

**UNITED STATES CUSTOMS SERVICE'S
MANAGEMENT INQUIRY PROCESS**

OIG-00-099

June 27, 2000



Office of Inspector General

United States Department of the Treasury




OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

June 27, 2000

MEMORANDUM FOR RAYMOND KELLY, COMMISSIONER
UNITED STATES CUSTOMS SERVICE

FROM: Dennis S. Schindel 
Assistant Inspector General for Audit

SUBJECT: Audit Report on the United States Customs
Service's Management Inquiry Process

Attached is the final report of the Office of Inspector General (OIG) audit of the *United States Customs Service's Management Inquiry Process*. The United States Customs Service (Customs) established new management inquiry procedures in response to weaknesses identified by prior reviews. Our audit found that implementation of the new management inquiry procedures, as designed, would improve controls over the process. However, there were two areas that need attention.

The first area involves lengthy delays between the dates that allegations were received and the files were submitted to fact finders for review. The second area is the untimely coordination between fact finders and designated points of contact. The OIG made two recommendations to address these issues. Customs management agreed with these recommendations and initiated corrective action. We have incorporated Customs' comments into the report, and included the entire response as Appendix 1.

We appreciate the courtesies and cooperation provided to our auditors. If you have any questions, you may call me at (202) 927-5400 or a member of your staff may contact Charles Mataya, Director, Program Audits at (713) 706-4611.

Attachment

OVERVIEW

Our audit was conducted in response to continued interest in reported weaknesses in the United States Customs Service (Customs) integrity program. The Office of Inspector General (OIG) conducted a review of alleged integrity problems reported by a major newspaper. Concurrently, Customs management conducted an internal review concerning these allegations. Both reviews confirmed that there were problems with the integrity program. The reviews outlined categorization, control, and processing problems with the management inquiry process, an integral part of the integrity program.¹ As a result, Customs implemented new procedures for the management inquiry process. This audit was conducted to determine whether these new procedures properly addressed the identified weaknesses.

The audit included a review of the process in effect as of August 4, 1999, and, because of recently implemented changes, did not include detailed testing of the new procedures. As part of our review, we visited Customs field locations in Miami, Florida, to determine if personnel, where reported problems occurred, were knowledgeable of their responsibilities. We are planning a follow-up effort in conjunction with the OIG Office of Investigations. This follow-up effort will, among other things, include detailed testing of the new procedures.

A limited review disclosed that, for the most part, the problems associated with the management inquiry process had been addressed. However, there were two areas within the new management inquiry procedures that still need attention. Specifically, inquiry files were not sent to designated field personnel for follow-up in a timely manner and the review process was not properly coordinated in the field. In our opinion, these areas represented potential problems, which if not addressed, could become major deficiencies.

BACKGROUND

Recent media attention pointed to integrity problems within Customs. Specifically, on December 13, 1998, The Miami Herald published a special report entitled *U.S. Customs: A Culture of Favoritism*. Included in this special report were assertions which were characterized as representing Customs inability to address allegations of mismanagement and impose appropriate discipline. As a

¹ Management inquiries are allegations of misconduct that are not considered serious enough to be investigated by Customs' Office of Internal Affairs. Instead, they are referred to a senior manager who in turn directs an official to conduct the review and recommend appropriate disciplinary action.

result of this article, on December 17, 1998, the Chairman, Committee on Finance, United States Senate, requested that the OIG conduct an independent review.

The results of that review were issued in the Spring of 1999 by the OIG Office of Investigations in a report entitled *OIG Special Report on the United States Customs Service*. This report identified weaknesses in the management inquiry process such as: lack of directives for conducting management inquiries, no oversight of closed cases by the Office of Internal Affairs, lack of proper case documentation, and the absence of objectivity by the reviewing parties.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine if adequate guidelines and procedures had been established and implemented to ensure that allegations identified as management inquiries were properly categorized, controlled, and processed. The scope of our audit was limited to the management inquiry procedures in effect as of August 4, 1999.

We performed the audit by interviewing Customs personnel and reviewing relevant documentation. We documented the new procedures for processing management inquiries through review of directives, and interviews with personnel. We identified procedural weaknesses by reviewing prior reports. Reported deficiencies were then compared to the new procedures to determine if the weaknesses identified were properly addressed.

Selected field offices were visited to determine if the newly established management inquiry procedures were being properly implemented. Accordingly, we interviewed Customs personnel at the Miami, Florida, Customs Management Center, the Plantation, Florida Strategic Trade Center and the Plantation, Florida Office of Internal Affairs to determine their understanding and role in the management inquiry process. Using the information gathered we evaluated the new process to determine if appropriate controls were established and sufficient to correct the deficiencies associated with the prior inquiry process. Due to the recent implementation of the new procedures, detailed testing of the new procedures and controls was not performed.

We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, and included such audit tests as were determined necessary.

AUDIT RESULTS

Customs performed an internal review of the entire integrity program and took action to correct existing weaknesses by implementing new procedures and controls. Currently, all allegations are routed to a permanent group of employees within the Office of Internal Affairs which categorizes and enters them into the automated case management system for tracking. Policies and procedures have been established for conducting and documenting management inquiries. Employees have been designated and trained as fact finders to independently review management inquiries, and special agents from the Office of Internal Affairs are responsible for providing guidance. They assist the fact finders from the initiation of the inquiry to the issuance of the report.

Our review of these actions disclosed two additional areas that need to be addressed. We found that: (1) inquiry files were not sent to field personnel for follow-up in a timely manner and (2) the review process was not properly coordinated in the field.

Untimely Assignment of Cases to Fact Finders

Our review of the field implementation of the new management inquiry procedures disclosed that inquiry files were not being sent to the fact finders in a timely manner. The *Administrative Inquiry Guidebook*, which sets forth the policies and procedures for processing management inquiries, requires that authorization to conduct an inquiry be given to a fact finder within 5 days of the receipt of an allegation. We reviewed six cases that had been assigned to a South Florida fact finder, and found that the number of days between the allegation and assignment to the fact finder ranged from 32 to 124 days.

The *Administrative Inquiry Guidebook* states: "The timeliness of reports is central to the fact finding process. The Customs Service has an obligation to the employee to complete the inquiry and arrive at a disposition in a timely manner." In response to our specific request for follow-up on these six cases, Customs management indicated that system changes, inundation with legitimate and frivolous complaints, training of fact finders, and the learning curve all contributed to the late assignments. Although these can be valid rationale, they do not specifically pinpoint where or why a specific delay occurred. The automated case management system should be set up to identify untimely assignments and generate an

exception report when such instances occur. This would ensure the identification of processing problems needing attention.

Recommendation

1. The Commissioner of Customs should ensure that controls are built into the automated case management system which would flag management inquiries for follow-up action when delays occur.

Management Response and OIG Comment

Customs concurred with the need for this enhancement. Several reports are being developed which will identify cases awaiting resolution through the management referral process. The reports will allow the Office of Internal Affairs to determine the number of administrative inquiries over 45 days old. Once on-line, the reports will provide the controls necessary to flag delinquent management inquiries for follow-up action. This data system enhancement should be operational within 4 months.

The OIG believes that implementation of the enhancements will enable the Office of Internal Affairs to monitor the timeliness of management inquiries case processing overall. However, Customs should consider further enhancements to identify delays in various steps of the management inquiry process such as the 5-day timeframe for referring cases to fact finders.

Review Process Not Always Coordinated

Procedures for conducting management inquiries were documented and issued in Customs' booklet entitled *Administrative Inquiry Guidebook*. This guidebook states that the fact finder may contact the designated point of contact, an Office of Internal Affairs investigator, to review the inquiry plan and will be provided guidance as necessary. We were informed that fact finders were not contacting the designated investigators until near the end of the 45 days allotted to complete an inquiry. Information gathered from one investigator indicated that additional work was often required to properly complete a review. It was the investigator's opinion that if contact was made early in the process, suggestions could have been incorporated into the inquiry plan which may have precluded the need for additional work at the end of the review.

When inquiries are not coordinated early in the process, the fact finders and Customs management are at risk that the reviews could be incomplete and untimely.

Recommendation

2. The Commissioner of Customs should ensure that the *Administrative Inquiry Guidebook* is amended to require early coordination of the management inquiry review process between fact finders and designated points of contact.

Management Response and OIG Comment

Customs concurred and stated that this recommendation was addressed in the revised *Administrative Inquiry Guidebook*. Version 5, printed March 1, 2000, requires the fact finder to contact the Internal Affairs point of contact within 5 days of assignment to a management inquiry to review the inquiry plan.

The OIG believes that action taken will satisfy the intent of the recommendation.

MANAGEMENT RESPONSE

15-11-00 09:24A



U.S. Customs Service

Memorandum

DATE: MAY 10 2000

FILE: AUD-1-OP BAB

MEMORANDUM FOR DENNIS SCHINDEL
ASSISTANT INSPECTOR GENERAL

FROM: Director,
Office of Planning

SUBJECT: Draft Audit Report on the United States Customs
Service's Management Inquiry Process

Thank you for providing us with a copy of your draft report entitled "Report on the United States Customs Service's Management Inquiry Process" and the opportunity to discuss the issues in this report.

Customs has taken a number of steps to address the issues identified during your review. These steps, and additional on-going actions, are outlined in the attached document, as are Customs comments on this draft report.

Our review indicates that the information contained in the report does not require protection under the Freedom of Information Act.

If you have any questions regarding the attached comments, please have a member of your staff contact Ms. Brenda Brockman at (202) 927-1507.

Handwritten signature of William F. Riley.
William F. Riley

Attachment

TRADITION

★

SERVICE

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HONOR

MANAGEMENT RESPONSE

Recommendation One:

The Commissioner of Customs should ensure that controls are built into the automated case management system, which would flag management inquiries for follow-up action when delays occur.

Response:

Customs concurs with the need for this enhancement. To properly address this condition, the Office of Internal Affairs (IA) is developing several reports to identify cases awaiting resolution through the management referral process. The reports will allow IA to determine the number of administrative inquiries over 45 days old, by a number of specified parameters, e.g. subject organization, IA/Point of Contact Office, file classification/status, and date. Once on-line, the reports will provide the controls necessary to flag delinquent management inquiries for follow-up action. This data system enhancement is anticipated to be operational within the next four months.

Recommendation Two:

The Commissioner of Customs should ensure that the Administrative Inquiry Guidebook is amended to require early coordination of the management inquiry process between fact finders and designated points of contact.

Response:

This recommendation has been addressed in Version 5 of the Administrative Inquiry Guidebook, printed March 1, 2000. Chapter 3 of the Guidebook, "Administrative Referral and Inquiry Chronology," states in Section Four that after a fact finder is assigned to a management inquiry, the fact finder will "Contact the Internal Affairs Point of Contact (IA POC) within 5 days..." This process is further reinforced in Chapter 4, The Fact Finding Process." In sub-chapter 4.3, "Formulation/Review of an Inquiry Plan," paragraph 2 states "The fact finder will contact the IA POC within five days to review the inquiry plan and the IA POC will provide guidance as necessary regarding evidence and internal support as required."

MAJOR CONTRIBUTORS TO THIS REPORT

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