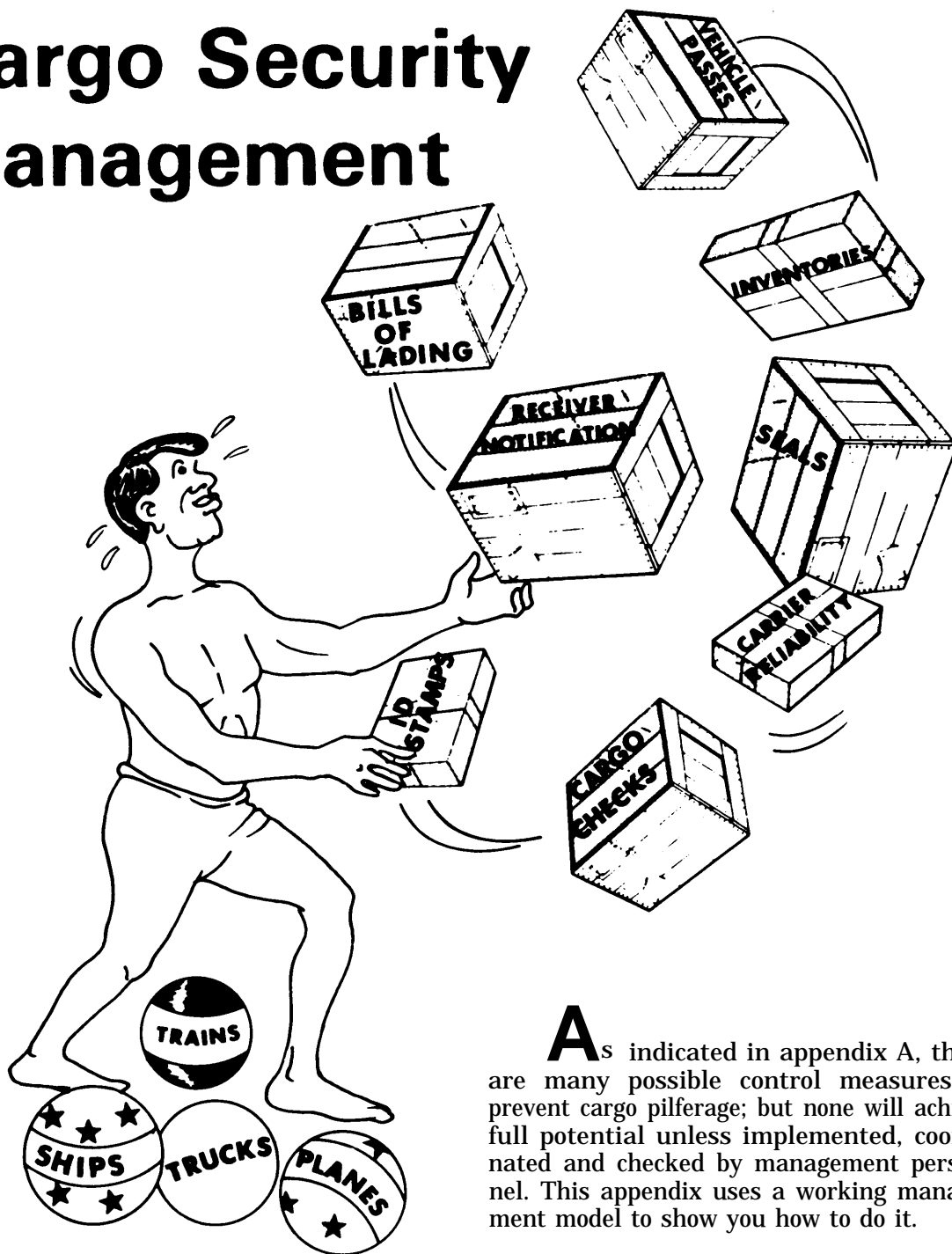


Cargo Security Management



As indicated in appendix A, there are many possible control measures to prevent cargo pilferage; but none will achieve full potential unless implemented, coordinated and checked by management personnel. This appendix uses a working management model to show you how to do it.

I-1 Cardpac

A good illustration of cargo security integrated management is the Military Traffic Management and Terminal Service (MTMTS) card packet system. (MTMTS is a Department of Defense agency that centralizes and coordinates the procurement and operation of transportation services for the movement of military freight and personnel.) The computerized card packet system, Cardpac, was designed to operate at six high volume marine terminals, through which about 85 percent of the MTMTS surface export cargo flows.

When a DOD shipper alerts the computer at an MTMTS area command that a shipment destined for overseas is in the transportation pipeline, this information is relayed by the area command to the computer at the water terminal scheduled to receive the shipment for export. The terminal's computer automatically generates a set of punched cards containing all the data necessary for terminal personnel to process the incoming shipment. These cards are the basis for management printouts for controlling the cargo as it moves through the terminal and are the means by which to update the area command master file.

When the shipment is received, one of the prepared cards is used as a receipt document. The checker at the gate records the date of receipt and the location within the terminal where the cargo is stored.

I-2 Consignee Management

a. Consignee management should instruct its **receiving department to notify purchasing when incoming items arrive**. This helps prevent fraudulent purchase orders originated by someone outside of purchasing from getting into the flow and forces receiving to make a careful count.

b. To help assure timely detection of thefts occurring before goods get into the consignee's record system, **request purchasing personnel to contact the supplier directly when an order is not filled within a reasonable time**.

c. To prevent forged purchase orders and subsequent thefts, **prohibit purchasing department from receiving ordered merchandise** from having access to such merchandise. Likewise, assure that receiving personnel do not perform purchasing duties.

d. **Only specified individuals should be authorized to check in merchandise received**. Unless responsibility is fixed, shortages can be blamed on others.

e. Consignee **employees who check incoming goods should reconcile such goods with a purchase order and remove goods to the storage area immediately** thereafter. Absence of a purchase order could mean the merchandise was ordered fraudulently with the intention of removing it before it got into the record flow. Prompt transfer of goods to storage not only gets them into the record flow, but also removes them from a traditionally high-theft area.

f. **Consignees should not delay taking delivery of goods**. Anticipate difficulties regarding import license, exchange control, or other regulations. Those who have taken advantage of free time in customs and of free storage time at earner terminals often find that the practice is penny-wise but pound-foolish. For example, an importer of canned goods took prompt delivery and suffered only limited pilferage in contrast to the heavy losses of his procrastinating competitors.

I-3 Receiving

a. Receiving personnel should use **prenumbered forms on which to record delivered merchandise, and copies**

should be sent to purchasing and accounts payable. This will help deter destruction of receiving records and theft of merchandise. Failure to furnish purchasing with a record will spur an investigation, and failure to advise accounts payable will result in a complaint by the supplier.

b. All discrepancies must be immediately reported to the terminal manager and/or security director for investigation.

c. Freight received without accompanying documentation should be stored in a secure place. Record the number of shipping documents given to strippers or loaders. When the documents are returned, count them again and compare totals.

d. When returned by the local driver, **delivery receipts** should be **compared with terminal control copies** and all bills accounted for.

e. Analyze claims to determine type of cargo most subject to theft and where it's being lost.

f. Each receiving station should assign a trusted employee to **review advance manifests** or, if none, the documents arriving with the cargo to identify and segregate for special attention theft-prone cargo. Such "paper alerts" should also be supplemented by actual examination of the cargo. For example, a manifest described one shipment as "electrical equipment," but the carton identified the goods as calculators. Relying on the manifest, a cargo handler treated the shipment as general cargo; one of the calculators was later stolen.

g. Cargo entering a terminal from shippers or other stations should be thoroughly inspected, accurately counted, properly classified, and immediately stored. Paperwork should reflect all decisions and actions taken.

h. Require **positive identification from**

pickup drivers to insure they are the legal representatives of the carrier. Record license numbers, especially on rental vehicles.

I-4 Shipping

a. Prepare **legible bills of lading** and other shipping documents, which are manufactured from a paper stock that will hold up under multiple handlings. Try to use classification descriptions instead of trade names, and avoid listing values.

b. Periodically, **rotate drivers among runs. Otherwise, there** is too great a chance that they might develop contacts for collusion. Beware of drivers who request certain routes despite the lower wages associated with those routes.

c. Change truck stops frequently.

d. Develop **incentive plans to control losses**—payments to employees being based on reductions in insurance premiums and/or actual losses.

e. On multipiece shipments, shippers should **label each package**. As the driver instruction manual of one carrier reads, "The driver must check all shipments to determine that each piece is legibly, durably, and properly marked. The name and address of the shipper must be shown on each piece of freight in any shipment. The marking on each article should be checked to determine if the consignee's name and address is the same as shown on the airbill. Drivers must be certain that the marking will not tear off when the shipment is in transit."

f. Exposure to loss often increases with higher **turnover of personnel** on shipping and receiving docks.

g. Segregate shipping from receiving areas, inbound and outbound cargo.

h. Any employee withdrawing goods from storage should be different from the one actually releasing the merchandise (appendix A).

1-5 Security Education

Security education should consider the risk analysis aspects outlined in chapter 1 and be constructed as defined in chapter 2, Security Education.

a. As practicable, **insist on piece counts when cargo is moved to** and from vehicles and in and out of storage areas, vessels, railcars, aircraft, etc. And insist on clear identification of those who conduct such counts—driver, checker, receiving personnel, terminal cargo handler, or whoever. The two parties involved in a cargo transfer should not take one another's word regarding the count. If they do, accountability becomes blurred.

As a carrier executive advised, employees who check cargo must be told, "You are individually responsible. You must know. You must count." Among his instructions to drivers were these: (1) "If the bill calls for 'CS. No. 1234,' don't accept a case marked '4567' for it." (2) "A driver should never accept a shipment described as 'one bundle tires.' The airbill should indicate how many articles are in the bundle. For example, 'one bundle (4) tires.'" (3) If a shortage exists in a shipment, determine the exact piece short. "If it is shoes, the exception should be '1 cs. shoes short.' A general statement such as '1 cs. short' is not sufficient...."

b. Negotiate with carriers for what one large shipper calls "**signature security service**" for certain kinds of shipments. This means a signature and tally are required from each person handling the shipment at each stage of its transit, from point of origin to destination.

c. Prelodged delivery or pickup order should be safeguarded from theft or unauthorized observation. **Verify identity of carrier and carrier employee** before releasing a prelodged pickup order.

An operator of large terminals notes the potential advantages of prelodging: "We encourage truckers to bring their documentation to the terminal the day before they deliver cargo. We prepare our receiving documents from the trucker's papers and when trucks arrive, give priority in handling to the loads for which we were furnished advanced documentation. Cargo handling is expedited, checking is more precise, and the documents themselves are more accurate. Our cargo accounting has improved significantly...."

This confirms the observation in a carrier task force report: "Reforms in paperwork to eliminate bottlenecks and to raise accuracy also may make it less easy to smudge the responsibility for cargo and cargo records."

d. Restrict access to cargo documentation to a need-to-know basis. Systems assuring strict accountability for documentation are as important as those designed for the cargo itself.

For example, after several thefts in a terminal involving stolen documentation as well as its cargo, an internal release order was devised. The cargo handler who is to retrieve a shipment in the terminal is given the release order, which describes the cargo and its location. Source documents remain in the order. The clerk retains a copy of the release on which he records time of preparation and name of the cargo handler. The cargo handler takes the shipment to his control supervisor, who verifies the identity of the cargo handler and description and quantity of cargo to be delivered. The supervisor requests the signature of the trucker after recording date and time of release. Finally, the release order is returned to the clerk who prepared it.

e. An integral part of terminal security is a **workable, accurate cargo location**

system. Delays in, or confusion over, removing cargo from storage increases the risk of theft or pilferage. Among other things, a good locator system does not give cargo handlers the excuse to wander all over the terminal when looking for a shipment.

f. Devise procedures to **minimize terminal congestion and poor housekeeping**, which result in obstructed visibility of cargo, misplaced cargo, less efficient checking and handling, and other situations promoting theft and pilferage.

States one highly knowledgeable source, "The real enemy of security is congestion. When goods pile up, you lose control, no matter what procedures are in effect." Many carriers try to combat this by discouraging consignees from delaying pickup or acceptance of cargo.

g. If strikes hit other modes or carriers, some terminals should have emergency plans by which to handle in an orderly fashion the anticipated extra flow of cargo (such as through a pickup and delivery appointment system for shippers and consignees).

h. In areas where the rate of truck hijackings is high, a police official suggests that at each delivery point drivers note the indicated mileage, leaving a record at the dock in their logs. If the truck is hijacked, the difference between the mileage recorded at the last delivery and the indicated mileage at the point of recovery—combined with other driver-supplied information—will assist police in pinpointing the drop or fence.

i. Advertise your security efforts in high-theft locations.

I-6 Security Precautions

a. Know employees on all shifts.

b. Do not advertise on trucks, such as "Smoke Brand X-distributed by...."

c. Run radio and TV spots indicating the convenience and other advantages (such as service) of buying through regular channels.

d. Request truck rental companies to post signs warning users that the rental agent is cooperating in theft prevention.

e. Conceal or seal in a pouch the papers covering a load.

f. Provide cargo checks with self-inking identification stamps. When receipting for cargo, in addition to affixing his signature on the receipt, the checker stamps the document, thereby clearly identifying himself.

g. Use color-coded vehicle passes (keyed to specific areas in the terminal) and time stamp them.

h. Establish advance-notice procedures whereby consignee is notified at least 24 hours prior to arrival of sensitive shipments. Alert intermediate points as well.