

**June 2000****CUSTOMS SERVICE****Information on the  
Design of the Self-  
Inspection Program**

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**G A O**

Accountability \* Integrity \* Reliability

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

**General Government Division**

B-284954

June 23, 2000

The Honorable William V. Roth Jr.  
Chairman  
Committee on Finance  
United States Senate

The Honorable Bill Archer  
Chairman  
Committee on Ways and Means  
House of Representatives

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

The Commissioner, U.S. Customs Service, testified before the Senate Finance Committee in May 1999 that he had made significant changes to the Customs Service in an effort to improve employees' performance and accountability. Among these changes was the institution of a Self-Inspection Program (SIP) whereby managers are to self-assess how well their areas were carrying out their responsibilities.

In your October 12, 1999, letter, you requested that we review the design and implementation of Customs' SIP. As agreed with your offices, we are addressing these issues in two reports. This report discusses (1) SIP's principal features, (2) the basis for Customs' design for SIP, (3) how SIP differs from Customs' previous management inspection program, and (4) SIP design issues identified by Customs to date and what Customs is doing to respond to them.

Our work on the second issue—program implementation—will begin during summer 2000, after Customs has had a full year to implement and analyze the program.

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## Results in Brief

Customs' SIP provides a mechanism for management oversight of programs and processes that is intended to build accountability and foster integrity throughout the Customs Service. Under SIP, all Customs supervisors and managers are responsible for conducting a self-inspection

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every 6 months of the activities they oversee, using uniform self-inspection worksheets that are designed to evaluate financial vulnerability and corruption, mission performance and resource utilization, and internal/external relationships. Any worksheet that identifies an area in need of improvement must also include an addendum stating the corrective actions to be taken and the time frame for taking them.

In designing SIP, Customs reviewed literature on program design and contacted several organizations to learn about their programs. From this research, specific features were selected that the program director thought could work within the Customs environment. These features, which were endorsed by the Commissioner and the executive staff, included

- ownership of the program at all levels,
- scope that covers operational and administrative areas,
- use of an independent body to validate self-assessments,
- use of uniform worksheets that contain questions about essential control points for managers,
- funneling of results up the chain of command, and
- performance of self-inspections according to a set schedule.

Under Customs' previous management inspection program, Management Inspections Division (MID) personnel were to perform comprehensive reviews of each administrative and operational area of an activity (e.g., port of entry) about once every 5 years. These reviews took MID about 2 to 3 weeks to complete at each location. Under SIP, all supervisors and managers are to inspect, assess, and monitor their own activities every 6 months, with MID providing independent verification and validation on a 2-year cycle. MID's independent verification and validation reviews are to be less comprehensive than those performed formerly and are expected to take about 5 days compared with 2 or 3 weeks. MID is to send a follow-up memorandum between 6 months to a year after the inspection requesting information on the status of any corrective actions.

Based on the first SIP cycle, a major program design problem identified by Customs consisted of worksheet questions and directions that were often perceived by users to be subjective, unclear, and confusing. To address these and other issues, Customs revised the worksheets to include (1) specific directions about who should complete them, (2) detailed sampling methodology and instructions, (3) citations to references for most questions, and (4) reworded questions designed to be more specific and less confusing.

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Two other program design issues have emerged. The first issue, identified by Customs, involves the lack of an automated system to analyze SIP results. Without an automated system, which is under development, Customs has had difficulty manually tracking voluminous SIP results to identify national trends or to track whether corrective actions have been taken. The second issue, noted in our review, involves the degree of discretion allowed for offices to perform their self-inspections. A 6-month interval was expected to be the standard with some discretion allowed. The Assistant Commissioner for the Office of Field Operations (OFO)—the largest Customs office—decided to exercise this discretion by completing half the self-inspection worksheets every 6 months so that each worksheet will be completed on a yearly basis. Although a deviation from the original plan, a yearly self-inspection cycle is similar to those used by other organizations we looked at.

It remains to be seen what effect these developments will have on the program's ability to promptly identify and resolve problems. We plan to follow up on these issues in our second report.

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## Background

The U.S. Customs Service has a diverse mission spanning a large geographic area. Customs' responsibilities include (1) collecting revenue from imports and enforcing Customs and other U.S. laws and regulations; (2) preventing the smuggling of drugs into the country; and (3) overseeing export compliance and money-laundering issues. Customs' workforce totals almost 20,000 employees at its headquarters, 20 Customs Management Centers (CMC), 20 Special Agent-in-Charge (SAIC) offices, 301 U.S. ports of entry, 5 strategic trade centers, and over 25 international offices.

Because of Customs' diverse responsibilities and geographic dispersion, the Commissioner wanted a new program that placed the primary responsibility for reviewing operations and identifying corrective actions on the supervisors and managers overseeing the activities. In addition, the Commissioner wanted MID to independently verify and validate the self-inspections and to increase its assessment frequency from about every 5 years to about every 2 years.

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## Scope and Methodology

To identify (1) the principal features of Customs' SIP, (2) how SIP differs from Customs' previous management inspection program, and (3) SIP design issues identified by Customs to date and what Customs is doing to respond to them, we interviewed officials from several Customs activities, including MID, which oversees SIP and is within the Office of Internal Affairs. In addition to MID, we interviewed officials from OFO and the

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Office of Investigations because these are geographically dispersed components with the responsibility for completing a large number of self-inspection worksheets. We also reviewed relevant agency documents, including reports from Customs' previous management inspection program.

To obtain information on the basis for Customs' design for SIP, we contacted officials from the organizations that Customs used as models—the Drug Enforcement Administration (DEA), New York Police Department (NYPD), and Xerox's North American Services Group. We also contacted officials from Motorola.<sup>1</sup> In addition, we analyzed how Customs' program compares and contrasts with these organizations' self-inspection programs.

Our work was performed at Customs' headquarters in Washington, D.C., and at field offices in the Los Angeles and New York areas. We performed our work between October 1999 and May 2000 in accordance with generally accepted government auditing standards. We requested comments on a draft of this report from the Customs Commissioner or his designees. Customs' written comments are discussed near the end of this letter and reprinted in appendix III.

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## Principal Features of SIP

Customs' SIP provides a mechanism for management oversight of programs and processes, to build accountability and to foster integrity throughout the Customs Service. As its name denotes, SIP emphasizes self-assessment, rather than an assessment performed by a different Customs' component. Under SIP, every supervisor and manager in Customs is responsible for conducting a self-inspection of the activities they oversee, using uniform core area self-inspection worksheets to evaluate each major area. The intent of the worksheet is to identify the key internal control points for evaluation in a particular program or process. The worksheets allow supervisors and managers to assess their mission/program accomplishments while helping them to better define their priorities and identify areas needing improvement. The focus is to be on

- financial vulnerability and corruption,
- mission performance and resource utilization, and
- internal/external relationships.

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<sup>1</sup> While Customs did not use Motorola's self-inspection program as a model, we contacted it because Motorola testified about its self-inspection program before the Senate Finance Committee during the spring of 1999.

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There are two categories of self-inspection worksheets: universal and operational. Universal worksheets pertain to all Customs' offices and contain questions about administrative areas such as labor and employee relations, including sick-leave usage within the activity (see app. I). Every Customs activity (e.g., port of entry) is responsible for completing the universal worksheets. Operational worksheets contain questions about controls over specific activities. For example, SAIC offices would complete a worksheet on the handling of seized currency (see app. II).

Customs' activities are to conduct self-inspections every 6 months, which are referred to as self-inspection cycles. During the self-inspection cycles, supervisors and managers are to complete worksheets for all areas and activities under their control. This involves assessing their operations and answering questions on the worksheets as "yes," "no," or "N/A" (not initially defined, but subsequently changed to "No Activity" and "Never Applies"). They are to then rate their areas of responsibility as either "acceptable" or "needs improvement."

During the first SIP cycle (covering the period of October 1998 to March 1999), any question on a worksheet that had a "no" response was to be automatically rated on the worksheet as "needs improvement." Any worksheet that had a "needs improvement" rating was required to include an addendum stating the corrective actions to be taken and the time frame for taking them.

Self-inspection results are to be funneled up the chain of command. For example, ports of entry are to send results to the CMC, which in turn is to send results to the cognizant assistant commissioner. The assistant commissioners are to report to MID ensuring that self-inspection worksheets have been completed, are accurate, and have been analyzed; key issues have been identified; corrective actions have been determined; and time frames for completion of corrective actions have been established.

MID is responsible for overseeing SIP, overseeing the development of the worksheets, and managing the program. MID is also responsible for publicizing the program implementation strategy and developing the marketing plan. In addition, MID is to conduct independent verifications and validations of the completed self-inspection worksheets to ensure that they are correct and accurate. MID has developed a schedule to verify and validate a portion of each major Customs activity every 2 years and plans to analyze areas needing improvement in order to identify trends.

MID is to brief the Commissioner on the findings of its analysis. A report is then to be issued and distributed throughout Customs detailing the results of the self-inspections. MID is to conduct a follow-up 6 months to a year after the inspections to ascertain whether corrective actions have been taken.

## SIP Design and How It Compares With Other Self-inspection Programs

Customs officials used two steps in designing the self-inspection program. First, MID officials searched for and reviewed literature on program design. MID relied heavily on a book entitled Control Self-Assessment: Making the Choice<sup>2</sup> by Glenda Jordan and published by the Institute of Internal Auditors for guidance on self-inspection program features and parameters.

Second, Customs contacted several organizations to learn about their programs. During 2 weeks in the fall of 1998, MID contacted 22 organizations: 17 public; 5 private. Of the 15 organizations that responded, 5 had self-inspection programs: DEA, NYPD, Trans-Maritime Administration, the U.S. Army, and Xerox's North American Services Group. MID officials visited three of these organizations that they thought had established viable programs to learn more about them: DEA, NYPD, and Xerox.

According to the MID Director, SIP incorporated the features from the literature and these programs that would work within Customs' environment and were endorsed by the Commissioner and the executive staff. The features borrowed from DEA's, NYPD's, and Xerox's self-inspection programs were

- ownership at all levels,
- scope that covers operational and administrative areas, and
- use of independent body doing checking.

In addition, Customs incorporated the following features from the DEA and Xerox programs:

- uniform worksheets,
- self-inspection results to be funneled up the chain of command, and
- self-inspections to be conducted according to a set schedule.

Customs' design was somewhat different from NYPD's program design, however. It also differed from Motorola's program design, which Customs

<sup>2</sup> Control Self-Assessment: Making the Choice, Glenda S. Jordan, Institute of Internal Auditors, 1995.

did not consider but which we reviewed for comparison purposes. As shown in table 1, one difference was that NYPD and Motorola allowed their activities (e.g., NYPD police precinct and Motorola’s accounts payable department) to develop their own self-inspection worksheets instead of requiring uniform worksheets for all activities.

**Table 1: How Customs’ SIP Compared With Other Self-Inspection Programs**

Description	Customs	DEA	NYPD	Xerox	Motorola
Year self-inspection program started	1999	1994	mid-1980s	1993	1979
Uniform worksheets?	Yes	Yes	No	Yes	No
Are results sent up the chain of command?	Yes	Yes	No	Yes	No
Who conducts self-inspection?	Lowest-level supervisor or manager who oversees the activity	Assistant SAIC	Lowest-level supervisor or manager who oversees the activity	First-line manager of the process	Determined by each activity
Are self-inspections done on a set schedule?	Yes, every 6 months	Yes, every year	No	Yes, every year	Yes, every year
How often verified and validated by outside entity?	Partial review every 2 years	Every 2 years	Partial review every 3 months	Every 3-4 years	Every 3 to 5 years
Are inspection visits announced in advance?	Yes <sup>a</sup>	Yes	No	Yes, 2-week notice	Yes

<sup>a</sup>MID has the authority to do unannounced inspections but has done so on five occasions and only regarding the seized property program.

Source: GAO analysis of Customs’ and other organizations’ data.

## Comparison of SIP With MID’s Previous Inspection Program

SIP differs from Customs’ previous management inspection program. Prior to SIP, the program involved an Office of Finance component and a MID component. Under the Office of Finance component, managers were to use checklists to assess their own internal controls, but these checklists were not widely implemented, according to Customs officials. Under the MID component, MID personnel were to visit an activity, such as a SAIC office, about once every 5 years to perform a comprehensive review that was to examine administrative and operational aspects of the activity. For example, a comprehensive review of a SAIC office was to include mission performance, resource utilization, general management, internal/external relationships, case management, source development, undercover operations, and other areas. In addition, MID was to inspect these areas at all the Resident Agent in Charge offices that reported to the SAIC. According to the MID Director, these comprehensive reviews could take about 2 to 3 weeks to perform.

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In addition to these comprehensive reviews, MID also performed spot-checks that focused on limited areas, such as controls over the imprest fund. Follow-up reviews were generally conducted 1 to 2 years after comprehensive reviews were performed to determine whether corrective actions had been taken.

Under SIP, the responsibility for reviewing the activities and identifying corrective actions was placed on the supervisors and managers themselves. These individuals are to use uniform self-inspection worksheets to inspect, assess, and monitor their activities. MID is to visit major activity locations at least every 2 years, for about 5 days, to verify and validate the self-inspection worksheet results. MID is to send a follow-up memo between 6 months to a year after the inspection to get a status of corrective actions under way. While MID is to visit every major activity location more frequently than under the previous program, it does not plan to visit every subordinate location. However, MID plans to review the reports for those locations it does not visit. For example, under the CMC Tucson, AZ, are the Ports of San Luis and Lukeville. MID visited the CMC Tucson and the Port of San Luis but did not visit the Port of Lukeville. However, according to MID officials, they did conduct a document review of the Port of Lukeville, which consisted of obtaining and reviewing the self-inspection worksheets.

After the first SIP cycle, according to the MID Director, its visits consisted of reviewing worksheets, verifying self-inspections, and providing feedback on how well self-inspections were performed. After the second SIP cycle (covering April 1999 to December 1999), MID's focus shifted to moving beyond mostly verifying what managers and supervisors did to actually conducting additional review work on its own. MID reviewers had the option of adding interviews and surveys of employees working at the activities under review and were also to conduct an in-depth review of a selected number of core areas. In addition to the mandatory core areas, each inspection team can, at their discretion, review additional core areas. These additional core areas may be suggestions from administrative program areas, requests from local and headquarters management, or random selections from MID. The reviews were also to include assessments of resource utilization and internal and external relations and were also slated to last 5 days.

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## Customs Is Addressing Design Issues

According to MID and other Customs officials, a major design issue with the first SIP cycle was that worksheets were perceived to have subjective, unclear, and confusing questions or directions. For example, a question on the imprest fund worksheet asked, "Are prohibited items being

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purchased?” The directions on the worksheet instructed that a “no” response had to have an addendum attached stating what corrective actions would be taken and the time frames for taking them. In addition, a “no” response would immediately give the imprest fund worksheet a “needs improvement” rating. However, in this case, the desirable answer was a “no” response. In addition to the unclear questions, other issues with the worksheets Customs identified included unspecified sampling methodologies and a lack of criteria, such as applicable regulations.

MID extended the second SIP cycle by 3 months to allow time to revise the worksheets. The new worksheets contain many changes, including directions on who should complete the worksheet, methodology instructions (e.g., specifying what size sample to take and how to take it), citations to references for most questions, and reworded questions designed to be more specific and less confusing. For example, the above “prohibited item” question was reworded as, “Are only allowable items purchased?”

Another design issue was that the worksheet ratings were not meaningful. During the first SIP cycle, MID directed that a single “no” answer on a worksheet would result in a “needs improvement” rating for the entire worksheet. This resulted in officials being unable to determine whether a “needs improvement” in an area indicated a major problem or a minor issue. To make the ratings more meaningful, MID developed a “qualified” acceptable rating. If a top-level manager, such as a port director, determined that a “needs improvement” rating is for minor issues, he/she could amend that rating to a “qualified” acceptable rating. However, the official must explain the reasoning for overriding the original rating.

Customs CMC and SAIC officials we spoke with stated that the second SIP cycle was much easier to implement and less burdensome. They stated that the worksheet questions were much easier to understand and answer and that they liked the “qualified” acceptable rating. However, several of these officials stated that some of these questions could still be improved.

Two other program design issues have emerged. The first issue, identified by Customs, involves the lack of an automated system to analyze SIP results. The second issue, noted in our review, involves the degree of discretion allowed for offices to perform their self-inspections.

Without an automated system, which is under development, it has been difficult for Customs officials to manually track self-inspection results to identify national trends or to track whether corrective actions have been

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taken. According to MID and OFO officials, the results from the first SIP cycle resulted in a large amount of data, which made manual analysis difficult.

MID is currently working on an automated system called the Self-Inspection Reporting System (SIRS) that should make it easier to analyze data and track corrective actions. According to the MID Director, portions of SIRS should be operational by Summer 2000, including automating the worksheet questions. By January 2001, supervisors and managers should be able to input the worksheet data directly into SIRS. The Customs Office of Information and Technology officials responsible for developing SIRS stated that it would not be fully operational until about December 2001. The component that will take the additional time is intended to allow MID staff to compare SIP data with MID's inspection data to track whether corrective actions have been taken. In the meantime, OFO—the largest Customs office—has developed an Excel spreadsheet that may be used to record and analyze self-inspection results.

During the second SIP cycle the OFO Assistant Commissioner decided that it was too cumbersome for each of his activities to complete all of the worksheets every 6 months. The Assistant Commissioner developed a schedule so that about half the worksheets would be completed every 6 months so that each worksheet would be completed yearly, rather than every 6 months. Although a deviation from the original plan, a yearly self-inspection cycle is similar to those used by other organizations we looked at.

According to the MID Director, the program can permit this discretion. The Director stated that assistant commissioners are ultimately held accountable for the performance of the self-inspections of their activities, so they were given the latitude to make the worksheets—and consequently the self-inspections themselves—mandatory or discretionary. South Pacific and New York CMC—activities within OFO—officials we spoke with after the second SIP cycle stated that it was less disruptive to their operations to complete fewer worksheets. As of April 2000, other major Customs offices besides OFO (e.g., Office of Investigations, Internal Affairs, Strategic Trade), had completed all of their worksheets for the second SIP cycle, according to the MID Director.

It remains to be seen what effects these developments will have on the program's ability to promptly identify and resolve problems. MID officials noted that SIP is a program under continuous change and improvement

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and that such developments described above are and will continue to be necessary. We plan to follow up on these issues in our second report.

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## Agency Comments

We requested comments on a draft of this report from the Commissioner of Customs or his designee. On May 31, 2000, the Director, Office of Planning, provided us with written comments, which are reprinted in appendix III. The Director said that most of Customs' concerns had been addressed through discussions with our audit team during the assignment. His letter also provided additional perspective on the progress of the program.

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As agreed with your offices, unless you publicly announce its contents earlier, we plan no additional distribution of this report until 10 days from its issue date. At that time, we will send copies of this report to Senator Daniel Patrick Moynihan, Ranking Minority Member of the Committee on Finance; Representative Charles Rangel, Ranking Minority Member of the Ways and Means Committee; and Representative Sander Levin, Ranking Minority Member of the Ways and Means Subcommittee on Trade. In addition, we are providing copies to the Honorable Lawrence Summers, the Secretary of the Treasury; the Honorable Raymond W. Kelly, the Commissioner of Customs; and other interested parties. Copies of this report also will be made available to others upon request.

The major contributors to this report are acknowledged in appendix IV. If you or your staff have any questions about the information in this report, please contact me on (202) 512-8777 or Darryl Dutton, Assistant Director, on (213) 830-1000.



Richard M. Stana  
Associate Director, Administration  
of Justice Issues

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Table 1: How Customs' SIP Compared With Other Self- Inspection Programs	

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## Abbreviations

CMC	Customs Management Center
DEA	Drug Enforcement Administration
MID	Management Inspections Division
NYPD	New York Police Department
OFO	Office of Field Operations
SAIC	Special Agent-in-Charge
SIP	Self-Inspection Program
SIRS	Self-Inspection Reporting System

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# Example of an Universal Worksheet

## CORE AREA SELF-INSPECTION WORKSHEET (Universal)

Respond **YES** or **NO** to each question that relates to your supervisory responsibilities. If during the review there was no activity related to the question, mark the response as **NO ACTIVITY**. If the question addresses issues for which you have not been given supervisory responsibilities, mark the response as **NEVER APPLIED**. Enter **Audit Trail Notes** to explain how you determined your response. Refer to implementing instructions/guidance section following the questions.

**Core Area:** Labor & Employee Relations      **Office Inspected:** \_\_\_\_\_

**Target Respondents/(Accountable Official):** Questions 1-6 – All Supervisors/Managers  
 Questions 7-14 – Supervisors/Managers of Bargaining Unit Employees

ACTIVITY EVALUATION	Yes	No*	No Activity	Never Applies	Audit Trail Notes
1. Have you reviewed sick leave usage within your organization and taken appropriate action upon identifying problematic patterns? <small>Prudent Management Principles</small>					
2. Are conduct and disciplinary actions which have been taken consistent with the table of penalties within your delegated authority? <small>USCS Table of Offenses and Penalties dated August 23, 1999</small>					
3. Are conduct and disciplinary issues reported to the appropriate offices; e.g. Internal Affairs? <small>USCS Table of Offenses and Penalties dated August 23, 1999</small>					
4. Are employees kept informed of the expectations for conduct and behavior through annual performance discussions, staff meetings, internal memoranda, etc.? <small>National Agreement-Article 16 dated February 1, 1997</small>					
5. Have Confidential Financial Disclosure Reports (OGE Form 450) been submitted timely (by the deadline) on all required employees? <small>Customs Directive 1420-011 dated February 9, 1999</small>					
6. Have other ethics reporting requirements (e.g., outside employment, family member employment) been submitted timely (by their respective deadlines) on all required employees? <small>5 CFR 2635, 5 CFR 3101</small>					

12/03/99 UH0ALER00

**Appendix I**  
**Example of an Universal Worksheet**

7. Are disputes responded to timely (in accordance with the time frames as outlined in the National Agreement)? <small>National Agreement-Article 31 dated February 1, 1997</small>					
8. Has official time for union representation been recorded on time cards for stewards or other employees who were designated to represent the union (e.g., meetings, PITs (Process Improvement Teams), SPSTs (Strategic Problem Solving Teams)?					
9. Did you require appropriate rationale for the use of official time? <small>National Agreement, Article 33 dated February 1, 1997</small>					
10. Was official time for union representation approved? <small>National Agreement, Article 33 dated February 1, 1997</small>					
11. Were dispute resolutions and similar resolutions of contested actions appropriate in terms of management interests?					
12. Have you involved NTEU in predecisional matters, as appropriate; i.e., PITs (Process Improvement Teams), SPSTs (Strategic Problem Solving Teams)? <small>National Partnership Agreement dated June 13, 1994</small>					
13. During negotiations or discussions with the union, were decisions made in light of management needs and interests?					
14. Are local negotiated agreements consistent with national direction?					

\*If **NO**, complete the attached addendum.

12/03/99 UH0ALER00

**Appendix I**  
**Example of an Universal Worksheet**

**Implementing Instructions/Guidance Section:**

Research Conducted by: \_\_\_\_\_

**CORE AREA SELF-RATING (Check One)**

Acceptable       Needs Improvement       No Activity

I have conducted a self-inspection of this Core Area, and this worksheet accurately represents the results of my inspection.

Accountable Official \_\_\_\_\_ Date \_\_\_\_\_

Clearly Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

I have reviewed this worksheet and concur that the rating accurately reflects the results of this self-inspection.

Approving Official \_\_\_\_\_ Date \_\_\_\_\_

Clearly Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

12/03/99 UH0ALER00

**Appendix I**  
**Example of an Universal Worksheet**

**Addendum to the Core Area Self-Inspection Worksheet**

Core Area \_\_\_\_\_

Office: \_\_\_\_\_

Person Responsible for Implementing Corrective Action:

Accountable Official: \_\_\_\_\_

Clearly Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Corrective Action to be Completed No later than (mm/dd/yy): \_\_\_\_\_

Issue:

Corrective Action:

12/03/99 UH0ALER00

# Example of an Operational Worksheet

## OI - CORE AREA SELF-INSPECTION WORKSHEET - Field

Respond **YES** or **NO** to each question that relates to your supervisory responsibilities. If during the review there was no activity related to the question, mark the response as **NO ACTIVITY**. If the question addresses issues for which you have not been given supervisory responsibilities, mark the response as **NEVER APPLIED**. Enter **Audit Trail Notes** to explain how you determined your response. Refer to Implementing Instructions/Guidance Section following the questions.

**Core Area:** Seized Currency

**Office Inspected:** \_\_\_\_\_

**Target Respondents:** All first line supervisors responsible for this area

ACTIVITY EVALUATION	Yes	No*	No Activity	Never Applies	Audit Trail Notes
1. Was a completed CF 4605 (Currency Monetary Instrument Seizure Inventory) or a currency count sheet CF-6051 attached to each evidence bag containing currency? (SAHB, Chapter 18, Section 18.08.04(2) and (3) )					
2. Was the seized currency photographed in bulk and the photographs maintained in the case file? (SAHB, Chapter 18, Sec 18.08.04)					
3. Are the names of the 2 agents present during the currency count/inventory on the CF 4065 or the currency count/inventory sheet? (SAHB, Chapter 18, Sec 18.08.04(1))					
4. Is there a notation in the case file indicating that the seizing agent notified the U.S. Attorney's Office of the seizure? (CD # 5310-14, Currency Monetary Instruments - Seizure, Inventory and Reporting Procedures, Page 10 Sec. A (2))					
5. Was the inventory conducted immediately after the seizure, when practical? (SAHB, Chapter 18, Sec 18.08.04(1) and CD # 5310-14, Currency/Monetary Instruments - Seizure, Inventory and Reporting Procedures)					

040FSCU00

**Appendix II  
Example of an Operational Worksheet**

**Core Area: Seized Currency**

**Office Inspected:** \_\_\_\_\_

**Target Respondents:** All first line supervisors responsible for this area

ACTIVITY EVALUATION	Yes	No*	No Activity	Never Applies	Audit Trail Notes
6. If the amount of seized cash or monetary instruments to be retained for evidentiary purposes is less than \$5,000, has written approval to retain the cash been granted by the U.S. Attorney or designated Supervisory Attorney? (Seized Cash Policy memo from Director dated 8/15/96; Seized Cash Management Policy, Directive 4, Treasury EOAF, June 1996.)					
7. When seized cash retained for evidentiary purposes is \$5,000 or more, has written approval been obtained from the Chief, Asset Forfeiture Money Laundering Section at DOJ and were copies of authorizations provided to FP&F Officers? (Seized Cash Policy memo from Director dated 8/15/96; Seized Cash Management Policy, Directive 4, Treasury EOAF, June 1996.)					
8. Was the seized currency, delivered to the Seized Property Custodian within 3 days? (SA HB, Chapter 18, Sec 18.08.04; CD5310-14 Page 8 Section K)					

\*If **NO**, complete the attached addendum.

**Implementing Instructions/Guidance Section:**

**Question #2 Sample:** Check 10% or a minimum of 10 currency seizures during the reporting period

**Question #3 Sample:** Check 10% or a minimum of 10 currency seizures during the reporting period

Research Conducted by: \_\_\_\_\_

\_\_\_\_\_

November 29, 1999

040FSC:U00

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**Appendix II**  
**Example of an Operational Worksheet**

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**CORE AREA SELF-RATING (Check One)**

Acceptable       Needs Improvement       No Activity

I have conducted a self-inspection of this Core Area, and this worksheet accurately represents the results of my inspection.

Accountable Official \_\_\_\_\_ Date \_\_\_\_\_  
Clearly Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have reviewed this worksheet and concur that the rating accurately reflects the results of this self-inspection.

Approving Official \_\_\_\_\_ Date \_\_\_\_\_  
Clearly Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

040FSCU00

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**Appendix II**  
**Example of an Operational Worksheet**

**Addendum to the Core Area Self-Inspection Worksheet**

Core Area \_\_\_\_\_

Office: \_\_\_\_\_

Person Responsible for Implementing Corrective Action:

Accountable Official: \_\_\_\_\_

Clearly Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Corrective Action to be Completed No later than (mm/dd/yy): \_\_\_\_\_

Issue:

Corrective Action:

040FSCU00

# Comments From the Customs Service



**U.S. Customs Service**

*Memorandum*

DATE: May 31, 2000

FILE: AUD-1-OP BAB

MEMORANDUM FOR RICHARD M. STANA  
GENERAL ACCOUNTING OFFICE

FROM: Director,  
Office of Planning

SUBJECT: Draft Audit Report on the United States Customs  
Service's Self Inspection Process

Thank you for providing us with a copy of your draft report entitled "Customs Service: Information on the Design of the Self-Inspection Program" and the opportunity to discuss the issues in this report.

We believe that most of our concerns have been addressed through discussions with the audit team. However, we do have several clarifications regarding the progress of the program:

The Customs Self-Inspection Program (SIP) continues to grow in efficiency and usefulness. The program is undergoing constant fine-tuning in order to ensure that the Service gets the most use out of the self-inspection activity. Many improvements have been made to the program including more effective questions, clearer reporting chains, deeper analysis during MID inspections, and better tracking of corrective actions by Assistant Commissioners and MID.

As SIP becomes more ingrained in the day-to-day culture of Customs, supervisors will grow in appreciation of the different ways the program can help them better manage their programs and supervise their staff. The Service has already reaped major benefits from SIP including identifying and adjusting policies and procedures, responsibilities, and delegated authorities. Other benefits reaped since the inception of the program include identifying and correcting weak controls over travel cards, getting a handle on the Services badges and credential inventory, and providing a mechanism for accountability for audit findings and corrective actions.

TRADITION



SERVICE



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**Appendix III**  
**Comments From the Customs Service**

In the long-term, SIP will play a key role in the Service's overall internal compliance efforts. As SIP becomes more and more efficient, the Service will use the results to gain a better picture of Customs' internal control compliance. This identification of compliance weaknesses will allow Customs to better target and correct problem areas in order to strengthen the agency for the future.

If you have any questions regarding these comments, please contact Ms. Brenda Brockman at (202) 927-1507.

  
William F. Riley

# GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Richard M. Stana, (202) 512-8777  
Darryl W. Dutton, (213) 830-1000

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## Acknowledgments

Samuel S. Van Wagner  
Cheryl L. Gordon

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