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Audit Report

Controls Over Permits to Import Agricultural Products

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UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20250



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REPLY TO
ATTN OF: 33601-0009-Ch

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From: Robert W. Young /s/
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Subject: Controls Over Permits to Import Agricultural Products

This report presents the results of our audit of the Animal and Plant Health Inspection Service's (APHIS) controls and procedures over the issuance and monitoring of permits to import permitted materials into the United States. Our primary emphasis was to assess the corrective actions taken by APHIS to address the findings and recommendations of our previous audit report 33601-0004-Ch, "Controls Over Permits to Import Biohazardous Materials Into the United States," issued on March 31, 2003.

The APHIS response to the official draft report is included as exhibit A, with excerpts and the Office of Inspector General's position incorporated into the Findings and Recommendations section of the report. Based on the response, we have reached management decision on Recommendation 6. Please follow your agency's internal procedures in forwarding documentation for final action to the Office of the Chief Financial Officer.

Agency officials did not always include responses from Veterinary Services. This prevented us from reaching management decisions on Recommendations 1, 5 and 7. The additional information needed for management decision is outlined in the report sections, OIG Position.

In accordance with Departmental Regulation 1720-1, please provide a reply within 60 days describing the corrective actions taken and planned, including timeframes for their implementation. Please note that the regulation requires that management decisions be reached on all recommendations within 6 months of report issuance.

Executive Summary

Controls Over Permits To Import Agricultural Products

Results in Brief

This report presents the results of our followup audit of APHIS' permit systems for the importation of biohazardous and other regulated materials. APHIS issues permits to colleges, universities, public and private laboratories, and others who wish to import regulated materials for research and diagnostic work. Permits are issued by two APHIS divisions: Plant Protection and Quarantine (PPQ), which administers permits for plant-related materials, and Veterinary Services (VS), which administers permits for animal-related materials.

Our previous audit (33601-4-Ch), issued on March 31, 2003, reported several weaknesses in both APHIS divisions that issued permits. Among these were the need to (1) perform inspections of applicant facilities before issuing import permits, (2) make improvements to PPQ's computerized system for tracking the status of active and pending permits, (3) require accountable documentation to accompany shipments of regulated materials, and (4) properly dispose of certain hazardous regulated materials when permits expired.

Our objective on this audit was to determine whether APHIS had adequately addressed the issues raised in the previous audit, and whether the permit systems were now safeguarded against potential misuse by individuals wishing to bring biohazardous or other dangerous materials into the country for illegal purposes.

The previous audit contained 11 recommendations, all of which had achieved management decisions¹ by September 30, 2004. We found that although APHIS had taken some of the corrective actions recommended, other key recommendations still needed to be implemented. As a result, 4 years after the issuance of our audit report and nearly 6 years after the September 11 terrorist attacks, APHIS' permit systems could still be vulnerable to misuse.

We noted, for instance, that APHIS has not fully implemented the ePermits system either at Headquarters or at the ports-of-entry, even though agency officials had originally estimated completion of this critical safeguarding measure by December 2005. APHIS officials cited various difficulties as the cause for the delays, and estimated that the process will be completed sometime in fiscal year (FY) 2008 at the earliest. Until the ePermits system is fully operational, the agency cannot monitor and track import activity under

¹ Section 7281 of the Inspector General Manual defines management decision as an agency management's evaluation of the findings, recommendations, and monetary results in an audit report and its issuance of a proposed decision in response to such findings and recommendations, including actions determined to be necessary. It must also include the agency's estimated completion date for each proposed corrective action.

APHIS permits at a nationwide level, or perform analyses to identify trends in permit activity that could signal possible misuse of the permit system. VS, whose permit screening at ports-of-entry is performed by the Department of Homeland Security's U.S. Customs and Border Protection (CBP), is working with CBP and other agencies on a system that would be able to track permit activity using CBP's Automated Commercial Environment (ACE) system. VS officials believe the ACE system could provide adequate tracking capabilities. However, the officials stated that they could not provide an estimate of when the necessary arrangements could be made with CBP to use ACE.

We noted that PPQ has made progress in improving its screening procedures at the ports-of-entry. [] plant inspection stations have facilities to safely open packages containing biohazardous materials. PPQ's policy is to route biohazardous materials through [] locations. Also, even though the ePermits system is not yet capable of monitoring permit activity on a nationwide basis, inspectors at the ports have the ability to access the ePermits system to verify basic information on permit shipments entering the country, such as whether the delivery address on the shipping label matches that of the permit holder in APHIS' database. However, inspectors have not been provided with written instructions on how to use ePermits to verify permit information on incoming shipments, and neither of the plant inspection stations we visited used it for that purpose. We also noted that PPQ has not instituted controls to ensure that shipments that can only be opened within bio-safety cabinets are routed to [] PPQ plant inspection stations that have this equipment available. VS, which relies on CBP inspectors to screen its incoming shipments, has not provided written policies and procedures to CBP inspectors on how to use ePermits, nor obtained assurance that all CBP inspectors have access to ePermits. Neither VS nor PPQ have made permits (and, in the case of PPQ, mailing labels) accountable documents.

Finally, neither PPQ nor VS has implemented an adequate system to perform compliance inspections after permit approval, as agreed to in our prior audit. Officials of both units rely on their field personnel to perform the inspections, but neither has instituted a control to verify that the inspections are performed. As a result, our visits to one PPQ and one VS field office disclosed that neither had been performing compliance inspections.

Recommendations In Brief

We recommend that PPQ and VS (1) develop timeframes to finalize the implementation of the ePermits system, and incorporate into it the capability to identify permit holders who are required to be inspected, as well as the ability to track permit activity at the ports-of-entry for nationwide analyses, (2) issue instructions, both to PPQ personnel at the plant inspection stations and CBP personnel at other locations, on the procedures to be followed in

screening incoming regulated materials, (3) make all permits and mailing labels issued to permit holders accountable documents, and (4) strengthen controls, including those to be incorporated into ePermits, to ensure that compliance inspections are performed.

Agency Response In their response, APHIS officials agreed with the findings and recommendations contained in the report, and provided information on corrective actions currently underway. We have incorporated applicable portions of the response, along with our position, in the Findings and Recommendations section of the report. The agency's response is included as exhibit A of this report.

OIG Position Based on the response, we generally agreed with the corrective actions proposed by agency officials, and reached a management decision on Recommendation 6. However, most of the responses only described PPQ's corrective actions, and did not include actions being taken by VS. Management decisions can be reached on the remaining recommendations when we have received the information specified in the report sections OIG Position.

Abbreviations Used in This Report

APHIS	Animal and Plant Health Inspection Service
AVIC	Area Veterinarian in Charge
BSL	Biosafety Level
CBP	Customs and Border Protection
FY	Fiscal Year
JPS	Joint Permit System
NCIE	National Center for Import and Export
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
PITS	Permit Issuance Tracking System
PPQ	Plant Protection and Quarantine
SPHD	State Plant Health Director
VMO	Veterinary Medical Officer
VS	Veterinary Services
USDA	United States Department of Agriculture

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Background and Objectives

Background

APHIS was established in 1972 under the authority of the Reorganization Plan No. 2 of 1953. The primary mission of APHIS is to protect the Nation's animal and plant resources from diseases and pests in order to preserve the marketability of U.S. agricultural products. As part of this, APHIS requires those seeking to import or move animals, animal products, pathogens, plant pests, noxious weeds, and certain agricultural products to apply for permits. The permits must comply with the Plant Protection and Animal Health Protection Acts of 2000, as well as with the Plant Protection and Animal Health Protection Act of 2002. The Plant Protection Act emphasizes the detection, control, eradication, and prevention of the spread of pests and noxious weeds in the United States. The Animal Health Protection Act consolidates all of the animal quarantine and related laws and replaces them with one flexible statutory framework that better equips APHIS to perform its various animal health safeguarding duties. The Bioterrorism Act of 2002 requires entities to register transfer agents or toxins deemed a threat to public health and safety with the appropriate Federal Department. Such entities include private, State, and Federal research laboratories as well as universities and vaccine companies that possess and use such toxins.

APHIS permit programs are principally administered by Plant Protection and Quarantine (PPQ) and Veterinary Services (VS) at their Headquarters in Riverdale, Maryland. PPQ issues permits for the importation, transit, and domestic movement of plants and plant products, while VS issues permits for the importation of certain animal products. In addition, both units issue permits for the importation and interstate movement of Select Agents, which have the potential to pose severe threats to animal and plant health.

Historically, PPQ and VS each maintained their own databases to track permit operations. However, in 2006 they began using a new system, ePermits, which, when fully implemented, will supersede the older systems. PPQ also has 17 plant inspection stations at ports-of-entry across the United States which inspect plants, cuttings, and seeds entering the country, and are also responsible for screening materials entering the country under PPQ permits. Since VS allows products to be brought into the country through any port-of-entry, screening of these products is performed by the Department of Homeland Security's U.S. Customs and Border Protection (CBP).

In 2003, we issued Audit No. 33601-04-Ch, "Controls Over Permits to Import Biohazardous Materials into the United States." The objective of this audit was to determine whether APHIS' controls over the permit system were sufficient to prevent it from being used to bring biohazardous or other dangerous materials into the country for illegal purposes. The audit was prompted in part to evaluate safeguards in place to protect against

bioterrorism and other public health threats in the wake of the September 11, 2001 attacks.

In response to our audit, APHIS officials agreed to take corrective actions on all recommendations. We reached management decisions with APHIS on all the recommendations on September 30, 2004.

Objectives

The objective of this audit was to assess corrective actions implemented by APHIS to address the conditions found in our 2003 audit of the agency's permit process. We reviewed all new controls and procedures for (1) tracking the status of active and pending permits, (2) performing site visits for new permit applicants, (3) assessing the adequacy of documentation required for shipments under permits, and (4) ensuring that regulated materials imported under permits are properly disposed of upon permit expiration.

Findings and Recommendations

Section 1. APHIS Still Needs To Complete Corrective Actions From OIG's Prior Audit Of The Permitting System

In our prior audit report on APHIS' permit systems issued on March 31, 2003, we made 11 recommendations and reached management decision on all of them as of September 30, 2004. We found that although APHIS has implemented many of the corrective actions agreed upon as a result of our audit, some – such as the ePermits system, [] As a result, we believe that APHIS needs to place a greater emphasis on completing and implementing these corrective actions. In addition, APHIS officials still need to implement better procedures for screening shipments at the time they reach ports-of-entry, particularly where those functions are now being performed by inspectors from CBP. Also, officials need to strengthen their controls to ensure that compliance inspections are being performed as required for existing permit holders.

Finding 1

The ePermits System Has Not Been Fully Implemented

APHIS has not fully implemented the ePermits system at either Headquarters or the ports-of-entry, even though agency officials' original timeframes called for full implementation by December 2005. APHIS officials cited various difficulties² as the cause for the delays, and estimated that ePermits will not be fully implemented until some time in fiscal year (FY) 2008 at the earliest. As a result, vulnerabilities reported in our last audit, such as the inability to efficiently track the status of both permits and individual shipments of regulated materials entering the country under the permit, may continue to persist. We believe that APHIS needs to place greater emphasis on completing and implementing the ePermits system in order to safeguard the APHIS permit system from misuse.

During our previous audit, we found that APHIS [] APHIS officials had reported these vulnerabilities to the Deputy Secretary as security concerns in October 2001. Both PPQ and VS planned to update their computer systems to be able to perform necessary searches and to track the status of regulated materials once they enter the country.

When we began this followup audit in September 2006, APHIS officials informed us that PPQ began using the ePermit system in March 2006, and VS in July 2006. However, agency officials stated that the system is still

² For example, FSIS officials cited delays, early in the development process, in obtaining an IT contractor for ePermits.

undergoing development and some functions are not expected to be fully operational until sometime in 2008, as described below.

Database Functions

In our prior audit, we reported that the Joint Permit System (JPS) used by PPQ was not adequate for the agency's current needs. For instance, it did not incorporate controls to ensure the input of complete data, nor did it contain features that would allow PPQ personnel to perform electronic database analyses. These analyses would avoid lengthy manual searches to identify important information such as when permits expired. Finally, it did not contain applicant inspection data. This was maintained in a separate database, making it difficult for officials to determine which permit holders had been inspected. PPQ officials responded that rather than updating the JPS system, the new ePermits system would handle all of these functions for both PPQ and VS.

In our review of the ePermits system, we found that, when fully implemented, it would address many of the deficiencies we reported in our earlier audit. However, inspection data was still being maintained separately from the ePermits system. The ePermits system could not provide officials with information on which permit holders had been inspected or were required to be inspected before permit issuance. As a result, except for Select Agent permits³, neither PPQ nor VS was able to provide the following information:

- A listing of permittees inspected over a given time;
- A listing of import permits which require an inspection before issuance;
- The number of post-issuance compliance inspections performed during specified time periods (see Finding 3).

With the assistance of the contractor developing APHIS' ePermits system, PPQ officials provided us with a list of 202 active permits which they believed required inspections before issuance based on the type of pathogens or other materials authorized by those permits. We selected a sample of 20 import permits from this listing and determined that 19 required inspections before permit issuance. However, we found that inspections had not been performed on 7 of these.

³ Select agent permits are subject to more stringent recordkeeping requirements under the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, Public Law 107-188, signed June 12, 2002.

VS officials manually provided a list of 44 permits, again based on the type of materials that were to be imported. We selected a sample of 10 permits, but found that only 3 were actually import permits. Of the three import permits, we found that only two required an inspection. Although the two permit holders had been inspected as required, the inability of VS officials to reliably identify permits needing inspections using the ePermits system indicates the need for enhanced search capabilities.

Until the ePermits system is capable of providing comprehensive and reliable listings of permit holders or applicants who are required to have onsite inspections before permit issuance, APHIS officials cannot ensure that inspections are being performed. The issuance of permits to uninspected applicants increases the risk that persons or organizations other than legitimate scientific or other users could obtain permits for illegal purposes. Both PPQ and VS officials stated that it was their intent to add more search features into ePermits, but this had not yet been accomplished. Officials could not provide specific timeframes as to when this capability would be incorporated into the ePermits system.

Permit Tracking Capabilities

In our prior audit, we reported that neither PPQ nor VS had a system in place to track the number of shipments that enter the country under any individual permit, or to ensure that any incoming shipment is actually associated with a valid permit. In their informational memorandum to the Deputy Secretary dated October 4, 2001, APHIS officials stated that following the events of September 11, 2001, their permit processes were being reviewed with an eye to the potential misuse of the systems to deliberately introduce biological organisms of concern into the United States. PPQ officials acknowledged that “the current database (JPS) will undergo a major redesign to allow for the tracking of permits from issuance to arrival, usage, and final disposition of the pathogen or organism.”

In their responses to the audit report, both PPQ and VS officials stated that the ePermits system, which was at that time still in the planning stages, would incorporate the capability to monitor and track permit activity at the ports-of-entry on a nationwide level. An integral part of the system was to be the implementation of bar coding, which would be incorporated into permit documents and/or labels issued to permit holders. The system would use scanners that could instantly read the permit information and compare it with information in APHIS’ database. This could alert inspectors at the ports-of-entry to the possible use of forged or stolen permit documents or labels. In addition, the recording of information on each permit package entering the country would make it possible for APHIS to maintain a central database of permit activity and to identify trends on a nationwide basis that could signal

the misuse of the permits. APHIS officials agreed to have the system fully implemented by December 2005.

At the time of our audit, however, we found that although all of the PPQ plant inspection stations now have access to the ePermits system to perform queries, the bar coding function is not yet operational and there is currently no provision for inspectors to manually input permit information on incoming shipments into the system. PPQ officials, as well as Information Technology personnel working with the contractor to develop the system, stated that no firm timeframes for completion could be given. A demonstration of a prototype bar coding system was conducted in April 2006, but the officials stated that they now estimated that these features would not be implemented at the plant inspection stations until sometime in FY 2008 at the earliest.

VS shipments do not utilize government-issued labels, but instead are required to have a copy of the permit itself accompanying the incoming shipment. In APHIS' response to the prior audit, VS officials stated that they would implement procedures to ensure that the new permit system would incorporate the ability for inspectors at the ports-of-entry to check the validity of incoming shipments. However, during this audit, VS officials stated that they do not plan to use the bar coding system because incoming shipments are inspected by CBP and not by APHIS personnel. The officials stated instead that they are exploring the possibility of tracking permit shipments using CBP's systems. However, there are no definite plans or timeframes in place for accomplishing this (see Finding 2).

The need for a system that could provide adequate security by tracking permits from issuance through arrival, usage, and final disposition was cited by APHIS officials in their memorandum to the Deputy Secretary on October 4, 2001. However, the system has not yet been fully implemented after nearly 6 years, and APHIS officials did not believe it would be completed until sometime in 2008 at the earliest. In addition, based on APHIS' plans, only PPQ will be able to perform the tracking functions, even when the system is fully in place. Until APHIS officials have the capability to monitor permit activity at the ports-of-entry, and to ensure that permit applicants are being inspected as required before approval, the permit system is still vulnerable to misuse. To provide reasonable assurances that the permit program is not being misused, PPQ officials need to fully implement ePermits at the earliest possible time, and VS officials need to develop plans to provide the same capabilities in their permit system as are being incorporated into ePermits.

Recommendation 1 Incorporate into ePermits the capability to identify permit holders that require inspections prior to permit issuance, and to identify permit holders on whom inspections have been performed.

Agency Response APHIS officials stated that on March 23, 2007, PPQ implemented a new system in ePermits to identify permit holders that require inspections prior to permit issuance. Specifically, ePermits has been modified to require the entry of a containment facility number into the existing facility evaluation steps in ePermits if a containment facility inspection was required prior to issuance of the permit. The facility number also prints out on the face of the permit when issued. Each 526 (organism) permit either has a containment facility number if applicable, or else an “N/A” if there is no containment facility and no required inspection. Having this field allows queries to be run that identify all permits that required an inspection or identify all permits issued for a particular inspected facility.

Officials stated that these capabilities will be further expanded when the entire workflow for containment facility inspection and compliance is incorporated in December 2008. The planned enhancements include a report generator to more efficiently identify permits that required inspections prior to permit issuance, to identify permits where inspections have been performed, and to identify all permits associated with an inspected facility.

OIG Position We concur with the corrective actions outlined for PPQ. However, the response does not state whether VS permits will also require the entry of a containment facility number or other identifier that can be used to track facilities requiring inspections before permit issuance. To reach a management decision, APHIS officials need to provide information that clarifies this.

Recommendation 2 Develop timeframes for full implementation of the permit tracking capabilities previously proposed, including bar coding for both PPQ and VS permits.

Agency Response APHIS officials stated that PPQ has now implemented bar coding for both of its shipping label types. The software for printing the bar-coded shipping labels and for tracking the use of shipments imported under PPQ permits became operational in June 2007. Actual printing of the new labels began in July 2007. The software to document the arrival and inspection of imported packages of permitted materials at the PPQ plant inspection stations was incorporated into ePermits on August 15, 2007. Since this deployment the ePermits contractor and Headquarters permit personnel have conducted training sessions for personnel at the 17 plant inspection stations on how to use this system to document package arrivals and inspection results. Bar code scanners were distributed to the plant inspection stations during September 2007. APHIS officials anticipate full implementation of the system by December 31, 2007. When the system is fully operational at the field level, it will allow PPQ personnel to identify and refuse entry to any packages arriving with duplicated, re-used, expired, or voided shipping labels. By obtaining reports from the ePermits database, local PPQ officers in the

destination States of imported packages will also be able to provide subsequent compliance checks on arriving packages and the disposition of the enclosed organisms.

OIG Position

We concur with the corrective actions noted in the agency response. However, the response does not state whether these processes will be formalized in written procedures to personnel at the plant inspection stations. In addition, the response does not address whether the system capabilities noted in the response will also be available to the CBP agricultural inspectors who screen incoming VS permit packages, or whether APHIS will issue policy to CBP regarding their use. To reach management decision, APHIS officials need to provide us with information clarifying this.

Finding 2

PPQ Screening Procedures At the Ports Need To Be Strengthened

Since the issuance of our prior audit report in 2003, APHIS has undertaken several corrective actions to address the weaknesses we reported in the screening of incoming regulated materials at ports-of-entry. However, we found that in some respects the inspectors at the ports-of-entry still follow the same processes that we reported in the prior audit. This is due in part to the fact that the [] as described previously in Finding 1. [] As a result, APHIS' permit systems could still be subject to misuse by individuals or organizations whose purpose is to bring biohazardous or other dangerous materials into the United States for illegal purposes.

An APHIS informational memorandum to the Deputy Secretary dated October 4, 2001, prepared in response to the September 11 terrorist attacks, noted that among the corrective actions needed to address weaknesses in the permit system were the redesign of PPQ's permit shipping labels (which had been in use since 1992 and could be easily duplicated because they were not accountable documents) and a more stringent protocol/process for permitting based on tracking, monitoring, reporting, and disposing of permitted material.

OIG's previous audit report on the APHIS permit process, issued in March 2003, identified several weaknesses in procedures used at ports-of-entry to screen incoming shipments containing regulated materials. These shipments, which can either be shipped by bonded carriers or, in some instances, hand carried through the port by an incoming passenger, present special difficulties for screeners because some contain dangerous materials that cannot be safely opened for inspection outside of an appropriate containment facility. Other regulated materials may themselves be damaged or contaminated by exposure

to air. Even when shipments of regulated materials can be opened for inspection, there are limitations to what an onsite inspection at a port can verify. An inspector might identify the presence of materials that are clearly unrelated to an APHIS permit, but there is no guarantee that a visual examination would be able to verify the type of pathogen being sent in a sealed culture dish. Thus, to provide adequate safeguards against the misuse of permits for illegal purposes, it is important that screeners at the ports have (1) the ability to open packages containing regulated materials to verify, to the extent possible, their contents; (2) the ability to verify that an incoming package is, in fact, associated with a valid permit and is being sent to the address reflected on the permit; and (3) assurances that the permit holder is a legitimate user of the material being brought into the United States under permit (see Finding 3).

In our March 2003 audit of APHIS' screening procedures, we reported the following weaknesses:

- [] This was because prior to September 11, 2001, the need for such measures was not foreseen. As a result, they depended on paper copies of permits filed onsite at the PPQ plant inspections, telephone contacts with permit holders, or APHIS Headquarters. In the case of VS permits, even onsite paper records were not always available.⁴
- Inspectors at most locations had no facilities to allow them to open incoming packages for inspection, other than PPQ packages bearing green-and-white labels which indicated that the enclosed materials were safe for inspection. VS permit packages, and packages bearing PPQ red-and-white labels, could neither be opened nor X-rayed.
- PPQ/VS permit forms and PPQ mailing labels that accompany permit shipments were not accountable, sequentially numbered documents, making them susceptible to alteration or forgery; moreover, PPQ's red-and-white label had been used in its present form since 1992 and there was no way to determine who might have obtained access to these since that time. As these were not accountable documents, there was little to prevent them from being duplicated and used by unauthorized persons.
- Hand carrying of incoming regulated materials was allowed with few restrictions, making it possible for individuals to bring in materials and transport them to locations other than the addresses shown on the permit.

To address these concerns, APHIS officials agreed to take various corrective actions, which we evaluated as discussed in the following paragraphs.

⁴ Unlike PPQ permit shipments, which must enter through one of PPQ's 17 plant inspection stations, VS permit shipments may come into the United States through any port-of-entry.

Plant Protection and Quarantine

PPQ continues to route its incoming permit packages through its 17 plant inspection stations located at major ports-of-entry nationwide. In our visits to two of these locations, we noted that improvements had been made since our previous audit. All of the plant inspection stations now have access to both the JPS system and the new ePermits system. To date, [] plant inspection stations have been equipped with bio-safety cabinets that can be used to open packages containing biohazardous regulated materials; according to PPQ officials, all such shipments are supposed to be routed through one of these [] The hand-carrying of packages containing regulated materials through ports-of-entry, while not prohibited, was restricted. Persons authorized to hand-carry must now be named in the permit, and the permit holder must contact PPQ to arrange each arrival of a hand-carried regulated material in advance. In addition, inspectors at the ports can now access the ePermits system, which allows them to verify that basic information on incoming permit documents is consistent with data recorded in the ePermits database. For instance, using the ePermits system, an inspector could identify and hold any package with a delivery address that does not match the permit holder's address of record.

In our visits to two plant inspection stations, we noted that in other respects PPQ's corrective actions are still not complete. Even though the plant inspection stations have access to the ePermits system, we found that PPQ Headquarters had not provided them with instructions for using ePermits to check the validity of the labels and permit documentation for incoming regulated materials. We found that neither of the two plant inspection stations we visited was using the ePermit system because they were not aware that they were required to do so. At one plant inspection station, for instance, the only employee who had access to the system stated that he used it for eAuthentication of permit applicants, but not for permit screening. For older permits recorded in the JPS system, employees utilized that system to verify permit information. However, for all permits recorded in ePermits, inspectors were not using the system because they had not received instructions to do so.

PPQ had made some improvements in the controls over permit labels since our last audit. As an example, the permit number is now printed on each label before issuance to the permit holder, instead of being handwritten; also, a manual tracking system is now used to record how many permit labels are sent to each permit holder. Labels sent out to each permit holder are numbered in series (1 of 10, 2 of 10, etc.), and when the permits expire, the permit holders are required to send unused labels back to PPQ. However, we found that out of the 20 permits we reviewed under Finding 1, only one permit label was being tracked under this manual system. PPQ officials agreed that better oversight was needed in this area.

Without the bar coding system that was planned for implementation by 2005, the PPQ labels could still be duplicated and/or altered, as could the permits themselves. Also, there is no guarantee that permit holders will turn in unused labels at the expiration of their permits. The use of tamper-proof paper to prevent unauthorized copying of permits and labels, which PPQ officials agreed to as part of the management decision process from the prior audit, was never adopted because APHIS officials were planning to implement this in conjunction with the bar coding system.

We also found that although regulated materials marked with red-and-white PPQ labels can only be opened at the [] plant inspection stations equipped with bio-safety cabinets, 2 of 20 red-and-white label permits we reviewed were allowed to enter the United States through plant inspection stations that did not have this equipment. A PPQ official stated that when plant inspection stations that do not have bio-safety cabinets receive regulated material packages with red-and-white labels, they are instructed to send these to the nearest plant inspection station that is able to open them. However, these instructions have not been incorporated into any of APHIS' online manuals, or sent out as a written instruction. Even a plant inspection station that has a bio-safety cabinet is not expected to open more than a sample of packages entering the country under permit. However, without a control in place to ensure that all regulated materials marked with red-and-white labels enter the country through plant inspection stations that are equipped with bio-safety cabinets, there is reduced assurance that they are subject to being opened. Also, without a bar-coding system to track the status of incoming shipments, PPQ officials cannot readily monitor whether such packages are being screened by plant inspection stations that are properly equipped to handle them.

PPQ officials stated that their planned corrective actions will, when completed, address these concerns through the full implementation and use of ePermits, and also of the bar coding system associated with it. However, implementation of these safeguards is now more than a year behind the original schedule, and officials stated that full implementation of ePermits will not take place until sometime in FY 2008.

Veterinary Services

Prior to the transition of inspection responsibilities at the ports-of-entry to CBP in 2003, VS – which did not have frontline inspection personnel at these locations – depended on PPQ to screen regulated materials arriving under VS permits. Following the transition, this duty was assumed by CBP, even at ports where a PPQ plant inspection station is located. VS permits for high-consequence pathogens were restricted to 11 ports-of-entry specified on the

permits, but other permits carried no restrictions and may enter through any port.

VS officials, during the management decision process for the prior audit, maintained that, unlike PPQ, it was not feasible for them to restrict their permit shipments to enter the country only through the plant inspection stations. Instead, they agreed that CBP inspectors would receive the same instructions, and have the same system access, as PPQ inspectors at the plant inspection stations so that their screening of incoming regulated materials could be equivalent to that of PPQ. However, we found that this has not yet been accomplished.

The most recent guidance provided to CBP on the handling of VS permits⁵ is the Animal Products Manual which instructs CBP inspectors to use the QPITS system (an internet-accessible version of VS' PITS system) rather than ePermits. VS began entering new permits into ePermits in July 2006, and since VS permits are only valid for 1 year, the last permits still residing in QPITS are scheduled to expire in July 2007. The manual has not been updated as of May 2007 to instruct CBP on the use of ePermits. APHIS officials have not been able to provide us with the timeframes when they anticipate the updates to be completed.

In addition, VS officials stated that CBP personnel must first obtain eAuthentication and request authorization from APHIS to access the ePermits system. However, VS officials were unable to provide assurance that this has been accomplished. Records provided by VS showed that as of May 2007, 1,507 CBP personnel at 70 ports-of-entry had received access to the ePermits system. However, CBP operates in 317 ports-of-entry nationwide, any of which could potentially receive shipments entering the United States under VS permits. Therefore, VS has no way of assuring that inspectors have the capability to perform online verification of regulated materials entering the United States under VS permits. Even for inspectors that do have ePermits access, the absence of written procedures on how to perform screening functions or to use ePermits provides little assurance that these regulated materials are being adequately screened.

Although VS officials had previously agreed with the need for better tracking of regulated materials, officials stated during this audit that they do not plan to adopt the bar coding system being developed for use by PPQ. Instead, they stated that they are exploring the possibility of accomplishing the same result using CBP's Automated Commercial Environment/International Trade Data System (ACE/ITDS). However, VS officials could not provide specific data on how the tracking would be accomplished. They also did not know at this point whether an accountable permit or other documentation would be

⁵ APHIS Animal Products Manual, dated January 2007

required to accompany each shipment. When asked, the officials could not provide timeframes as to when these proposed tracking capabilities would be implemented, since this would depend in large part upon CBP. Because of the risks associated with allowing packages marked as containing regulated materials to enter the United States without proper controls, we consider this to be a matter of immediate concern.

Finally, VS officials could not provide assurances that CBP inspectors had the necessary facilities available at port locations to open shipments entering the United States under VS permits. Although APHIS officials noted that CBP has the authority to open any package that enters the country, VS permits requiring containment levels of BSL-2 (Biosafety Level) or higher carry restrictions – printed on the face of the permit – that prohibit opening the package outside of an appropriate containment facility.

VS officials stated that they did not believe they could require that CBP inspectors obtain the necessary authorization to access ePermits. However, under the Memorandum of Agreement signed by the Secretaries of Agriculture and Homeland Security in February 2003, CBP is required to comply with APHIS policy on agricultural inspections, including instructions provided in the Animal Products Manual and other APHIS-issued manuals. APHIS, in turn, has the responsibility for providing CBP with the necessary instructions and guidance, and obtaining assurances through the Joint Agency Quality Assurance Program or other means that CBP is in compliance.

As we reported in 2003, APHIS needs to reduce the vulnerability of its permit systems in relation to the importing of biohazardous or other dangerous substances for illegal purposes. As a result of our previous audit, APHIS officials agreed to develop an automated system using accountable permit forms and labels, along with bar coding to allow inspectors to quickly verify permit documentation and to open and examine incoming regulated materials on at least a random basis. Although it was originally expected that these would be in place before the end of 2005, some of these have not been implemented. PPQ has implemented some of the needed measures, but needs to ensure that its personnel at the plant inspections stations have been provided with the necessary written guidance to effectively and efficiently screen incoming regulated materials. In addition, permit documents and labels that accompany packages entering the country need to be sequentially numbered and printed on tamper-proof paper to prevent copying. VS, whether through ePermits or through ACE/ITDS in conjunction with CBP, needs to provide the same system capability and controls to ensure that CBP inspectors have the ability to adequately screen incoming regulated materials. In addition, VS needs to obtain the necessary assurances of CBP compliance with APHIS inspection and screening policies for permits.

Recommendation 3 Issue instructions to PPQ personnel at the plant inspection stations for screening incoming regulated materials, including the use of the ePermits system.

Agency Response APHIS officials responded that PPQ Headquarters personnel provided ePermit training to plant inspection station employees on August 8 and 23, 2007. The training covered the following topics: (1) how to obtain a plant inspection station inspector role in ePermits; (2) how to hook up the new bar code scanner; (3) how to configure the scanner; (4) how to use the scanner; (5) how to capture inspection information in ePermits; and (6) how to use ePermits to get permit information. The training was delivered remotely by teleconference and by a webinar which has been recorded and made available to plant inspection station personnel via the APHIS intranet.

OIG Position We believe that the training provided by PPQ would address some of the issues that we raised in this finding, particularly the need for employees at the plant inspection stations to be knowledgeable in how to use the ePermits system to screen incoming permit packages. However, it does not address the issue of whether red-and-white labeled permit packages would be restricted to entering at plant inspection stations that are equipped with bio-safety cabinets. To reach a management decision, APHIS officials need to provide additional information to clarify this.

Recommendation 4 Issue instructions to CBP personnel, equivalent to those issued to PPQ personnel addressing the screening of incoming packages under VS permits. In addition, obtain assurances that all CBP personnel performing such screening have access to the ePermits system.

Agency Response Officials responded that APHIS-VS provides to APHIS-PPQ and to CBP guidance on what is required for screening of imported products by several different methods. The Animal Products Manual and the Manual of Agricultural Clearance (MAC) provides them with the port procedures for different commodities. In addition, CBP is provided with alerts and any new regulatory requirements when they are available. APHIS will provide CBP with the requirements. However, CBP establishes the procedural logistics as to how they will meet the requirements in consultation with APHIS.

OIG Position While we agree that CBP is responsible for day-to-day implementation of the agricultural inspection programs, APHIS retains the responsibility for issuing the policies that CBP follows in order to accomplish this. As noted in our finding, the most recent guidance contained in the MAC Manual was not up to date; as of May 2007, it contained no references to the use of the ePermits system. To reach a management decision, APHIS-VS needs to provide additional information, including timeframes, regarding updates to the MAC or other online manuals to address the recommendation. In addition, the

response needs to describe APHIS' actions to provide assurances that CBP personnel who need to use ePermits have received access to the system.

Recommendation 5 Take steps to ensure that all permits and labels that accompany shipments to the ports of entry are sequentially numbered and printed on tamper-proof paper.

Agency Response APHIS officials noted that PPQ's mailing labels already use a sequential numbering system, and that an interim tracking system has been established. Under the new system described in the response to Recommendation 2, bar-coded labels generated through ePermits are voided in the system when they enter the country and are scanned, thus providing a control against unauthorized duplication. When a permit is cancelled in the system, all labels associated with that permit would be voided. APHIS officials stated in the response to Recommendation 2 that the system would be in place by December 2007.

With regard to tamper-proof paper, officials stated that due to advances in technology they have concluded that the use of tamper-proof paper would be unnecessary in conjunction with the system described above.

OIG Response We concur with the corrective actions described for PPQ, and also accept APHIS officials' conclusion regarding tamper-proof paper for PPQ mailing labels. However, the response does not address the actions to be taken by VS, whose current policy allows permit holders to bring in packages using photocopies of the original permit. Thus, while VS' permits are themselves accountable documents, there is no limit to the number of identical copies that could be used to bring packages in through various ports-of-entry. To reach a management decision, APHIS officials need to provide information on the corrective actions to be taken with regard to VS permit shipments.

Finding 3**Post-Issuance Compliance Inspections of Permit Holders Were Not Being Performed**

Neither VS nor PPQ could ensure that compliance inspections were being performed at permit holders' facilities subsequent to permit issuance. While both had delegated responsibility for performing such inspections to their offices in the field, neither had implemented controls to assure that they were in fact being performed. As a result, APHIS officials have reduced assurance that permit conditions and restrictions are being met on an ongoing basis by permit holders.

In our previous audit, we reported that neither PPQ nor VS were making onsite inspections before permit approval to applicants whom they considered to be low-risk. However, when making these determinations, officials of both PPQ and VS assessed risk based solely on the risk-level associated with the type of pathogen or other material listed on the permit applications. Thus, PPQ only performed visits to applicants who would require containment facilities for the materials they proposed to import, and the onsite visits were primarily geared toward assessing the adequacy of those facilities. VS visits were likewise geared to evaluating facilities, and were, therefore, limited to applicants whose permits would require them to have containment facilities rated at BSL-2⁶ level or higher.

To address these conditions, both PPQ and VS agreed to amend their policies for conducting onsite visits; although neither agreed to perform additional visits before issuing permits, both agreed with the need for performing compliance visits to existing permit holders during the time period that their permits were active. However, we found that neither had fully implemented the corrective actions they proposed.

Plant Protection and Quarantine

In the agency response to our prior audit, PPQ officials stated that they would implement a system for conducting follow-up inspections of all facilities currently holding permits when they request renewals or amendments. In addition, PPQ would randomly inspect those facilities that did not request renewals at a rate which would have all such facilities inspected within 3 years (beginning before the end of FY 2003).

⁶ Biosafety Level (BSL) ratings are described in Health and Human Services' (HHS) Biosafety Handbook. Biosafety levels are rated from BSL-1, for organisms that generally do not cause disease, to BSL-4 for high-risk, life-threatening diseases.

In this audit, PPQ Headquarters officials stated that the inspections are being performed by staff at the PPQ field offices nationwide, under the direction of the regional offices and the State Plant Health Directors (SPHD). However, a PPQ Headquarters official stated that since each SPHD receives electronic copies of permits issued within their own State, there is no need for PPQ Headquarters to notify them of where and when they are to perform these inspections. The official stated that some SPHDs require inspections of all facilities holding high risk organisms on an annual basis, while others perform them on a less frequent basis. PPQ Headquarters would not become involved in setting up inspections unless officials were informed of a problem that they needed to resolve.

A PPQ official stated that the only policy or procedure statement provided to the field on inspections is contained in the agency's Safeguards Guidelines for Containment of Plant Pests Under Permit document dated June 1983. The PPQ official stated that the SPHDs still use these guidelines. Based on our review of the guidelines, they only mentioned that the field was to perform periodic inspections. The guidelines did not specifically mention post-issuance compliance visits, nor did the guidelines ensure that field personnel were performing enough inspections to meet the 3-year timeframe agreed to in the management decision from our prior audit.

We also found that PPQ Headquarters does not keep files on the compliance inspections, nor is there a requirement or a specific mechanism for field personnel to inform Headquarters that inspections have been completed. In April 2007, we conducted a field visit to one PPQ field office to determine if they were performing compliance checks on any containment facilities. A PPQ safeguarding specialist stated that compliance inspections on containment facilities are not performed except for Soil permits. The officials we interviewed also stated they were unaware of the 1983 Safeguarding Guidelines and would only perform inspections when instructed to do so by Headquarters.

Veterinary Services

In our prior audit we recommended that VS develop written procedures governing the inspections of its facilities. In the agency response, VS officials stated that they had developed and implemented a system to randomly select, on a yearly basis, []

In reviewing VS records in the PITS system, we found that VS Headquarters officials had performed the agreed-upon [] They also had a procedure in place instructing the field Area Veterinarians in Charge (AVIC) to inspect selected permit holders.

However, we found that they could not always assure that these inspections were actually being performed.

We reviewed a report for the period January 2005 through October 2006 from VS' PITS database that identified 30 importation permits scheduled for compliance visits. We found that VS' files at Headquarters contained records for only four completed inspections. A VS official confirmed that Headquarters does not always receive confirmation that the inspections have been performed, and that it does not do further followup in these cases.

Of the 30 permit holders selected, we identified 3 that had been sent to the Area Veterinary Office in Sacramento, California for compliance inspections. We followed up on these but found that compliance inspections had not been performed at any of the three permit holders. The VS area office official stated that compliance inspections had not been performed because the office had not received any guidance from VS Headquarters instructing them to perform the inspections.

According to VS Headquarters, permits requiring inspections are identified by a stamp applied to the permit itself. The stamp instructs field personnel to "perform a compliance check within 3 to 6 months." Although the VS area official we spoke with had performed such inspections in the past, [] and did not believe that inspections had been performed on the three stamped permits included in our sample. The official further explained that the relocation of the VS office and the departure of a secretary charged with tracking inspection requests had created a backlog of requests.

APHIS Headquarters officials stated that all inspection records will be moved into the ePermits system in the fall 2007, and will be housed in a single record for each permit/facility. The officials stated that when this more efficient, paperless process is incorporated, records on both pre-issuance and post-issuance compliance inspections will be accessible through ePermits and it will be possible to track them from any location having ePermits access. In the interim, however, PPQ and VS need to ensure that they are providing adequate instructions and oversight to their field personnel to ensure that these inspections are being performed.

Recommendation 6 Incorporate the necessary features into ePermits to allow PPQ and VS Headquarters and field locations to communicate electronically the information on which permit holders are to be visited for compliance inspections, and what inspections have actually been performed.

Agency Response APHIS officials stated that this work flow has been designed for ePermits and is expected to be implemented by December 31, 2008. During 2007, APHIS staff met with personnel from both of the APHIS regional offices and discussed the finalization of the process in ePermits for initial and compliance inspections. As a result of these meetings, the ePermits workflow is now being finalized.

OIG Position We accept management decision on this recommendation. Final action can be achieved when APHIS officials provide documentation to the Office of the Chief Financial Officer to substantiate that the necessary features have been incorporated into the ePermits system.

Recommendation 7 Develop interim procedures to provide assurances that field personnel are receiving written notifications of the compliance inspections they are required to perform, and that they provide written notification to PQ/VS Headquarters that the inspections have been completed.

Agency Response APHIS officials stated that as of October 9, 2007, new procedures had been issued by PPQ to address the recommendation. These were e-mailed to Headquarters staff on October 4, and will become effective on November 1, 2007. Under these procedures, containment scientists and evaluation scientists will determine the interval for followup compliance inspections, then will send requests for followup inspections to the field using the Lotus Notes Containment Facility inbox. The containment scientists will also be responsible for requesting reports on the followup inspections from the field; these reports will be evaluated by compliance officers, who will also document the findings in the permit record and coordinate with containment scientists to determine how to proceed.

OIG Position We concur with the corrective actions taken for PPQ. However, similar conditions were also noted with VS, and the response does not address their compliance inspections. To reach a management decision, APHIS officials need to describe any corrective actions being taken by VS.

Scope and Methodology

We performed our fieldwork at the APHIS Headquarters Office located in Riverdale, Maryland. We visited the National Plant Germplasm Center in Beltsville, Maryland, and the San Francisco Plant Inspection Station in San Francisco, California. We also visited the PPQ California Statewide work unit and the Veterinary Services Area Office in Sacramento, California. Our audit covered fiscal years 2006 and 2007 and other periods when deemed necessary. We performed our field work from September 2006 through May 2007.

To accomplish the audit objectives, we

- Reviewed policies and procedures governing the controls over APHIS permits. In addition, we reviewed the ePermits system to assess whether the system has the capabilities to identify permit holders that have been inspected before permit issuance;
- Interviewed responsible APHIS personnel both at Headquarters and at field locations;
- Visited one PPQ work unit and one VS area office, where we interviewed APHIS officials and reviewed pertinent inspection records; and
- Visited [] PPQ plant inspection stations, in Beltsville, Maryland, and San Francisco, California.

At APHIS Headquarters, we also reviewed permit files in the new ePermits database for PPQ and VS, as well as permits in VS' older PITS database. These reviews were to determine whether facility and/or compliance inspections had been performed as required, as follows:

- [] VS permits out of [] processed since VS began entering permit data into the system in July 2006;
- [] PPQ permits out of [] processed since PPQ began to input permit information into the system in March 2006 (Finding 1);
- [] VS importation permits out of [] entered into the PITS database between March and October 2006;
- We also judgmentally selected three existing permit holders from the PITS database as part of our review of facility inspections.

We reviewed all six currently-active Select Agent permits (four for PPQ and two for VS) to determine if APHIS had effective controls in approving import permits in the Agricultural Select Agent program.

We conducted the audit in accordance with *Government Auditing Standards* established by the Comptroller General of the United States.

Exhibit A – Agency Response

Exhibit A – Page 1 of 6



United States
Department of
Agriculture

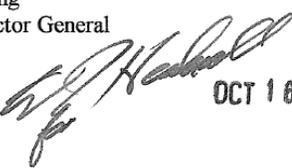
Animal and Plant
Health Inspection
Service

Washington, DC
20250

MEMORANDUM

TO: Robert W. Young
Assistant Inspector General
for Audit

FROM: Cindy J. Smith
Administrator


OCT 16 2007

SUBJECT: APHIS Response on OIG Report, "Controls Over
Permits to Import Agriculture Products" (33601-09-CH)

Thank you again for the opportunity for the Animal and Plant Health Inspection Service (APHIS) to comment on this report. We offer the following general comments on our ePermits system. The ePermits contract was awarded by APHIS at the end of Fiscal Year 2002, with the contract period starting at the beginning of Fiscal Year 2003 for a minimum 5-year period. The contract established a vehicle for expenditures through Fiscal Year 2007 with the understanding that development work funded by this contract would continue through Fiscal Year 2008. It has always been anticipated that development of ePermits on this contract would continue at least through Fiscal Year 2008. The contract is now being extended through Fiscal Year 2008, which means that development work will continue into Fiscal Year 2009. After this particular contract has expired, maintenance work on ePermits will continue as long as it is operational, either with a new contract or with APHIS IT staff. It was always anticipated that development of enhancements, improvements, and new features would continue beyond the time that all permits were being issued by ePermits (*i.e.*, beyond Fiscal Year 2007). With respect to Plant Protection and Quarantine (PPQ) permits for organisms, ePermits is currently fully implemented--all PPQ organism permits are being issued by ePermits.

Recommendation 1: Incorporate into ePermits the capability to identify permit holders that require inspections prior to permit issuance, and to identify permit holder on whom inspections have been performed.

APHIS Response: On March 23, 2007, PPQ implemented a new system in ePermits to identify permit holders that require inspections prior to permit issuance. Specifically, ePermits has been modified to require entry of a containment facility number (from the existing containment facility database) into the existing facility evaluation steps in ePermits if a containment facility inspection was required prior to issuance of the permit. If no facility number is entered, then no inspection is required prior to issuance of a permit. This facility number also prints out on the face of the permit when issued (or a "N/A" if no inspection was required).



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At present, each 526 (organism) permits issued either has a containment facility number, if the facility required inspection or an “N/A” in this field when no inspection was required. With this field in the database record for each permit, PPQ can now run queries on the ePermits database to identify all permits that required an inspection or to identify all permits issued for a particular inspected facility.

However, these are interim measures. These current capabilities will be further enhanced when the entire workflow for containment facility inspection and compliance is incorporated into ePermits by December 31, 2008. This enhancement has been anticipated for several years, it has been in development for over a year, and PPQ staff described the enhancements to OIG representatives during recent briefings. These enhancements include a report generator to more fully and efficiently identify permits that required inspections prior to permit issuance, to identify all permits where inspections have been performed, and to identify all permits associated with an inspected facility.

Recommendation 2: Develop timeframes for full implementation of the permit tracking capabilities previously proposed, including bar coding for both PPQ and VS permits.

APHIS Response: PPQ has implemented bar coding for both PPQ Form 599—the red and white shipping label used for shipments of organisms—and PPQ Form 508—the green and yellow shipping label used for shipments of plants. Although the details of the implementation are similar for Form 599 and Form 508, regarding Form 599 for organisms, the status of the implementation is as follows. The software for printing of shipping labels with bar codes and tracking the use of shipments imported under PPQ permits became operational June 2007. In other words, the capability within ePermits for issuance, tracking, and use of PPQ 599 shipping labels with barcodes was implemented during June 2007 (*i.e.*, operational capability). Actual printing of bar coded labels from ePermits started during July 2007. PPQ staff start with blank shipping labels, coding within ePermits allows PPQ staff to print individual labels with all appropriate information including a bar code which includes a unique number for each label. These labels are printed on a dedicated printer. These tasks and responsibilities are within the permit compliance workflow of ePermits.

The software to document arrival and inspection of imported packages of permitted materials at the PPQ inspection stations was incorporated into ePermits on August 15, 2007. Since this deployment, the ePermits contractor and permit Headquarters personnel have provided several training sessions to personnel at all 17 PPQ inspection stations on how to use the ePermits software to document package arrivals and inspection results. Bar code scanners were distributed to PPQ inspection stations during September 2007. With these developments, and following additional consultations with field personnel, PPQ anticipates that the tracking of all packages

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imported under a PPQ 526 permit via PPQ Form 599 will become fully implemented using ePermits by December 31, 2007.

When the shipment tracking functions become operational at the field level, ePermits will allow PPQ to track the usage of all PPQ 599 shipping labels, track the import of packages being imported under permit, document the results of inspections of permitted packages, and refuse entry of any package of permitted materials with voided, duplicated, re-used, or expired shipping labels. The system will only allow a bar coded shipping label to be used one time since each label is voided when it is scanned into the system. By obtaining reports from the ePermits database, local PPQ officers in the destination States of imported packages will also be able to provide subsequent compliance checks on arriving packages and the disposition of the enclosed organisms.

Recommendation 3: Issue instructions to PPQ personnel at the plant inspection stations for screening incoming regulated materials, including use of the new ePermits system.

APHIS Response: PPQ Headquarters in Riverdale delivered ePermit training to plant inspection stations on August 8, 2007, and August 23, 2007. The training was coordinated by the National Plant Inspection Station Coordinator and Regional Program Managers in Raleigh, North Carolina, and Fort Collins, Colorado. The training was delivered remotely by teleconference and webinar to inspectors from all 14 plant inspection stations. The training covered the following topics:

- how to obtain a plant inspection station inspector role in ePermits
- how to hook up the new bar code scanner
- how to configure the scanner
- how to use the scanner
- how to capture inspection information in ePermits, and
- how to use ePermits to get permit information

In addition, we have recorded the webinar and made it available to plant inspection station personnel via the APHIS intranet at the following link:
<http://inside.aphis.usda.gov/ppq/index.shtml>

Recommendation 4: Issue instructions to CBP personnel, equivalent to those issued to PPQ personnel addressing the screening of incoming packages under VS permits. In addition, obtain assurances that all CBP personnel performing such screenings have access to the ePermits system.

APHIS Response: APHIS VS provides to APHIS PPQ and CBP guidance on what is required for screening of imported products by several different methods. The Animal Products Manual and the Manual of Agricultural Clearance (MAC) provides them with the port procedures for different commodities. In addition, CBP is provided with alerts and any new regulatory requirements when they are available. APHIS will provide

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CBP with the requirements. However, CBP establishes the procedural logistics as to how they will meet the requirements in consultation with APHIS.

Recommendation 5: Take steps to ensure that all permits and labels that accompany shipments to the ports of entry are sequentially numbered and printed on tamper-proof paper.

APHIS Response: PPQ requires by regulation that packages imported under a 526 permit have 599 shipping labels attached to the exterior of the packages to route it to a PPQ inspection station. Although most permit holders include a copy of the permit in the package, it is not required. Shipping labels (PPQ Form 599) associated with organism permits have been numbered individually and sequentially for at least 2 years. We also instituted an interim system to “track” these labels. Specifically, the tracking system is as follows: permit holders must keep records of the disposition of labels supplied to them by PPQ, and the records must be provided to PPQ upon request and whenever additional labels are requested.

However, the solution to APHIS’ need to track these shipping labels and shipments, exists within ePermits. As we have improved the development plan for ePermits as it relates to tracking labels (*i.e.*, bar coding technology), it became clear that our plan to print shipping labels on tamper-proof paper was unnecessary. We determined it would be a waste of Federal resources to print labels on expensive tamper-proof paper because our current solution within ePermits will achieve an increased level of tracking ability and accountability, and our original concerns about production and use of fraudulent shipping labels was no longer valid in light of our current plans for implementing bar coding technology on PPQ Form 599 (the red and white shipping label used for shipment of material under 526 permits). PPQ no longer considers use of tamper-proof paper necessary or helpful considering the bar coding capabilities that have been incorporated into ePermits and with the abilities of PPQ inspectors, CBP officers, PPQ compliance officers, etc. to review original electronic records of permits and labels within ePermits.

As discussed in our response to Recommendation #2, all PPQ 599 shipping labels are now generated from ePermits with bar codes; the bar codes include permit numbers and unique label numbers. When a shipping label is used on a package and the label is scanned at an inspection station, that specific label is automatically voided by the system. If someone attempts to reuse the label, or any copy of it, ePermits will notify inspection station personnel that the package must not be cleared for subsequent movement. If a permit is cancelled within ePermits, all labels associated with the permit are cancelled. In addition when a permit expires, all labels are automatically voided and any subsequent attempts to use the label for shipment will result in the rejection of packages at the inspection station.

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Recommendation 6: Incorporate the necessary features into ePermits to allow PPQ and VS Headquarters and field locations to communicate electronically the information on which permit holders are to be visited for compliance inspections, and what inspections have actually taken place.

APHIS Response: This workflow has been designed for ePermits and is expected to be implemented by December 31, 2008. In June 2007, APHIS staff traveled to the PPQ Western Regional Office and met with the Western Regional Director, Assistant Regional Directors and appropriate Regional Program Managers to discuss work assignments for field personnel related to responsibilities for initial and compliance inspections conducted by PPQ field personnel. The purpose of the discussions was to finalize the workflow process within ePermits for initial and compliance inspections. In September 2007, APHIS staff traveled to Raleigh and met with the Eastern Regional Director, Assistant Regional Directors and appropriate Regional Program Managers to discuss the same issues. As a result of these two sets of meetings, the ePermits workflow is being finalized. We expect to implement the operational aspects of these ePermits features by December 31, 2008.

Recommendation 7: Develop interim procedures to provide assurance that field personnel are receiving written notifications of the compliance inspections they are required to perform, and that they provide written notification to PPQ/VS [sic] Headquarters that the inspections have been completed.

APHIS Response: We have developed interim procedures as recommended, titled “Interim Procedure for Compliance Inspections.” On October 4, 2007, the interim procedure was emailed to the appropriate APHIS Headquarters staff, with instructions that the procedure would become effective November 1, 2007. We have attached a copy of the October 4, 2007, email transmittal, and a copy of the “Interim Procedure for Compliance Inspections.”

Attachments



United States
Department of
Agriculture

October 9, 2007

Animal and Plant
Health Inspection
Service

Policy Statement

R. S. Johnson, Chief EPROS

Subject: Interim Procedure for Compliance Inspections

Plant Protection
And Quarantine

Beginning November 1, 2007, we will implement the a six step procedure for requesting compliance inspections and corresponding reports. We will refine the procedure as needed to ensure we are meeting the intent of recommendation 7 in the Office of Inspector General report, Controls Over Permits to Import Agricultural Products . The procedure is an interim measure we will continue until we deploy the containment facility inspection feature in ePermits.

USDA APHIS
Headquarters
4700 River Rd.
Unit 133
Riverdale, MD
20737

Interim Procedure for Compliance Inspections

1. For all initial inspection requests, the containment scientist(s) will collaborate with the evaluation scientist(s) to determine the interval for follow-up compliance inspections (re-inspections) based on regulated organism risk and intent.
2. The containment scientist(s) will request follow-up compliance inspections (re-inspections) at the specified interval to the Lotus Notes Containment Facility inbox.
3. The program specialist(s) or analyst will add the follow-up compliance inspection (re-inspection) requirement to the initial inspection request forwarded to the field from the Lotus Notes Containment Facility inbox. The compliance inspection requirement will use the standard check list corresponding to the initial inspection request.
4. The program specialist(s) or analyst will request reports from the field for completed follow-up compliance inspections (re-inspections) in the initial inspection request forwarded to the field from the Lotus Notes Containment Facility inbox.
5. The compliance officer(s) will evaluate the follow-up compliance inspection (re-inspections) reports.
6. The compliance officer(s) will document the findings in the ePermit record and collaborate with the containment scientist(s) and the evaluating scientist(s) to determine how to proceed.



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