

GAO

Report to the Chairman, Subcommittee
on Trade, Committee on Ways and
Means, House of Representatives

July 1999

U.S. CUSTOMS SERVICE

Office of Investigations Case Management Problems Continue





GAO

Accountability * Integrity * Reliability

United States General Accounting Office
Washington, D.C. 20548

General Government Division

B-280367

July 20, 1999

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

This report responds to your request of January 15, 1998, that we determine whether the U.S. Customs Service's Office of Investigations (OI) follows its case management policies and procedures. Specifically, for the two Special Agent in Charge (SAC) offices we visited in New York and Chicago, we determined whether

- agents were entering statistics in the case management database;
- first-line supervisors were reviewing investigative case files quarterly;
- agents completed reports documenting their opening reports of investigation on time; and
- the two SAC offices were maintaining and storing their case files appropriately.

Results in Brief

In the New York and Chicago SAC offices, many agents were not entering statistics, such as arrests, seizures, and convictions, in the electronic management database as required by Customs' policies and procedures. Further, many first-line supervisors were not providing evidence of investigative case file quarterly reviews. Most agents were not completing opening reports of investigation within 10 days after an investigation was initiated as required. Also, some investigative case files that we requested could not be located.

Since 1995, Customs' Office of Internal Affairs, Management Inspection Division (MID) reported these same findings repeatedly in their reports examining individual offices. However, MID did not routinely summarize the case management problems or make recommendations on how OI should correct the problems agencywide and prevent them from happening in the future. We make a recommendation near the end of this report to address these concerns.

Background

Customs' mission is to ensure that persons and goods entering and exiting the United States do so in accordance with U.S. laws and regulations. In 1999, Customs was allocated over \$2.1 billion in support of over 17,000 full-time positions. Of the Custom's budget, OI was allocated over \$628 million in support of about 4,800 full-time positions. OI is responsible for investigations and intelligence and has shared responsibility with the Office of Field Operations for antismuggling activities. Most Customs employees work in the area of either field operations (64 percent) or investigations (23 percent). OI's organizational structure includes 20 SAC offices, more than 100 smaller offices, 14 air branches, various marine interdiction units, and 23 foreign attaché offices.

OI's primary investigative programs include trade fraud, narcotics, outbound and strategic trade, financial and money laundering, and child pornography. Internal case management policies and procedures provide the framework upon which these enforcement activities are to be built.

MID's mission is to provide Customs' executive management with the independent information necessary to gauge the effectiveness and efficiency of managers, operations, priority programs, and special interest initiatives. Management inspections are to accomplish this mission through (1) research and analysis of information, (2) comprehensive inspections, and (3) recommendations and assistance in correcting problems.

Objectives, Scope, and Methodology

Our review focused on the management of the investigative case files closed during the past 3 fiscal years—1996, 1997, and 1998.¹ Using a data collection instrument, we compiled information from the hard-copy files to determine whether they contained the appropriate information, including evidence of supervisory reviews. We also interviewed key officials and reviewed information from the electronic case management database, which is a part of the Treasury Enforcement Communications System. We reviewed a random sample of hard-copy investigative case files at the SAC offices located in New York and Chicago. We selected these two offices because they were two of OI's largest field offices. We also reviewed excerpts on case management from MID reports on offices nationwide that were issued between October 1995 and September 1998. Our objectives, scope, and methodology are discussed in more detail in appendix I.

We performed our work between June 1998 and June 1999 in accordance with generally accepted government auditing standards. We requested

¹We reviewed case files closed between October 1, 1995, and July 14, 1998.

comments on a draft of this report from the Secretary of the Treasury or his designees. On July 13, 1999, Customs' Director, Office of Planning, forwarded to us written responses to this letter from Customs' Assistant Commissioners for (1) OI and (2) the Office of Internal Affairs. Their comments are discussed near the end of this letter and reprinted in appendix II.

Agents Did Not Enter Statistics Into the Case Management Database

Case enforcement statistics include initial and final statistics, which are activities and incidents that are attributable to a specific case. Initial statistics are to include arrests, indictments, seizures, and penalties issued. Final statistics are to provide the disposition of initial statistics. Final statistics are to include convictions; court-imposed fines; acquittals; dismissals; nolle pros;² forfeited, destroyed, or returned seizures; and collected penalties or duties.

According to Customs' policies and procedures, case agents are responsible for the accurate and timely entry of both the initial and final statistics in the case management database. First-line supervisors are to ensure that the personnel they supervise adhere to the policy on statistics through case file reviews. The electronic case management system was designed to prohibit agents from closing cases until final enforcement statistics were reported for all initial enforcement statistics. However, a Customs' official told us that agents sometimes circumvented the system and closed cases without entering the required final statistics.

Of the 81 randomly selected closed cases we reviewed in New York and Chicago, 20 should have had statistics reported in the case management database. As shown in table 1, 19 cases were missing either initial or final statistics or both initial and final statistics, and only 1 case had complete initial and final statistics. On the basis of our sample data, we estimate that for the combined cases closed in New York and Chicago from 1996 to 1998, the statistics were incomplete in at least 80 percent of the cases that should have had statistics reported in the electronic case management database. In other words, we estimate that for the combined cases closed in New York and Chicago from 1996 to 1998, the statistics were incomplete in at least 519 of the approximate 649 cases that should have had statistics reported in the electronic case management database.³

²For the purposes of the electronic case management system, nolle pros is a final legal disposition for a defendant where the prosecutor has, at the government's request, decided to discontinue the prosecution.

³A description of our estimation procedures and the confidence intervals are found in appendix I.

Table 1: Number of Cases With Incomplete Statistics

	Number of cases				
	That should have had statistics reported	Missing initial statistics only	Missing final statistics only	Missing both initial and final statistics	With complete statistics
SAC office					
New York	9	1	6	2	0
Chicago	11	0	7	3	1
Total	20	1	13	5	1

Source: GAO review of hard-copy case files and the electronic case management database.

We found that 19 cases had incomplete statistics when we checked the hard-copy files to the electronic case management database. Arrests and their final dispositions were missing from the case management database. From the information entered into the electronic case management database, it is impossible to determine (1) that 4 arrests were made; (2) whether 12 arrests and 1 indictment resulted in convictions, court-imposed fines, acquittals, dismissals, or *nolle pros*; and (3) that 3 arrests were made and what their final dispositions were (see table 2).

Table 2: Arrests and Their Final Dispositions Were Missing From the Electronic Case Management Database

	Number of arrests		
	Missing from initial statistics only	Missing from final statistics only (e.g., convictions, acquittals, and dismissals)	Missing from both initial and final statistics
SAC office			
New York	4	7	0
Chicago	0	5 ^a	3
Total	4	12	3

^aThe final disposition for one indictment was also missing.

Source: GAO review of hard-copy case files and the electronic case management database.

Additionally, for these same 19 cases, it is impossible to determine from the electronic case management database whether the following seized items were forfeited, destroyed, or returned: 17 vehicles; about \$1.5 million; over 3 pounds of heroin; 5,070 pounds of cocaine; a semiautomatic weapon; a paging device; over 250,000 crack pipes; over 800 pounds of marijuana; archival pottery; and plastic resin valued at over \$150,000. Further, it is impossible to determine from the electronic case management database that the following items were seized and whether they were forfeited, destroyed, or returned: office files; one automobile; over \$50,000 in cash; almost 1 pound of heroin; ½ pound of cocaine, and 1,500 pounds of marijuana. (See table 3.)

Table 3: Seized Items and Their Final Dispositions Were Missing From the Electronic Case Management Database

SAC office	Missing from initial statistics only	Seizures	
		Missing from final statistics only (e.g., forfeited, destroyed, or returned)	Missing from both initial and final statistics (e.g., forfeited, destroyed, or returned)
New York	None	3 cars \$1,489,335 3.25 pounds of heroin 5,070 pounds of cocaine 1 semiautomatic weapon Paging device 253,800 crack pipes	Office files 1 car
Chicago	None	0.4 pounds of heroin 868 pounds of marijuana 14 cars Archival pottery 109 pounds of plastic resin valued at \$151,000	\$50,098 0.8 pounds of heroin 0.5 pounds of cocaine 1,500 pounds of marijuana

Source: GAO review of hard-copy case files and the electronic case management database.

According to Customs' policies and procedures, the accuracy of the information contained in the electronic case management database is critical. Reports that incorporate case enforcement statistics include Customs' Annual and Strategic Plans, the Annual Accountability Report, the annual budget, and other reports prepared in response to requirements of the Government Performance and Results Act of 1993.

The Assistant Commissioner for Investigations told us that enforcement statistics, such as the number of arrests, persons indicted, convictions, and seizures; the amount of fines and penalties collected; and the quantity of narcotics seized, are used collectively to evaluate office performance. As a basis for evaluating the effectiveness of individual offices, a system for defining the magnitude of threat, or potential for enforcement results, that exists for each office has been developed.⁴ OI management believes that informed decisions pertaining to planning and resource allocation and day-to-day decisions can be made more efficiently when all factors, including program priorities, threat levels, and performance, are considered.

⁴Enforcement statistics play a major role in defining the magnitude of threat that exists for each OI office.

Individual case statistics are used by local managers to supervise cases and to assess progress. Summary statistics are used to conduct overall program and productivity analyses.

OI management has proposed the following actions to improve the accuracy of statistics in the case management database:

- management oversight reviews,
- program changes in the database to make it more difficult to close cases without final statistics,
- development of a new automated case review function, and
- additional staff training on case management.

Supervisors Did Not Provide Evidence of Case File Reviews

According to Customs' policies and procedures, first-line supervisors must review open investigative cases at least every 3 months. To document their reviews, first-line supervisors are to sign and date the hard-copy case files and provide narrative comments, recommendations, and/or investigative objectives that will provide the agent with clear guidance and direction regarding how best to proceed with the investigation.

Of the 81 cases that we reviewed, 36 were open for more than 90 days. About one-third of the cases that were open for more than 90 days lacked any evidence of supervisory review. (See table 4.) On the basis of the 81 cases, we estimate that at least 20 percent of the combined cases in New York and Chicago closed between fiscal years 1996 and 1998 lacked evidence of supervisory review.

Table 4: Number of Cases That Lacked Evidence of Supervisory Review

	Total cases reviewed	Cases open for more than 90 days		
		Number of cases	Lacking evidence of supervisory review	Contained evidence of supervisory review
SAC office				
New York	34	13	4	9
Chicago	47	23	9	14
Total	81	36	13	23

Source: GAO review of hard-copy case files.

In the remaining two-thirds of the cases open for more than 90 days, most (43 of 55) of the supervisory reviews that occurred were not conducted every 3 months as required by OI policy. (See table 5.) When supervisors reviewed cases open for at least 90 days, we estimate that at least 69 percent of the reviews were not performed in a timely manner in the

combined cases for New York and Chicago during the time frame we reviewed.

Table 5: Number of Supervisory Reviews Not Completed in a Timely Manner

SAC office	Total	Supervisory reviews Conducted in a timely manner?	
		No	Yes
New York	28	22	6
Chicago	27	21	6
Total	55	43	12

Source: GAO review of hard-copy case files.

According to Customs' policies and procedures, it is the responsibility of the first-line supervisor to ensure that enforcement personnel under their supervision are conducting investigations in compliance with applicable policies and procedures. The first-line supervisor is in the best position to monitor agent activities to ensure adherence to policies and procedures.

Agents Did Not Complete Opening Reports of Investigation on Time

A report of investigation is used to document investigative activities and results of an investigation and to send and report on collateral requests to and from other offices. According to Customs' policies and procedures, agents are to complete opening reports of investigation within 10 calendar days after an investigation is initiated.⁵

In the 81 cases that we reviewed, 64 of the opening reports of investigation were not prepared on time. (See table 6.) The median time period to complete the opening reports of investigation for the cases that we reviewed was 39 days. Of the combined cases closed in New York and Chicago from fiscal years 1996 to 1998, we estimate that at least 70 percent of the opening reports of investigation were not prepared on time.

Table 6: Number of Reports of Investigation Not Prepared in a Timely Manner

SAC office	Number of opening reports of investigation		
	In the cases we reviewed	Not prepared on time	Prepared on time
New York	34	26	8
Chicago	47	38	9
Total	81	64	17

Source: GAO review of hard-copy case files and the electronic case management database.

⁵Customs' policies and procedures also note that time constraints imposed upon enforcement personnel by investigative activities could adversely impact agents' ability to write reports in a timely manner. It is the primary responsibility of the first-line supervisor to ensure that this balance is properly maintained.

According to Customs' policies and procedures, investigation activities are to be properly documented in reports of investigation while the event is clear in the mind of the writer. Well-written reports are critical to the success of investigations. If investigations are not properly documented, it is likely to be more difficult to prosecute cases successfully.

New York SAC Did Not Maintain Files Appropriately

According to Customs' policies and procedures, case files should be kept for 5 years after each case has been closed. Subsequent to the 5-year period, the files should be transferred to the Federal Records Center, where they should be retained for a period of 25 years.

While Customs provided all of the case files that we asked to review in Chicago, it was unable to locate seven cases we initially requested in New York. Of the seven case files that could not be located, four involved drug smuggling; two involved fraud; and one involved munitions control. Table 7 shows the other information that we could determine from the case file numbers of the lost case files.

Table 7: Information on the Seven Case Files That Could Not Be Located in New York

SAC office	Case number	Investigative category	Investigative subcategory	Source of origin	Year case opened	Location (SAC) case opened
New York	(1)	Drug smuggling	Cocaine	Inspection and control	1996	San Juan
	(2)	Drug smuggling	Marijuana	Inspection and control	1997	Atlanta
	(3)	Drug smuggling	Heroin	State/Local enforcement	1994	New York
	(4)	Drug smuggling	Heroin	OI	1995	New York
	(5)	Fraud	Quota (Textiles-Transshipment)	OI	1993	New York
	(6)	Fraud	Intellectual property rights	Other Customs component	1995	New York
	(7)	Munitions control	Other	OI	1994	New York

Source: GAO review of assigned case file numbers.

According to Customs' policies and procedures, the proper storage of case files is a critical factor in maintaining the integrity of cases and the viability of subsequent actions within the criminal justice system. Any document in the case folder may be used as evidence during judicial proceedings. The contents of case files may ultimately be disclosed to the defense. If the contents of the case file have been lost, altered, or otherwise handled inappropriately, the entire case may be dismissed.

Our Findings Are Similar to Those Reported by MID

In a combined annual report for fiscal years 1994 and 1995, and in management inspection and follow-up reports on 62 OI offices that were completed between fiscal years 1995 and 1998, MID reported case

management problems similar to the ones we identified at the Chicago and New York offices. MID found that

- quarterly supervisory reviews were not consistently performed or documented,
- case files were missing or in disarray,
- reports of investigation were not prepared in a timely manner, and
- statistics were missing from the management database or were entered inaccurately.

In October 1995, MID published a combined annual report for fiscal years 1994 and 1995.⁶ Regarding OI case management, the report indicated that SAC offices were “not complying” with Customs’ policies and procedures. The report presented the following summary of findings from its inspections of five SAC offices, one regional office, and six district offices during those 2 years:⁷

- Investigative cases were not being managed from either an operational or administrative perspective.
- Quarterly supervisory case reviews were not consistently performed and/or documented.
- Case files were incomplete.
- Insufficient and inconsistent supervision resulted in erosion of the mission focus and inattention to case management, including the equitable distribution of case assignments.

In the combined annual report, MID also said that the case management problems occurred, for the most part, because supervisors viewed the case management system as (1) unwieldy and (2) duplicative of records and requirements that had been automated. Although MID concluded that OI should focus on the problems raised by chronic noncompliance, it made no formal recommendations to OI regarding the case management system and OI’s oversight of SAC compliance with requirements.

Between fiscal years 1995 and 1998, MID issued 62 management inspection reports on various OI offices around the world. Our review of sections of these reports showed that MID found case management problems at 35 of the offices, which are similar to our findings.

⁶MID officials told us that they also conducted a trend analysis of their 1996 management inspections; however, they were unable to locate a copy of the report.

⁷On October 1, 1995, Customs closed its 7 regional and 42 district offices and replaced them with 20 Customs Management Centers.

-
- Case files lacked quarterly supervisory review in 31 offices.
 - Case files were missing or in disarray or file documents were missing in seven offices.
 - Reports of investigation were not timely in 14 offices.
 - Problems with accurate and timely statistics existed in eight offices.

Generally, MID attributed the case management problems to agents and first- and second-line supervisors. In several of the previously mentioned reports, MID concluded the following:

- The proper compilation of all documents that constitute a complete case file record is essential in anticipation of legal action that may result from any investigation.
- The failure to follow OI policy could result in a number of problems, including the possibility of inadmissibility or challenge by defense attorneys when cases are presented in criminal or civil proceedings.
- Inclusion of inappropriate enforcement statistics adversely affected operational and managerial assessments on the local and national level.
- Incomplete enforcement statistics had a negative impact on productivity ratios.
- The overall progress of (1) an individual investigation or (2) an investigative program could not be assessed because of case management problems.
- Incomplete investigative case files and statistical information might adversely impact staffing and budget considerations.

In reports issued to specific SACs, MID recommended that they improve supervisory reviews, ensure compliance with Customs' policies and procedures, and improve the timeliness and completeness of reports of investigation.

Conclusions

When combined with MID reports since 1994, our findings at the Chicago and New York SAC offices suggest that case management problems have existed in OI for some time. Although we did not determine whether the problems at the two offices adversely affected the outcome of investigations, we agree with MID's conclusions regarding the potential harm that inattention to these details could cause.

We believe that MID is uniquely situated to identify systemic problems occurring across individual SAC offices or in ports of entry, strategic trade centers, or other Customs units. A formal summary of the results of MID inspections could provide a valuable tool to help heads of the major offices

and divisions within Customs ensure that their individual units are performing as they should.

Recommendation

We recommend that the Commissioner of Customs direct MID to routinely summarize its findings relating to major organizational units within Customs to identify systemic problems and make appropriate recommendations to correct them.

Agency Comments and Our Evaluation

In commenting for the Department of the Treasury, Customs' Director, Office of Planning, generally agreed with our recommendation and said that Customs has taken steps to address our findings.

OI agreed with our findings, conclusions, and recommendations. In response to our finding that enforcement statistics were missing from the case management database, OI said that it had taken or plans to take the following actions:

- develop and implement a computer-generated procedure for recording the final disposition of seizures in the OI case management system;
- direct all field offices to ensure that all initial and final statistics are included in the case management system for all cases closed between fiscal years 1996 and 1998;
- establish a new management oversight position, which will report directly to the Assistant Commissioner, in an effort to ensure greater accountability from field managers;
- revise the case management policies and procedures;
- complete the development of a "data warehouse" by the end of the year; and
- increase the emphasis on case management procedures in future training programs.

In response to our finding that supervisors did not provide evidence of case file reviews, OI said it plans to automate a procedure in the fall that would automatically notify supervisors every 90 days of their need to review and approve case files as required. OI also plans to automate other aspects of case management, including the form that supervisors are currently required to use to document supervisory reviews. These actions appear to be good first steps to correct the problems that we noted.

In its comments, OI also said that the importance of some of the discrepancies that we noted was overstated. Although OI agreed that the data were missing, it said that the lack of this information in the case management database did not affect the accuracy of the statistics it used

for internal planning, productivity, and resource allocation decisions. We did not determine as part of this review whether the incomplete statistics affected any OI planning or resource allocation decisions. However, to the extent OI relies on field-reported data to plan operations, assess performance, and make resource allocation decisions, we believe it should have complete, accurate data. We are encouraged by the steps OI outlined to improve these data.

Customs' Office of Internal Affairs said that MID has initiated a self-inspection program, which should provide a comprehensive mechanism for management oversight of programs and processes, including case management. According to the Office of Internal Affairs, MID plans to report the findings of the first self inspection to Customs executive management by October 1, 1999. (See app. II.)

We are providing copies of this report to the Honorable Sander M. Levin, Ranking Minority Member of the House Subcommittee on Trade; the Honorable Lawrence Summers, the Secretary of the Treasury; the Honorable Raymond W. Kelly, Commissioner of Customs; and other interested parties. Copies also will be made available to others upon request.

The major contributors to this report are acknowledged in appendix III. If you or your staff have any questions about the information in this report, please contact me on (202) 512-8777 or Brenda Bridges, Assistant Director, on (202) 512-5081.

Sincerely yours,

A handwritten signature in black ink, reading "Norman Rabkin". The signature is written in a cursive, flowing style.

Norman J. Rabkin
Director, Administration of
Justice Issues

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Abbreviations

DCI	Data Collection Instrument
MID	Management Inspection Division
OI	Office of Investigations
SAC	Special Agent in Charge

Objectives, Scope, and Methodology

Our overall objective was to review Customs' Office of Investigation (OI) case management process. Specifically, we sought to identify whether OI was following its case management policies and procedures. To conduct the investigative case file reviews, we selected separate random samples of case files closed from October 1, 1995, to July 14, 1998, in the New York and Chicago Special Agent in Charge (SAC) offices. In New York, we drew a random sample of 34 cases from a population of 1,443 cases. In Chicago, we drew a sample of 47 cases from a population of 1,143 cases. In total, we reviewed 81 case files in the hard-copy form.

To conduct the file reviews, we developed a data collection instrument (DCI) to measure whether Customs was following its own case management policies and procedures. We reviewed the hard-copy version of the files in New York and Chicago, two of the SAC offices with large numbers of cases.¹

To minimize nonsampling error in our file reviews, we pretested the DCI at the Baltimore SAC. We also verified 100 percent of the data entered from our DCI into a database that we created.

To improve the reliability of our estimates, we combined the New York and Chicago cases in our analysis. We determined, however, that the results of the file reviews were similar for both locations. We calculated sampling errors at the 95-percent confidence interval. In the text, when we make estimates in terms of noncompliance of "at least 'x' percent," we are using the lower bound of a one-sided 95-percent confidence interval. In other words, if we drew repeated samples of the same size from the population of cases in New York and Chicago, we would expect that the statement "at least 'x' percent of the cases were not in compliance" would be true in at least 95 of 100 samples. For the subpopulation of cases that should have had statistics reported in the electronic case management database, we also used simulation methods to estimate the standard error of the proportion of cases that had missing statistics. Using the lower bound rather than the point estimate provides a more conservative estimate of the percentage of cases not in compliance with Customs' policies and procedures.

In addition, we examined the computer version of the case files to determine whether agents were updating statistics in the electronic case management database, which is a part of the Treasury Enforcement

¹Because we were reviewing regulatory audit concurrently, we specifically included only larger SAC offices that were colocated with a Customs' Office of Regulatory Audit.

Communication System. A Customs official verified the information on the statistics that we reported as missing from the case management database. We also interviewed several Customs officials about the importance of case management, including the use of case enforcement statistics to evaluate what, if anything, Customs was doing to improve compliance with its own policies and procedures.

The second part of this review was to determine the role that Customs' Office of Internal Affairs, Management Inspection Division (MID), played in monitoring case management in OI. To accomplish this objective, we (1) reviewed the combined annual report for fiscal years 1994 and 1995 and management inspection and follow-up reports on 62 OI offices completed between fiscal years 1995 and 1998 and (2) interviewed MID officials who conduct case management reviews.²

²MID officials told us that they also conducted a trend analysis of their 1996 management inspections; however, they were unable to locate a copy of the report.

Comments From the U.S. Customs Service

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



DEPARTMENT OF THE TREASURY

U.S. CUSTOMS SERVICE

JUL 13 1999

Mr. Norman J. Rabkin
Director
Administration of Justice Issues
General Accounting Office
441 G Street, NW.
Washington, DC 20548

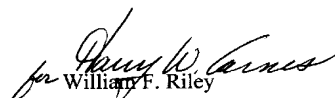
Dear Mr. Rabkin:

Thank you for the opportunity to review and comment on GAO's draft report entitled: U.S. Customs Service: Office of Investigations Case Management Problems Continue. In general, we agree with the recommendation stated and have taken steps to address your finding.

Enclosed are comments from the Office of Investigations, previously faxed on July 8, 1999. We are also providing additional comments and a list of corrective actions taken and planned by the Office of Internal Affairs to address the recommendation.

Again, thank you for the opportunity to comment on the draft report. If you have any questions, please have a member of your staff contact Ms. Michele Donahue at (202) 927-0957.

Sincerely,


William F. Riley
Director
Office of Planning



Equal Opportunity Employer

UNITED STATES GOVERNMENT
Memorandum

DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICE



DATE: JUL - 8 1999

FILE: MAN-1-OI:AD:PP

TO : Director, Office of Planning

FROM : Assistant Commissioner
Office of Investigations

A handwritten signature in black ink, appearing to read "Benjamin G. Wicks".

SUBJECT: Review of GAO's Draft Study of Office of Investigations Case Management

We have reviewed GAO's report with interest and agree that our Case Management system needs to be modified to alleviate the problems identified in the report. In fact, the findings confirm what our own internal reviews have indicated for several years. Unfortunately, we have not been able to complete implementation of a number of resolutions to the problem areas noted due to other very high priority requirements such as Customs SEACATS system and solving the Y2K problem.

While we acknowledge that improvements to Case Management are necessary to ensure that current policies are being uniformly followed and that the quality of our data is of the highest caliber, we feel that GAO's review tended to overstate the extent and importance of some of the discrepancies noted and tends to be misleading. This opinion is based on the fact that all errors detected are treated as being of equal significance regardless of the type of error and whether or not they impact our performance and planning processes. Since our performance evaluation system is based on several initial and one final enforcement statistics that provide current management information, final disposition of seizure data is not needed for or is not material to the performance evaluation process.

Our analyses and explanations of the errors in 8 of the 19 cases noted in GAO's report are as follows:

- Missing data in 7 cases involved final disposition of seizures only.

Case Management was not originally designed to capture information on disposition of seizures. However, several years ago, management decided to track the disposition of seizures in Case Management and subsequently revised the Enforcement Handbook to include appropriate instructions on seizure disposition codes as final statistics. Unfortunately, although the instructions

See comment 1.

regarding seizure disposition codes were promulgated in the Enforcement Handbook, the required modifications to the Case Management system were never completed because of the total concentration of programming resources on SEACATS. Consequently, this led to the problem of appearing to close cases without final statistics.

Materiality of missing seizure disposition codes. - While missing seizure disposition codes represent omissions of data under current procedures, the lack of this information in Case Management does not in any way affect the accuracy of the enforcement statistics used for our planning, productivity and resource allocation methodologies because they are not part of the methodology. Moreover, the final disposition of seizures is documented in SEACATS which is Customs official source for this information.

Resolution of problem. - In response to this GAO finding, the Office of Investigations has developed an interim procedure for eliminating the problem of lack of final disposition codes for seizures. This procedure involves system generated disposition codes and has been implemented. In the near future, the Office of Investigations will meet with SEACATS staff to develop a permanent and automatic linkage program for seizure disposition.

See comment 2.

- Missing data in 1 case due to lacking final disposition of a fugitive.

This case should have been placed in a "pending" status and, as such, would not have been classified as closed.

Materiality of this situation. - This situation has no materiality on the quality of statistics because the system accurately reflects the initial arrest which continues to be the current disposition of the case.

Resolution of problem. - In this specific case, should the fugitive be located and taken back into custody, the case can be reopened with subsequent actions documented against the case.

As a result of the above analysis, we believe that the number of cases containing material types of errors is reduced from 19 to 11. Even so, the impact of these errors on our performance evaluation and planning efforts is minimal. At best, there is no impact and at worst we are understating our statistics.

With regard to discrepancies pertaining to the supervisory review process, an automated procedure will be available in the fall which will provide automatic notification every 90 days to supervisors and allow them to review and approve cases as required. In addition, other manual functions like the "chron sheet" will be automated.

We agree with GAO's recommendation to identify and correct all systemic Case Management and other problems. In this regard, the Office of Investigations has taken several significant actions toward this goal to date and has a specific action plan underway which addresses both the accuracy and accessibility of all case and enforcement information and statistics. Our current objective is to complete a revision of our Enforcement Handbook and to complete development and implementation of a "data warehouse" application by the end of the year. Additionally, we have directed all of our field offices to review all cases closed in FY 1996-98 to ensure that both initial and final dispositions are posted. We have also established a Management Oversight Staff reporting directly to the Assistant Commissioner which will ensure greater accountability from field managers and we will increase our emphasis on Case Management procedures in future training programs.

UNITED STATES GOVERNMENT
Memorandum

DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICE



Date: JUL - 8 1999

File: AUD 5-02 DJG

TO : Director, Office of Planning

FROM : Assistant Commissioner *WK*
Office of Internal Affairs

SUBJECT: General Accounting Office Draft Report Entitled "U.S. Customs
Service Office of Investigations Case Management Problems
Continue"

The GAO draft report of "U.S. Customs Service Office of Investigations Case Management Problems Continue," which discusses the findings on the management of investigative case files, has been reviewed.

The GAO presented one recommendation that the Commissioner of Customs direct the Management Inspections Division (MID) to routinely summarize its findings relating to major organizational units within Customs to identify systemic problems and make appropriate recommendations to correct them.

At the direction of the Commissioner, MID has implemented the U.S. Customs Service Self-Inspection Program (SIP) which provides a comprehensive mechanism for management oversight of programs and processes, including the core area of "case management." The SIP will require all first line field office managers to assess compliance with existing policy and to semi-annually certify their assessment with respective Assistant Commissioners.

Through the SIP, each organization will identify systemic problems and will articulate their plan to bring each program area into compliance with existing policies, directives and agency priorities. MID will also perform independent inspections of Customs offices on a twenty - four month cycle to verify and validate that the SIP is being implemented, that the findings reported are accurate, and that appropriate corrective action is being taken.

The results of the first SIP review will be submitted to MID during July 1999. MID will report its findings to executive management by October 1, 1999.

The following are GAO's comments on the U.S. Customs Service letter dated July 13, 1999.

GAO Comments

1. As a part of this review, we did not determine whether the mission statistics affected OI's performance evaluation process. However, since the initial seizure data may include seized items that are eventually returned to the alleged violators rather than forfeited to the government, we believe that the final disposition of seizure data would be more accurate than the initial seizure data.
2. Customs written procedures require cases such as these to be closed.

GAO Contacts and Staff Acknowledgments

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