

GAO Highlights

Highlights of [GAO-25-107139](#), a report to congressional committees

Why GAO Did This Study

In October 2015, the U.S.-flagged cargo vessel *SS El Faro* sank, killing all 33 crew members. Federal accident reports from December 2017 cited that a contributing factor was the U.S. Coast Guard's insufficient oversight of TPOs. In response, the Coast Guard initiated efforts in 2018 to enhance its TPO oversight.

The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 includes a provision for GAO to review the Coast Guard's use and oversight of TPOs that support the certification of U.S.-flagged vessels. This report examines the extent the Coast Guard has (1) provided oversight and assessed the performance of TPOs and (2) identified and assessed the benefits and risks of using TPOs for vessel safety certification activities.

GAO reviewed relevant federal laws and regulations, and Coast Guard documentation and data. GAO also interviewed Coast Guard officials and TPO representatives and conducted site visits to two field units that oversee TPOs.

What GAO Recommends

GAO is making four recommendations, including that the Coast Guard (1) update procedures for recording TPO oversight data, (2) develop a process to monitor oversight data, (3) develop and implement a plan to establish a performance measurement system, and (4) develop and implement a plan to periodically assess the benefits and risks of using TPOs. The Department of Homeland Security concurred with these recommendations.

View [GAO-25-107139](#). For more information, contact Heather MacLeod at (202) 512-8777 or MacLeodH@gao.gov.

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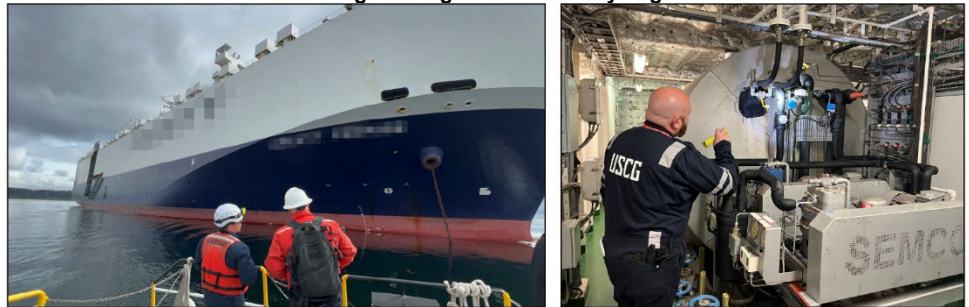
COAST GUARD

Actions Needed to Improve Oversight of Third-Party Organizations That Help Certify U.S.-Flagged Vessels

What GAO Found

In 2023, third-party organizations (TPOs) collectively helped support the certification of 22 percent of the U.S.-flagged commercial vessels that required Coast Guard's inspection. The Coast Guard takes various actions to oversee these TPOs, including periodically inspecting vessels that TPOs help certify for operation and observing TPO certification activities aboard vessels. However, the Coast Guard has not updated its procedures for recording data on certain oversight activities in its system of record to ensure they are available for monitoring TPO performance. Further, it has not developed a process to monitor the extent of oversight activities its field units record to ensure the data are complete. By taking these two steps, the Coast Guard would be better positioned to ensure it has accessible and complete data on all its TPO oversight activities.

Coast Guard Personnel Conducting Oversight of Third-Party Organizations



Source: GAO. | GAO-25-107139

The Coast Guard also has not developed a system to measure the performance of TPOs, as called for in its 2018 guidance. Coast Guard headquarters officials said they have taken steps toward establishing this system, but the service does not have a plan and date for completing it. By developing and implementing a plan with time frames to establish a system to measure the performance of TPOs, the Coast Guard would be better positioned to achieve its goal of ensuring effective TPO oversight.

In 2017, the Coast Guard assessed the various benefits and risks of using TPOs. Benefits included that TPOs act as a force multiplier that lessens the Coast Guard's need to expand its workforce and provide additional flexibility to vessel operators dependent on Coast Guard inspection services. However, the Coast Guard has not reassessed these benefits and risks, and changes in its TPO-supported certification options may present new ones to consider.

In particular, the service implemented a new TPO-supported certification option, and use of TPOs grew from 483 to 3,786 vessels from 2018 through 2023. By developing and implementing a plan to periodically assess the benefits and risks of using TPOs to support the certification of inspected U.S.-flagged commercial vessels, the Coast Guard would be better positioned to take advantage of new opportunities and respond to risk-associated challenges that may affect the success of the TPO-supported certification options.