
August 1998

CUSTOMS SERVICE

Internal Control Weaknesses Over Deletion of Certain Law Enforcement Records





General Government Division

B-279230

August 21, 1998

The Honorable Dianne Feinstein
United States Senate

Dear Senator Feinstein:

You asked us to conduct a broad review of the drug enforcement operations of the U.S. Customs Service along the Southwest border of the United States. This report is one of several that we have issued in response to your request.¹ This report discusses the results of our evaluation of the internal control techniques Customs has in place to safeguard certain law enforcement records in the Treasury Enforcement Communications System (TECS) from being inappropriately deleted.

As part of our review, we examined records designated by Customs as containing lookout data, which identify persons and vehicles known or suspected of illegal activity. TECS is designed to enable Customs inspectors to compare records containing lookout data with persons and vehicles entering the United States during primary screening inspections at ports of entry. Matches found during this comparison process can lead to a secondary inspection, with an intensive search and the arrest of the person and seizure of the vehicle and other property if drugs or other contraband are discovered during the search. TECS lookout records at ports of entry can be very important to law enforcement efforts to detect smuggled narcotics crossing the border. For example, the value of a lookout record was recently demonstrated when Customs inspectors seized 112 pounds of cocaine from a vehicle arriving from Mexico. A thorough inspection of the vehicle was performed because of the active TECS lookout record on the vehicle, leading to the discovery of 46 packages of cocaine.

In developing the information in this report, we (1) interviewed key officials and reviewed TECS internal control documents at Customs' headquarters and at three Customs Management Centers (CMC) located along the Southwest border and (2) visited three ports of entry: Otay Mesa, CA; Nogales, AZ; and Laredo, TX. We selected the Otay Mesa port of entry because it was of specific interest to you. We selected Laredo because it is the busiest cargo port of entry on the Southwest border, and we selected Nogales to provide information on a smaller, yet busy port of entry. At

¹Customs Service Drug Interdiction: Internal Control Weaknesses and Other Concerns With Low-Risk Cargo Entry Programs (GAO/GGD-98-175, July 31, 1998); Customs Service: Process for Estimating and Allocating Inspectional Personnel (GAO/GGD-98-107, Apr. 30, 1998); and Customs Service: Information on Southwest Border Drug Enforcement Operations (GAO/GGD-97-173R, Sept. 30, 1997).

each port, we interviewed key officials to obtain information on chains of authority for the deletion of records from TECS; reviewed TECS internal control documents; and observed Customs inspectors' use of TECS.

We requested comments on a draft of this report from the Secretary of the Treasury. These comments are discussed near the end of this letter. We performed our work between February 1998 and July 1998 in accordance with generally accepted government auditing standards.

Results in Brief

Customs did not have adequate internal controls over the deletion of TECS lookout records. Standards issued by the Comptroller General² require that (1) key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals; (2) internal control systems and all transactions and other significant events should be clearly documented, and the documentation should be readily available for examination; and (3) supervisors should continuously review and approve the assigned work of their staffs. However, Customs guidance on TECS does not require these safeguards and Customs officials at the three ports we visited had not implemented these controls. As a result, Customs employees could inappropriately remove lookout records from TECS.

Although our review was limited to Customs headquarters, three CMCS, and three ports of entry, because of the lack of adequate systemwide internal control standards over deletion authority, it is possible that TECS lookout records may not be adequately safeguarded in other ports of entry as well. Accordingly, this report recommends that Customs develop and implement guidance and standards to help ensure adequate internal controls over the deletion of TECS lookout records.

Background

A major goal of Customs is to prevent the smuggling of drugs into the country by attempting to create an effective drug interdiction, intelligence, and investigation capability that disrupts and dismantles smuggling organizations. Although Customs inspectors have the option to conduct examinations of all persons, cargo, and conveyances entering the country, the inspectors may selectively identify for a thorough inspection those that

²Standards for Internal Controls in the Federal Government, United States General Accounting Office (1983). Although these standards remain conceptually sound and are used throughout the federal government, they are currently being updated and enhanced to (1) recognize recent internal control evaluation guidance developed by the private sector with our assistance and the assistance of other organizations and (2) give greater recognition to the increasing use of information technology.

they consider high risk for drug smuggling. This identification is generally done through the use of databases available to Customs, such as TECS.

TECS is designed to be a comprehensive enforcement and communications system that enables Customs and other agencies to create or access lookout data when (1) processing persons and vehicles entering the United States; (2) communicating with other computer systems, such as the Federal Bureau of Investigation's National Crime Information Center; and (3) storing case data and other enforcement reports. In addition to Customs, TECS has users from over 20 different federal agencies, including the Immigration and Naturalization Service; the Bureau of Alcohol, Tobacco and Firearms; the Internal Revenue Service; and the Drug Enforcement Administration.

The TECS network consists of thousands of computer terminals that are located at land border crossings along the Canadian and Mexican borders; sea and air ports of entry; and the field offices of Customs' Office of Investigations and the Bureau of Alcohol, Tobacco and Firearms. These terminals provide access to records and reports in the TECS database containing information from Customs and other Department of the Treasury and Department of Justice enforcement and investigative files.³

How TECS Records Are Used at Land Border Ports of Entry

According to the TECS user manual, all TECS users (e.g., Customs inspectors and special agents) can create and query subject records, which consist of data on persons, vehicles, aircraft, vessels, businesses or organizations, firearms, and objects. According to TECS Data Standards, records should be created when the subject is deemed to be of law enforcement interest. This interest may be based on previous violations, such as drug smuggling or suspicion of violations, or subjects that are currently or potentially of investigative interest. One of the reasons for creating a TECS lookout record is to place a person or vehicle in the system for possible matching at Customs' screening locations, such as land border ports of entry. For example, if a vehicle's license plate that was placed on lookout for possible drug smuggling were later matched during a primary inspection⁴

³In March 1998, Treasury's Office of Inspector General reported that, despite improvements made during fiscal year 1997, security weaknesses continued to exist that could allow for unauthorized modification and deletion of data in customs' computer systems, including those for law enforcement activities.

⁴Primary inspection is the initial screening by Customs inspectors of vehicles and persons that enter U.S. ports of entry.

at a land border port of entry, that vehicle could be referred for additional scrutiny at a secondary inspection.⁵

Inappropriate deletions of TECS lookout records could negatively affect Customs' ability to detect drug smuggling. Although inspectors have the option to conduct a thorough examination of all persons, cargo, and conveyances entering the country, they selectively identify for a thorough inspection only those that they consider high risk for drug smuggling. This identification is generally done through the use of databases available to Customs, such as TECS. Inspectors also rely on their training and experience to detect behavior that alerts them to potential drug violators. If lookout records have been inappropriately deleted, inspectors will have less information or less accurate information on which to make their decisions.

TECS Administrative Control Structure

The TECS administrative control structure consists of a series of System Control Officers (SCO) at various locations, including Customs headquarters, CMCS, and ports around the country. These SCOs are responsible for authorizing and controlling TECS usage by all of the users within the network. A national SCO has designated other SCOs at Customs headquarters for each major organization (e.g., Office of Investigations, Field Operations, and Internal Affairs) who, in turn, have designated regional SCOs who have named SCOs at each CMC and Office of Investigations field office. In some instances, SCOs have been appointed at the port of entry and Office of Investigations suboffice level. Consequently, the SCO chain is a hierarchical structure with each user assigned to a local SCO who, in turn, is assigned to a regional SCO, and so on up to the national level.

One of an SCO's primary duties is to establish User Profile Records on each user. User Profile Records identify the user by name, social security number, position, duty station, and telephone number. They also identify the social security number of the user's supervisor, the SCO's social security number, and the TECS applications that the user is authorized to access. SCOs at the various levels have certain system authorities they can pass on to other users. For example, the record update level is a required field in the User Profile Record that indicates the user's authority to modify or delete records. SCOs can only assign to a user the level that they have, or a lower level. According to the TECS user manual, record update levels include the following:

⁵Secondary inspection may include searching a person or vehicle for narcotics.

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1. Users can only modify or delete records they own (i.e., the user created the records or received them as a transfer from the previous owner).
 2. Users can modify or delete any record within their specific Customs sublocation, such as a port of entry, thereby ignoring the ownership chain;⁶ the user does not have to be the owner of the record.
 3. Users can modify or delete any record owned by anyone in their ownership chain.
 4. Users can modify or delete any record in the Customs Service, thereby ignoring the ownership chain.
 5. Users have a combination of levels two and three.
 - 9.⁷ Users can modify or delete any user's record in the database.

Customs Guidance on Creating, Modifying, and Deleting TECS Records

According to Customs TECS officials, when a TECS user creates a record and enters it into the system, the user's supervisor is automatically notified of the entry. All records must be viewed by the supervisor. The supervisor must approve the record, and the record must be linked to supporting documentation, such as a Memorandum of Information Received.

According to the TECS user manual, TECS users can modify and delete records that they own, and on the basis of the record update level in their User Profile Record, may modify and delete the records of other users as follows:

- If the users are supervisors or SCOs with the proper record update level (three or five), they may modify and delete the records owned by users in their supervisory or SCO chain.
- If the users' record update level (two, four, or five) allows, they may modify and delete the records created or owned by other users in a specific Customs sublocation, such as a port of entry.

No other controls or restrictions are written in the TECS user manual or any other document that we reviewed.

⁶The ownership chain normally consists of, but is not restricted to (1) the record owner, (2) the owner's supervisor, and (3) the owner's SCO.

⁷There are no record update levels six, seven, or eight. These levels are reserved for future use, if needed.

Weak Internal Controls Over the Deletion of TECS Records

The Federal Managers' Financial Integrity Act of 1982 required, among other items, that we establish internal control standards that agencies are required to follow (see 31 U.S.C. 3512). The resulting Comptroller General's standards for internal controls in the federal government contain the criteria we used to assess Customs' controls over the deletion of lookout records from TECS. During our review, we identified three areas of control weakness: separation of duties, documentation of transactions, and supervision.

Separation of Duties

The Comptroller General's internal control standards require that key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals. To reduce the risk of error, waste, or wrongful acts or to reduce the risk of their going undetected, no one individual should control all key aspects of a transaction or event. Rather, duties and responsibilities should be assigned systematically to a number of different individuals to ensure that effective checks and balances exist. Key duties include authorizing, approving, and recording transactions and reviewing or auditing transactions.

Customs' current policy authorizes a wide variety of people within and outside of an individual's supervisory and SCO chain to individually delete the records that another individual owns without any checks and balances (e.g., concurrence by another person). This situation increases risk because, as one SCO that we interviewed told us, the more individuals—supervisors, SCOs, or others—with the required record update levels there are, the more vulnerable TECS is to having records inappropriately altered or deleted. According to the TECS user manual, supervisors, SCOs, and other users with the proper record update level may delete TECS records that they do not own. Moreover, we noticed a range in the number of individuals who were authorized to individually delete others' records at the three CMCs and three ports we visited. For example, the Southern California CMC had 1 official—the SCO—with the authority to delete others' records, while the Arizona CMC had 41 individuals—supervisors, SCOs, and others—with that authority. In addition, 1 of the ports we visited (Nogales) had 22 individuals with the authority to delete any record within their port without the record owner's or anyone else's permission. In these instances, many individuals, by virtue of their status as a supervisor or SCO or because they possessed the required record update level, were able to delete records with no checks and balances in evidence.

Documentation of Transactions

The Comptroller General's standards require that internal control systems and all transactions and other significant events are to be clearly documented, and that the documentation is to be readily available for examination. Documentation of transactions or other significant events should be complete and accurate and should facilitate tracing the transaction or event and related information from before it occurs, while it is in process, to after it is completed.

Neither Customs policies nor the TECS user manual contained standards or guidance to require that Customs officials document reasons for the deletion of TECS lookout records. Although TECS can produce detailed information on what happened to records in the system and when it happened, there is no requirement that the person deleting the record is to describe the circumstances that called for the deletion. Thus, examiners cannot determine from the documentation whether the deletion was appropriate.

Supervision

The Comptroller General's standards require that qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved. This standard requires supervisors to continuously review and approve the assigned work of their staffs, including approving work at critical points to ensure that work flows as intended. A supervisor's assignment, review, and approval of a staff's work should result in the proper processing of transactions and events, including (1) following approved procedures and requirements; (2) detecting and eliminating errors, misunderstandings, and improper practices; and (3) discouraging wrongful acts from occurring or recurring.

Customs had no requirement for supervisory review and approval of record deletions, although supervisory review and approval were required for creating TECS records. TECS officials told us that users could delete records that they own without supervisory approval. In addition, anyone with a higher record update level than the record owner, inside or outside of the owner's supervisory and SCO chain, could also delete any owner's record without obtaining approval.

Conclusions

TECS lookout records can provide Customs inspectors at screening areas on the Southwest border with assistance in identifying persons and vehicles suspected of involvement in drug smuggling. Internal control

weaknesses over deletions of the records may compromise the value of these tools in Customs' anti-drug smuggling mission.

Most of the CMCS and ports we reviewed had many individuals who were able to delete TECS records without any checks and balances, regardless of whether they owned the records or whether they were in an authorized supervisory or SCO chain of authority. In addition, Customs' current policy authorizes a wide variety of people within and outside of an individual's chain of authority the ability to delete records that other individuals created. The more people inside or outside of the supervisory or SCO chain of authority who can delete records without proper checks and balances, the more vulnerable the records are to inappropriate deletions.

Although our review was limited to Customs headquarters, three CMCS, and three ports of entry, because of the lack of systemwide (1) internal control standards concerning deletion authority and (2) specific guidance concerning the deletion of TECS records that comply with the Comptroller General's standards for internal controls, it is possible that TECS lookout records are not adequately safeguarded in other CMCS and other ports of entry as well.

Recommendation

To better ensure that TECS lookout records are adequately safeguarded from inappropriate deletion, we recommend that the Commissioner of Customs develop and implement guidance and procedures for authorizing, recording, reviewing, and approving deletions of TECS records that conform to the Comptroller General's standards. These procedures should include requiring supervisory review and approval of record deletions and documenting the reason for record deletions.

Agency Comments

The Treasury Under Secretary for Enforcement provided written comments on a draft of this report, and the comments are reprinted in appendix I. Overall, Treasury and Customs management generally agreed with our conclusions, and the Under Secretary said that Treasury officials also provided technical comments, which have been incorporated in the report as appropriate. Customs has begun action on our recommendation.

Customs recognized that there is a systemic weakness in not requiring supervisory approval for the deletion of TECS records and not requiring an explicit reason for the deletion of these records. Customs agreed to

implement the necessary checks and balances to ensure the integrity of lookout data in TECS.

We are providing copies of this report to the Chairmen and Ranking Minority Members of House and Senate committees with jurisdiction over the activities of the Customs Service, the Secretary of the Treasury, the Commissioner of Customs, and other interested parties. Copies also will be made available to others upon request.

The major contributors to this report are listed in appendix II. 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.

Sincerely yours,

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

Norman J. Rabkin
Director, Administration
of Justice Issues

Comments From the Department of the Treasury



UNDER SECRETARY

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

AUG 11 1998

Mr. Norman J. Rabkin
Director
Administration of Justice Issues
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Rabkin:

Thank you for the opportunity to review and comment on GAO's draft report entitled Customs Service Drug Interdiction: Internal Control Weaknesses Over Deletion of Certain Law Enforcement Records. Enclosed, please find our comments on the report. This office and the Customs Service management agree with all three of GAO's recommendations and have already taken steps to implement the suggestions presented in the draft report.

If this office can be of further assistance, please let us know.

Sincerely,

A handwritten signature in cursive script that reads "James E. Johnson". To the right of the signature, the initials "EJH" are written.

James E. Johnson
Under Secretary
(Enforcement)

Enclosure

**Customs Service Drug Interdiction:
Internal Control Weaknesses Over Deletion of Certain
Law Enforcement Records
GAO Recommendations**

Recommendation 1. We recommend that the Acting Commissioner of Customs develop and implement guidance and procedures for authorizing, recording, reviewing, and approving changes to and deletions of TECS records that conform to the Comptroller General's standards. These procedures should include requiring supervisory review and approval of record changes and deletions and documenting the reason for record changes and deletions.

Customs Management Response:

We concur with the recommendation to develop and implement management controls of the TECS records. We concur with the key findings: (1) that records have been deleted by someone other than the owner or creator of the record or a supervisor in the owner's supervisory chain; (2) the fact that deletions do not require supervisory approval (3) no documentation was required to support the decision to modify or delete a records; and (4) the number of individuals with deletion authority varies widely from port to port.

Findings 1-2:

We are programming into TECS a supervisory control procedure for the deletion process. When action is initiated to delete a record, the record owner, the owner's supervisor and the deleter's supervisor will receive a notice. The respective supervisors, as well as the record owner, will see the reason for proposing deletion and will have an opportunity to take appropriate action. We anticipate all the programming changes to be implemented by October 1998. In the interim we will issue instructions for this approval to be performed manually.

Finding 3:

Customs is modifying TECS to add a justification text field which must be entered whenever a record is to be deleted or modified. This information will remain with the archived record.

Finding 4:

We agree with the finding that only a select group of individuals, other than the record owner, at each port should have the necessary access to modify or delete a record. We are instructing our port directors and resident agents-in-charge to review the access levels of all employees and make appropriate adjustments to restrict the modify and delete capabilities to a minimum number of individuals. We will also require that this issue be addressed periodically, at least on an annual basis.

Major Contributors to This Report

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