



DANGEROUS GOODS PANEL (DGP) MEETING OF THE WORKING GROUP OF THE WHOLE

Atlantic City, United States, 4 to 8 April 2011

Agenda Item 1: Development of proposals, if necessary, for amendments to Annex 18 — *The Safe Transport of Dangerous Goods by Air*

Agenda Item 3: Development of recommendations for amendments to the *Supplement to the Technical Instructions for the Safe Transport of Dangerous Goods by Air* (Doc 9284SU) for incorporation in the 2013-2014 Edition

STATE APPROACHES TO SHIPPER OVERSIGHT

(Presented by J. McLaughlin)

SUMMARY

In response to discussions at DGP-WG/10 on State oversight responsibilities, this paper provides information related to the United State's approach to conducting shipper oversights.

1. INTRODUCTION

1.1 During discussions on State oversight responsibilities at DGP-WG/10 (see DGP-WG/11-WP/1, paragraph 3.1.3), panel members with existing shipper inspection programmes in their States were asked to provide background information on their approaches, policies, and tools.

1.2 The comments raised at DGP-WG/10 are strongly supported, recognizing that shippers are a critical component to a safe and secure supply chain. The accident and incident history associated with dangerous goods underscores the need for direct State oversight to ensure and assess compliance with shipper responsibilities under Part 5 of the Technical Instructions.

1.3 To this end, the material presented below is intended to:

- a) inform panel members of one country's approach to shipper inspections.
- b) prompt the working group to consider the scope and nature of guidance that should be incorporated into the Supplement to the Technical Instructions.

1.4 Given the differences between passengers and other shippers, this paper specifically addresses shippers other than passengers.

2. **ELEMENTS OF CONDUCTING OVERSIGHT OF SHIPPERS WHO OFFER DANGEROUS GOODS FOR AIR TRANSPORTATION**

2.1 There are six areas related to shipper inspections provided below. These areas are exclusive of passenger-related issues which we treat as distinct from entities shipping dangerous goods below the passenger deck.

- a) knowledge of shipper's operation;
- b) prioritization (safety risk management);
- c) inspection activities;
- d) inspections questions;
- e) enforcement; and
- f) outreach.

3. **CONSIDERATION BY THE DGP-WG**

3.1 The working group is invited to note how the United States conducts oversight of shippers into their own oversight programs (see Appendices A and B to this information paper). Requests for further information or technical assistance are encouraged.

3.2 The working group is invited to consider what types of information on shipper oversight would be useful for incorporation into the Supplement to the Technical Instructions.

APPENDIX A

STATE OVERSIGHT OF DANGEROUS GOODS SHIPPERS

The scope of a shipper or repair station's operations may vary significantly based on a wide variety of factors, but each operation has basic functions correlated to specific locations. Smaller shippers may have several functions/locations situated in one specific area. Also, shipper personnel may perform several, if not all, functions covering all areas of the company's operation.

TERMINOLOGY

The following terms are common to shipper inspections and appear throughout this chapter:

- 1) **Inspection** means an official, on-site detailed review or examination, undertaken by an authorized person for the purpose of independently verifying compliance with applicable training and dangerous goods transport regulations.
- 2) **Inspection Method** means techniques that Inspector use during the course of evaluating compliance with relevant regulations. The four inspection methods are:

- a. **Observation** means the Inspector visually observing the performance of regulatory requirements for compliance with relevant regulations.

Example 1: The Inspector compares, while on the shipping dock, the dangerous goods classification information on a material safety data sheet (MSDS) to what is actually packaged and ready for pick-up by the operator.

Example 2: The Inspector visually observes the closing of a dangerous goods package and compares how the package was closed against the closing instructions provided by the manufacturer of the UN specification package.

- b. **Interview** means a technique in which the Inspector asks questions of persons performing transportation functions to gather information on the operator's operations and possible areas of noncompliance with the regulations.

Example 1: The Inspector, in conversations with shipping workers, learns that the final closure of UN specification packages is performed by untrained production line employees and not by trained shipping department employees.

Example 2: The Inspector questions packaging personnel on what types of inner packages are utilized for specific dangerous goods offered for air transportation by the shipper.

- c. **Document Review** means the Inspector reviewing paper or electronic records to determine whether required documents are properly prepared, contain accurate information, and maintained as required by the regulations.

Example 1: *The Inspector reviews the shipper's transport document files for complete and accurate information on dangerous goods transport documents.*

Example 2: *The Inspector compares dangerous goods classification information on MSDSs to what is listed on dangerous goods transport documents.*

Example 3: *The Inspector obtains shipper employee names from transport documents and reviews training records to verify training was provided as required.*

- d. **Verification** means the Inspector using third party information to independently confirm whether regulatory requirements are being met.

Example: *The Inspector compares transport documents acquired from operator inspections or Accident/Incident reports against the shipper's records to confirm that the shipper is retaining transport documents as required.*

- 3) **Inspection Locations** are locations necessary to conduct on-site inspection activities for the purpose of independently verifying compliance with applicable federal hazardous material transportation regulations. The Inspector must conduct various inspection activities at the following locations (as applicable):

- a. **Shipping Area** means a location that includes any area where cargo and/or small packages are packaged, built-up, sorted, stored, and ready for pick-up by an operator. This location may also include a location where Unit Load Devices (ULD) are loaded by the shipper with freight for subsequent loading onto an aircraft.
- b. **Production/Packaging Area** means a location that includes those areas in a shipper's facility where packages are filled and receive final closing prior to being transferred to the facility's shipping department.
- c. **Warehouse Area** means a location that includes the location where products/supplies are stored and are usually not ready for transport.
- d. **Administrative Office Area** is a location that may contain transport documents, training

records, materials safety data sheets, certificates, exemptions, emergency response telephone service contract, product information sheets, shipping records, package closing instructions, employee records, and other information on the shipper's operations. Note: Most shipper inspections will be at one physical location. However, large facilities (like hospitals) may have multiple locations where dangerous goods shipments may be offered for air transportation.

- 4) **Shipper** means a person who prepares a shipment for transportation.

4. INSPECTION STANDARDS

While operators and repair stations are easily identified by their issued certificates, shippers will need to be identified based on their legal identity. There are three (3) basic entities recognized by law that conduct business, which means they can enter into contracts, sue, be sued, and be held responsible for compliance with the dangerous goods regulations. These entities are:

- 1) Individual –Business conducted by a single person.
- 2) Partnership –Business normally conducted by several natural persons under an agreement (written or oral) by which each owns a predetermined portion of the business. A corporation may also be a partner in a partnership.
- 3) Corporation –A legal entity separate from the persons who form it and created by a political subdivision (State Government) through issuance of a charter, which authorizes it to conduct a particular type of business.

The Inspector must not be confused by names and other identifications used by these legal entities, such as branches, divisions, and subsidiaries. Branches and divisions are parts within a legal entity, but usually do not have any independent standing separate from that entity. Subsidiaries are separate corporations wholly owned or controlled by another corporation. Subsidiary corporations who are shippers are considered responsible party from a compliance standpoint and the parent corporation cannot be held responsible for the acts of the subsidiary, except in unusual instances.

As part of the inspection preparation, the Inspector must determine the specifics of the shipper's operational structure prior to their onsite inspection.

4.1 Waiver of Responsibility

During the course of an inspection, the Inspector may be requested to sign an agreement limiting the liability of the business. When requested, the Inspector will not sign the request and immediately notify their manager, who will consult with legal counsel to determine the appropriate course of action.

4.2 Observation / Review Requirements

During any observation of the regulated parties' area, Inspectors notes should be taken and used to verify regulatory compliance. To ensure a standardized and uniform inspection process, the following number of records must be reviewed during the course of a comprehensive shipper inspection:

- 1) For shippers with 350 or less employees and/or contract personnel at all inspection locations, it is recommended that the Inspector will review 100% of the training records. For shippers over 350 employees and/or contract personnel, the Inspector will review 50% of all training records in all applicable locations.
- 2) The Inspector will observe and inspect 50% of all completed dangerous goods shipments waiting for pick-up by the operator.

- 3) The Inspector will observe packaging operations of any dangerous goods shipments while conducting the inspection and verify that appropriate packaging is being used as required.
- 4) The Inspector will attempt to interview all employees who have certified past dangerous goods shipments, as evidenced by their respective certifications on dangerous goods transport documents.
- 5) It is recommended the Inspector review 100% of the shipper's two-year dangerous goods transport document file.
- 6) The length of time the Inspector needs to spend on an inspection will vary based on the scope of the shipper's operation, number of employees, number of products, discovery of violations, and complexity of the shipper's operations.

4.3 **Inspection Frequency**

Inspections will be conducted in accordance with State oversight program directives. Additional inspections may occur when analysis of inspection, incident, and enforcement data develops a trend that could lead to a possible safety and compliance issue.

4.4 **Preparation**

Proper preparation for a shipper inspection will lead to a greater understanding of their specific operations. When authorized, the Inspector may make unannounced inspections that may result in the most accurate representation of shipper compliance. If the shipper was never inspected and the operation information of peak times cannot be determined, the Inspector may contact the shipper for that specific information. This will reduce cost and the Inspectors time in revisiting. Prior to conducting a shipper inspection, the Inspector should, at a minimum, complete the following tasks to familiarize themselves with the shipper's operations and compliance history:

- 1) Review previous inspections in State data systems to get a general understanding of the shipper's operations and any prior violations.
- 2) Review the State Enforcement Information System (EIS) for any prior enforcement cases related to the shipper.
- 3) Review available public information on the internet or other sources concerning information on the shipper you plan to inspect.

4.5 **Inspection**

An inspection consists of an on-site review or examination of a shipper's processes, conducted by the Inspector, for the purpose of independently verifying compliance with applicable dangerous goods transportation regulations. The purpose of this chapter is to provide guidance for conducting a complete (comprehensive) shipper inspection in each of the following areas:

Shipping / Package Production Area

The shipping area is any location where cargo and/or small packages are packaged, built-up, sorted, stored, and ready for pick-up by an operator. This location may also include a location where Unit Load Devices (ULD) are loaded by the shipper with freight for subsequent loading onto an aircraft. The package production area includes those locations in a shipper's facility where packages are filled and receive final closing prior to being transferred to the facility's shipping department.

Observation

During any observation of the regulated parties' area, Inspectors notes should be taken and used to verify regulatory compliance. The following is a list of observations the Inspector should conduct during their inspection of a shipper's shipping/ package production area:

- 1) Inspect dangerous goods packages (Classification, transport documents, Marking, Labeling, and Packaging) for shipments that are completed and awaiting pick-up by the operator.
- 2) Observe workers loading hazardous cargo into ULDs and record their names for the purposes of verifying training records.
- 3) Observe whether the ULD is properly labeled or tagged, if applicable.
- 4) Where workers are packaging shipments, observe if the package is appropriate for the dangerous goods that are being offered for shipment and that the package is secured according to the closing instructions provided by the manufacturer of the UN specification package.
- 5) Shipping Area –Where workers are closing combination packaging ensure that the maximum net capacity of the inner packaging is authorized for air transportation by passenger aircraft or cargo aircraft.
- 6) If dangerous goods shipments are observed awaiting pick-up from the operator, the Inspector shall confirm that the shipper has emergency response information available to personnel in the event of an incident involving the dangerous goods present.

Interview

During the Interview process of any person to determine overall compliance with the dangerous goods regulations, the Inspector's notes should be taken and used later for verification. In casual conversations with workers, get a better understanding on how the shipping area operates. What types of products are shipped? How are dangerous goods returns from the operator handled by shipping personnel? Where is dangerous goods packaging material stored?

Verification

The following is an example of a verification the Inspector should obtain during their inspection of the shipper's shipping/package production area:

- 1) If you observe workers closing single package UN specification containers, then verify that the workers are utilizing the correct components and torque settings on the containers as specified by the package manufacturer.

Warehouse

The warehouse area includes the location where a business's (shipper's) products/supplies are stored and are usually not ready for transport.

Walk-through

Complete a physical walk-thru of the shipper's warehouse/storage area during the inspection. Discuss, review, and verify materials that are discovered in the warehouse with the shipper, which are classified as dangerous goods.

EXAMPLE 1: The shipper states that it does not ship any dangerous goods, yet you discover several products in the warehouse marked "Flammable Liquid".

EXAMPLE 2: The shipper states that all of its dangerous goods packaging is authorized for air transportation, yet you notice several single container plastic drums (containing Packing Group II dangerous goods) marked with the following UN Specification 1H2/Y1.5/30/06/+AA2692". This package is not authorized for air transport per dangerous goods regulations.

EXAMPLE 3: The shipper states that it does not ship any dangerous goods requiring an exemption, yet you discover several products in the warehouse marked with an exemption number.

EXAMPLE 4: The shipper states that it does not have any dangerous goods requiring it to have a security plan, yet you discover several packages of division 1.1 explosives.

Administrative Office

This location may contain transport documents, training records, materials safety data sheets, State certificates, exemptions, emergency response telephone service contract, product information sheets, shipping records, package closing instructions, employee records, and other information on the shipper's operations.

Interview

Meet with the Shipper manager, compliance coordinator, supervisor or other designated official to obtain information on shipper's operations and organization. Obtain a point of contact at the corporate level if needed. During the Interview process of any person to determine overall compliance with the hazardous materials regulations, the Inspector's notes should be taken and used later for verification.

Document Review

The Inspector should review the following documentation during their inspection of a shipper facility:

- 1) Review previous dangerous goods transport documents on file. Since many shippers do not maintain dangerous goods transport documents in a separate file, and usually attach them to a purchase order or place them in a customer file, the Inspector shall review an appropriate number of shipments. The best way to review an appropriate sample of shipments is to review copies of each transport document available for the shipper while inspecting an operator facility. At the operator facility, review of shipments from a single shipper utilizing the following criteria:
 - a. Transport documents in violation of the dangerous goods regulations;
 - b. Transport documents that have been certified by different employees;
 - c. Transport documents that have different dangerous goods classifications;
 - d. Transport documents utilizing a State exemption;
 - e. Transport documents utilizing a State Approval;
 - f. Transport documents that require the shipper to have a Security Plan; and
 - g. Transport documents that require compliance with other State requirements.
- 2) The Inspector should note that larger shippers may retain transport documents in different locations at the same facility depending on where shipments are offered for transportation.

EXAMPLE: A large hospital may retain transport documents at its laboratory, nuclear medicine department, central supply location, various clinics or various research departments. Also, it is not unusual to have individual doctors within the hospital ship regulated material.

- 3) Review any State Exemptions the shipper utilizes when shipping dangerous goods.
- 4) Review any State Approvals the shipper utilizes when shipping dangerous goods.

EXAMPLE: A shipper who is a holder of Approval CA-9706012 (First Revision) must utilize primary containers with a capacity no greater than 10 milliliters. During your observation of the shipper's packaging operation you notice the shipper utilizing 30 milliliter primary containers.

- 5) Obtain a roster for all employees, agents, and contractors who perform dangerous goods function for the shipper. Obtain the names and dates of hire for those workers.

- 6) Obtain the training records that the shipper has on file. Compare, the employee/contractor rosters that the shipper provided against shipper's training records, as well as the names of individuals you observed performing dangerous goods functions during the course of the inspection. Also compare what function the worker is performing to what type of function-specific training the worker received.

Verification

The following is a list of verifications the Inspector should obtain during their inspection of the shipper's administrative office:

- 1) Review classifications of materials from past shipments against material safety data sheets or other product documents that are part of the file to determine if the shipper correctly classified the materials offered for air transportation.
- 2) If the shipper offered a material for transportation that requires a security plan be in place, then verify that the shipper has a plan and is maintaining records as required.
- 3) If the shipper offered a material for transportation that requires a State approved exemption, verify that the exemption is valid and current for the transport documents in question.

4.6 Outreach Material

For the majority of shippers, as part of the inspection, it is always helpful to provide dangerous goods outreach related information.

5. RECORDING INSPECTIONS

Completed inspections will be recorded in State databases. File copies of the inspection and all related documentation may be retained in accordance with State oversight programme policy.

6. COMPLIANCE AND ENFORCEMENT

Violations concerning dangerous goods transport regulations will be processed in accordance with the State's compliance and enforcement program.

APPENDIX B

SHIPPER INSPECTION JOB AID

Pre-Inspection Research

Shipper:

Inspection Initiation Date:

Office Preparation: Prior to inspecting the shipper research the following:

State Database: Review previous inspections (up to 5) associated with this Shipper and record previous violation information below:

<i>Approval Date</i>	<i>Inspection Type</i>	<i>Violations</i>	<i>Legal Action</i>	<i>Counseling</i>
	<input type="checkbox"/> Comp. <input type="checkbox"/> Non-Comp.		<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/> Comp. <input type="checkbox"/> Non-Comp.		<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/> Comp. <input type="checkbox"/> Non-Comp.		<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/> Comp. <input type="checkbox"/> Non-Comp.		<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/> Comp. <input type="checkbox"/> Non-Comp.		<input type="checkbox"/>	<input type="checkbox"/>

State Enforcement Information System (EIS): Review EIS for information on this shipper and record the information here.

EIS Check Date	Enforcement Number	Location	Regulation	Outcome
				<input type="checkbox"/> CP <input type="checkbox"/> Admin
				<input type="checkbox"/> CP <input type="checkbox"/> Admin
				<input type="checkbox"/> CP <input type="checkbox"/> Admin
				<input type="checkbox"/> CP <input type="checkbox"/> Admin
				<input type="checkbox"/> CP <input type="checkbox"/> Admin

State SRM Database: Run “Company Search” or “Incident Summaries” for the shipper. Note any information from inspections for the same shipper from other locations beside the one you plan to inspect. Print out report and attach to this job aid for your files. Record any notable information below:

State SRM Database: Review the following additional information:

Is the shipper a holder to any Exemption:

No:

Yes:

If yes, record the Exemption(s) (and obtain copies to review and take to the inspection):

State SRM Database: Review the following additional information:

Is the shipper station a holder Approvals:

No:

Yes:

If yes, record the Approval(s) (and obtain copies to review and take to the inspection):

Other Public Information: Note any information from other sources on the shipper that may be helpful in conducting the inspection:

Conduct of the Inspection

Once at the shipper's record the following information:

General Company Information:

Shipper
Address:
Phone Number:
Fax Number:
Company Point of Contact (Name/Title):

General Company Information: Business organization:

Individual: <input type="checkbox"/>
Partnership: <input type="checkbox"/>
Corporation: <input type="checkbox"/>
If corporation, is this a branch or division?
No: <input type="checkbox"/>
Yes: <input type="checkbox"/>
Is it a wholly-owned subsidiary?
No: <input type="checkbox"/>
Yes: <input type="checkbox"/>
If the corporation is a branch or division, then record the parent corporation's information here:
Corporation Headquarters:
Address:
Phone Number:
Fax Number:
Corporate Point of Contact (Name/Title):

Shipper Profile Information:

Days/hours of operation:

Operators that are offered dangerous goods for air transportation from the shipper:

1:

2:

3:

4:

5:

Shipper Profile Information:

Indicate the following hazard class or divisions of dangerous goods offered by the shipper:

1.1 1.2 1.3 1.4 1.5 1.6

2.1 2.2 2.3

3

4.1 4.2 4.3

5.1 5.2

6.1 6.2

7 White-I Yellow II Yellow III

8

9

Magnetic Material

Shipper Profile Information:

Exemptions utilized by this shipper:

1:

2:

3:

4:

5:

Shipper Profile Information:

Approvals utilized by this shipper:

1:

2:

3:

4:

5:

Shipper Profile Information:

Determine if the Shipper is required to have a Security Plan [ICAO TI 1.5]:

No:

Yes:

If yes, what dangerous good requires the Shipper to have a Security Plan?

Shipping Area/Package Production Area:

Observation/Interview/Verification:

Inspect completed dangerous goods packages awaiting pick-up for air transport by an operator for:

Transport Documents

Marking

Labeling

Packaging (authorized for air transport)

Classification

Notes:

If packages are being prepared, then review if workers are properly closing UN Specification packaging per the package manufacturer's closing instructions. Also verify if single packages and the inner containers of combination packages are authorized for air transportation. [ICAO TI 4 and 5]

Notes:

Shipping Area/Package Production Area:

Observation/Interview/Verification:

Record names of all workers who you observe performing dangerous goods functions to verify training records:

Notes:

Warehouse:

Observation/Interview/Document Review/Verification:

Perform a complete physical walk-thru of the shipper's warehouse/storage area during the inspection. Be on the look-out for, and question the company on, any products that are marked or labeled as dangerous goods.

Notes:

Administrative Office:

Interview:

Have a knowledgeable company official describe how the Shipper retains dangerous goods shipping documentation. [ICAO TI 5]

- Separate dangerous goods Transport Document file (folder).
- Electronic records (separate file or by order).
- Shipping paper filed with purchase/invoice order.
- Shipping paper filed with customer file.
- Shipping paper filed with other shipping documentation
- other

Describe method utilized and note if the Shipper maintains other transport documents in different locations.

Notes:

Administrative Office:

Document review/verification:

Review dangerous goods transport documents on file.

Any transport documents that are in violation of the dangerous goods regulations?

No:

Yes:

If yes, document for possible enforcement action.

List all names of individuals who certified shipments according to the transport documents for verification of training. [ICAO TI 1]:

Names:

- 1:
- 2:
- 3:
- 4:
- 5:
- 6:
- 7:
- 8:

Administrative Office:

Document review/verification:

Review all transport documents that indicate that a State exemption was used by the shipper. Verify that the shipper complied with the exemptions utilized. [ICAO TI 1]

List Exemptions utilized:

- 1:
- 2:
- 3:
- 4:
- 5:

Review all transport documents that indicate a State Approval was used by the shipper. Verify that the Shipper complied with the Approval. [ICAO TI 1]

List Approvals utilized:

- 1:
- 2:
- 3:
- 4:
- 5:

Administrative Office:

Document review/verification:

Review all transport documents that indicate a Security Plan would be required. Verify that the Shipper complied with all Security Plan requirements. [ICAO TI 1]

Classification of dangerous goods:

- 1:
- 2:
- 3:
- 4:
- 5:

Notes:

Review all dangerous goods classifications listed on transport documents against supporting documentation that the Shipper utilized to classify the material.

What is the primary method utilized by the Shipper to classify their dangerous goods shipments?

- Material Safety Data Sheet
- Product Information (Manufacturer)
- Lab Analysis
- State Approval
- Other

List:

Administrative Office:

Document review/verification:

Obtain roster of all employees, agents, and contractors who perform a dangerous goods function and/or transport function for the shipper. [ICAO TI 1 and 5]:

Notes:

Obtain training records that the Shipper has on file. [ICAO TI 1 and 5]:

Record the following training program information:

Name of training program:

Description of training program:

Location of training material(s):

Name and address of person providing training:

Name:

Address:

Notes:

Administrative Office:

Document review/verification:

Review, verify, and compare worker rosters against training records provided by the shipper.

Compare names of workers you observed performing dangerous goods functions against shipper's training records.

Notes:

Outreach

Provide State dangerous goods outreach packet or information for the safe transport of dangerous goods by air.

— END —