (2) the other site is a birds-only quarantine facility located in San Ysidro, California.
[28] The eight privately owned quarantine facilities we visited included six for birds and two for horses. The total number of APHIS-approved private facilities is an estimate because APHIS officials did not maintain a complete list of all private and State-approved quarantines in the United States.
[29] For large commercial shipments of birds, APHIS personnel prepared permits manually. During fiscal year 2008, APHIS issued 99 permits for large commercial bird shipments to be quarantined at an APHIS-approved private facility.
[30] The total number of animals imported does not include semen, embryos, eggs, or fish, which totaled another 45 million animals.
[31] Audit Report 33601-9-Ch, Controls Over Permits to Import Agricultural Products, dated October 2007.
[32] Audit Report 33501-1-Ch, Review of Application Controls for the Import Tracking System, dated March 2005.

To accomplish our audit objectives we:

- Reviewed laws, regulations, policies, procedures, and memoranda pertaining to the importation and quarantine of live animals;

- Interviewed APHIS national, regional (eastern and western), and area officials to determine their oversight of import center and port operations. We also interviewed APHIS officials at the animal import centers and ports-of-entry we visited;

- Analyzed the information technology systems (ePermits and ITS) used to prepare, issue, and record import data for quarantined animals to identify trends and select files for review. We analyzed the Investigative and Enforcement Services Division's opened and closed cases for import or quarantine violations. We also analyzed the Marketing and Regulatory Business Services' Financial Management Division's user fee structure and collection procedures;

- Evaluated oversight of animal import center operations. We analyzed APHIS' regional station/port reviews performed of area offices, animal import centers, and ports-of-entry. We analyzed APHIS area offices' oversight of animal import centers, ports-of-entry, and quarantine facilities including State-approved private facilities that quarantine imported horses for Contagious Equine Metritis;

- Observed the arrival of nine animal shipments at four airports. We observed APHIS and non-APHIS officials' handling and processing of animals at the airports, transporting of animals to an APHIS or an APHIS-approved private quarantine facility, placement and testing of animals in quarantine, and final release. We analyzed the documents collected by import center and port-of-entry officials to ensure all import requirements were met. We also analyzed controls over official USDA seals and forms at both the animal import centers and ports-of entry;

- Analyzed the adequacy of APHIS' bio-security requirements implemented at animal import centers, ports-of-entry, and APHIS-approved private quarantines; and

- Observed operations and interviewed owners and managers to determine if they followed APHIS' procedures for inventory control and bio-security.

We performed our audit fieldwork from July 2008 through January 2010. We conducted this performance audit 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 objectives.

Abbreviations

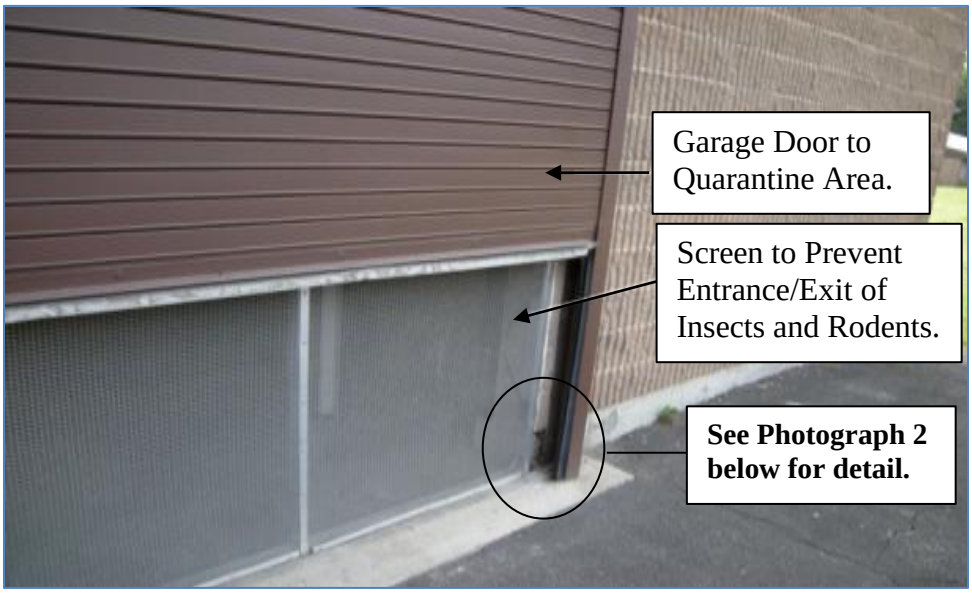
APHIS	Animal and Plant Health Inspection Service
AVIC	Area Veterinarian in Charge
CBP	Customs and Border Protection (U.S. Department of Homeland Security)
CEM	Contagious Equine Metritis
CFR	Code of Federal Regulations
FY	Fiscal Year
ITS	Import Tracking System
USDA	United States Department of Agriculture

Exhibit A: Locations Reviewed

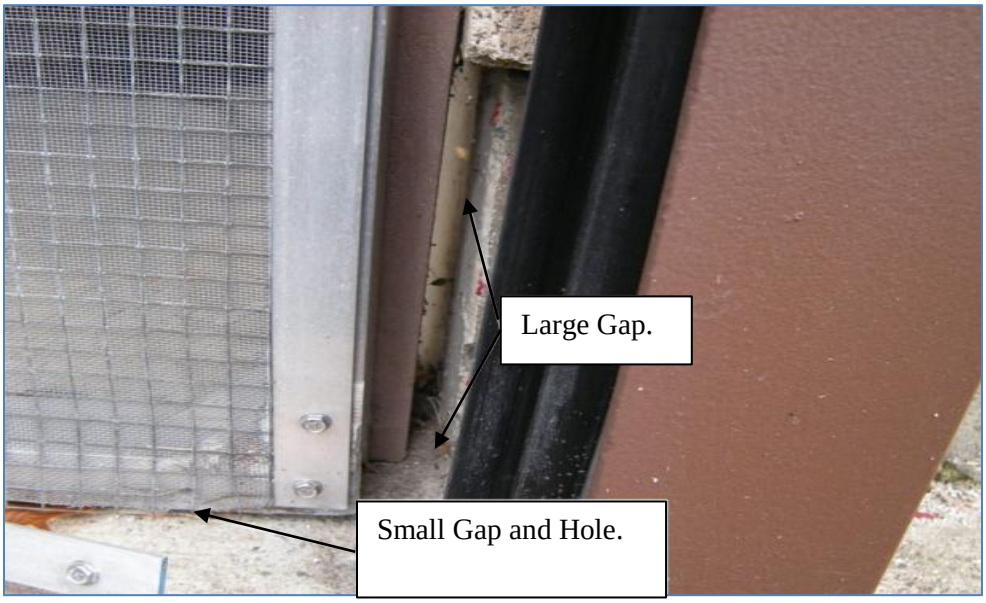
Name	Location
APHIS Headquarters	**Riverdale, Maryland**
APHIS Eastern Regional Office	**Raleigh, North Carolina**
APHIS Western Regional Office	**Fort Collins, Colorado**
APHIS Area Offices	**Albany, New York; Gainesville, Florida; Sacramento, California; Conyers, Georgia (near Atlanta); and Richmond, Virginia**
APHIS Operated Quarantine Facilities	**Miami, Florida; Newburgh, New York; and San Ysidro, California**
6 Private Bird Quarantines	**5 in Los Angeles, California; and 1 in Miami, Florida**
2 Private Horse Quarantines	**Los Angeles, California**
States with Approved Private Horse Quarantines for Contagious Equine Metritis	**Florida and Virginia**

The table above lists the locations reviewed during this audit.

Exhibit B: Photographs of Animal Import Center Deficiencies



Photograph No. 1, exterior of quarantine barn and garage door partially open with a screen covering the opening.



Photograph No. 2, a closeup of Photograph No. 1 showing the gap between the screen and barn wall and a hole in the screen.

USDA'S

APHIS

RESPONSE TO AUDIT REPORT

USDA

MEMORANDUM

June 29, 2010

United States Department of Agriculture

Animal and Plant Health Inspection Service

Washington, DC 20250

TO: Gil H. Harden
Assistant Inspector General
for Audit

FROM: Cindy J. Smith /s/
Administrator

SUBJECT: APHIS Response and Request for Management Decisions, on OIG Report, "USDA's Controls Over Animal Import Centers" (33601-11-CH)

We have reviewed the above captioned audit report and offer the comments detailed below. We have addressed each recommendation and set forth the completed and/or planned corrective actions, as necessary, and the timeframes for their implementation.

Recommendation 1: Notify ports-of-entry that all in-transit shipments of imported animals must be monitored by APHIS port staff, and import permits will only be issued when it can be determined that there is sufficient port staff to properly monitor those shipments.

APHIS Response: APHIS agrees with the recommendation and believes we are already in compliance. Procedures are in place to ensure that shipments of animals are monitored by APHIS staff. Animals that transit the United States to a third country must be accompanied by a Veterinary Services (VS) permit. These permit include the requirement that VS monitor such shipments. VS issues transit permits only after confirming that port staff is available to monitor the shipment.

Recommendation 2: Prohibit port staff from delegating their authority to monitor in-transit shipments to Customs and Border Protection officials.

APHIS Response: APHIS agrees with this recommendation and will include this instruction in a guidance document (VS Memorandum) that is under development. This document will be completed and distributed to ports by October 1, 2010.

Recommendation 3: Establish and implement policies and procedures that require animal import center directors to perform periodic reviews of ports-of-entry operations, including site visits, to ensure compliance with agency requirements.

Recommendation 4: Establish and implement policies and procedures for area and import center officials to perform periodic reviews of port-of-entry operations.

APHIS Response to 3 and 4: APHIS agrees with this recommendation and believes we are already in compliance. Processes are in place for reviewing port-of-entry operations. First, VS Area Veterinarians in Charge (AVICs) are responsible for oversight of the ports-of-entry that are located in their areas. As part of this oversight, the AVIC ensures that ports comply with agency requirements. Second, VS management conducts reviews of port operations through its station review program. In this process, VS management selects field stations, including ports, to undergo a rigorous review by a team of specialists. Details on conducting station reviews are set forth in VS Memorandum 515.1, "Guidelines for Veterinary Services Program and Station Reviews," and an accompanying station review guide.

Recommendation 5: Establish and implement procedures for the safe handling of imported animal shipments at ports-of-entry that would reduce the risk of non-APHIS officials being infected or unknowingly spreading a disease to other locations. Obtain advice from the Office of General Counsel.

APHIS Response: APHIS agrees with this recommendation. VS will consult with the Office of General Counsel (OGC) regarding options for implementing additional precautionary procedures for non-APHIS personnel. In particular, VS is analyzing the risks associated with the movement of avian species through transfer airports en route to quarantine. The analysis (and an accompanying report) will be completed by August 16, 2010. Based on this report and input from OGC, VS will determine what procedures are needed by September 15, 2010. By November 1, we will develop a plan and timetable for implementation of new or revised procedures.

The OIG audit report cited a specific case involving an airline employee's handling of a container of birds that originated from a country affected by Newcastle disease. All birds imported from such countries must be certified by the exporting country as healthy and as not having been exposed to Newcastle disease within the previous 60 days. Therefore, the potential for human exposure to avian diseases is minimal.

Recommendation 6: Require area offices to periodically review ports-of-entry operations to ensure the consistent application of cleaning and disinfecting aircraft cargo areas and transport equipment.

APHIS Response: APHIS agrees with this recommendation and believes we are already in compliance. The review processes described in the response to recommendations 3 and 4 include a review of cleaning and disinfection procedures at ports. Aircraft are cleaned and disinfected under VS oversight at all ports-of-entry where live animals are imported by air. Subcon-tracted companies that

perform cleaning and disinfection services work under a compliance agreement with VS.

Recommendation 7: Develop and implement written operating procedures for APHIS animal import centers to follow that, at a minimum, meet the same standards required of agency approved private quarantine facilities.

APHIS Response: APHIS agrees with this recommendation. VS will review regulations, VS Memoranda, and other guidance documents regarding quarantine facilities for all species, to determine if standards are consistent. If differences in standards are uncovered, VS will then develop a plan (with timelines) for ensuring that operations are consistent at all USDA-monitored quarantine facilities. The review and development of the plan and timelines will be completed by October 1, 2010.

Recommendation 8: Perform bio-security assessment reviews of APHIS' animal import centers to ensure compliance with agency requirements and implement time-phased action plans to correct deficiencies noted during the reviews.

APHIS Response: APHIS agrees with this recommendation and will augment the processes that are already in place for assessing biosecurity. Each animal import center has facility-specific protocols that include cleaning and disinfection procedures. These procedures are evaluated during reviews described in the response to recommendations 3 and 4. VS Area and Regional officials work jointly to correct any deficiencies noted in these reviews. To ensure that current processes are consistent and effective, VS will review all current policies and procedures and will develop a VS Memorandum that addresses biosecurity in the animal import centers and other USDA-approved quarantine facilities. This task will be completed by March 31, 2011, to ensure sufficient time to conduct a complete review and develop clear and consistent policies that can be appropriately implemented.

Recommendation 9: Instruct animal import center directors to enforce all agency policies related to physical security at private bird quarantine facilities.

APHIS Response: APHIS agrees with this recommendation. A VS Memorandum and checklist for the approval of privately owned commercial and other bird quarantine facilities will be developed and implemented by December 2010 to ensure consistent standards for physical security.

Recommendation 10: Require area officials to perform periodic supervisory reviews of biosecurity operations at animal import centers, and provide a method for APHIS officials to verify that reviews are completed and deficiencies are corrected by field staff.

APHIS Response: APHIS agrees with this recommendation and believes we are already in compliance. The station review program, which VS management oversees and is described in VS Memorandum 515.1, includes a review of biosecurity operations and cleaning and disinfection procedures. The reports from these reviews identify deficiencies, if any, and a process is in place to ensure deficiencies are corrected. In this process, the AVIC develops a plan of actions to be taken and sends a copy to the import center, the Regional Office, and VS headquarters. The AVIC is responsible for ensuring that the actions are completed successfully and notifying headquarters when the review is considered closed.

Recommendation 11: Develop a time-phased action plan to implement the recommendations in the 2007 Contagious Equine Metritis report relating to the importation and quarantine of horses.

APHIS Response: APHIS agrees with this recommendation. VS has completed or is working on several actions to address the recommendations in the 2007 contagious equine metritis (CEM) report. Beginning in September 2007, APHIS established CEM coordinators in each state that is approved to receive stallions and mares from CEM-affected countries; the list of state coordinators was updated in June 2010. Training was provided to CEM coordinators in three sessions (April 2008, July 2009, and June 2010).

VS is also in the process of revising its regulations for CEM testing of imported animals. The interim final rule is scheduled to be published by the end of calendar year 2010. Once the rule becomes final, the relevant VS Memoranda will be implemented to update the detailed testing requirements.

VS is developing a database for information (including laboratory results) on imported animals undergoing CEM quarantine and testing. This database is due for completion by March 2011. VS also provided training (in July 2008, August 2008, and January 2009) to laboratory staff who conduct CEM testing and implemented a process for proficiency testing in November 2009.

Recommendation 12: Revise the user fee rate structure by identifying the funds needed to adequately support quarantine facility operations and upgrades, and at a minimum, update the study for the time it takes to complete all quarantine tasks and establish procedures to periodically update that study to account for time and cost changes.

APHIS Response: APHIS agrees with this recommendation, and has taken the following actions. From July 2009, through January 2010, APHIS undertook a special, internal review of VS User Fees including the animal quarantine facility user fees. The objective of this internal review was to review program costs, estimated volumes, and the user fees structure to identify the properly includable costs. This study will provide information as to where fees should be increased to

fully recover program costs, including potential increases in quarantine fees. Phase I of this work is complete.

Subsequent to communication of OIG's preliminary finding, APHIS updated its user fee time surveys for quarantine tasks. APHIS' Financial Management Division (FMD) staff visited the New York Animal Import Center in December 2009, and the Miami Animal Import Center in January 2010, and performed time studies and collected time survey data to use in the next user fee quarantine rate calculations. FMD prepared detailed tables that depict all VS import and export user fees, the dates when time values were updated, and the estimated dates when the remaining fees' time values will be updated. VS has also been conducting internal reviews of costs associated with the quarantine facilities, most notably rent costs.

Additionally, the following actions are planned. APHIS plans to perform an in-depth review of all costs that are recovered through the animal quarantine facility user fees to identify which costs should be included in the fees to adequately support the facility operations and anticipated upgrades. As such, APHIS will include costs identified in this OIG report; costs identified in the APHIS, Policy and Program Development internal review; and additional costs identified by the VS Finance and Strategy Staff. The estimated completion date is August 31, 2010. APHIS plans to complete the update of all VS import and export user fee time values by July 30, 2010. As time values are used to drive costs to various user fee categories, FMD will perform an analysis of how using the updated time values would alter the distribution of costs between various use fee categories. FMD will work closely with VS management and user fee program representatives to develop and propose a new user fee schedule. APHIS will complete the proposed user fee schedule and develop a rulemaking workplan for their implementation by October 29, 2010. Based upon the time requirements for such a rulemaking, APHIS estimates that the new fees will be implemented for fiscal year 2013. Beginning in fiscal year 2011, APHIS will establish accounting codes for individual ports so that port costs can be better tracked. APHIS will also develop periodic evaluation methods to ensure that APHIS has the optimum number of and locations for its port operations.

Thank you for the opportunity comment on this report.